

**Walton Advanced Engineering, Inc.
and Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Walton Advanced Engineering, Inc.

By

Yu-Heng Chiao
Chairman

February 25, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walton Advanced Engineering, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Walton Advanced Engineering, Inc. (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries 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 consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2025 are stated as follows.

Recognition of revenue from specific products

The Corporation and its subsidiaries are mainly engaged in semiconductor packaging and testing. The sales revenue from specific products contributes significantly to gross profit. Since management may be under pressure to achieve expected goals and meet market expectations, there is a risk of overstatement of sales. Hence, we considered the occurrence of the sales transaction of the aforementioned products as a key audit matter.

For the related accounting policies, refer to Note 4 to the consolidated financial statements.

The main audit procedures we performed in response to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of the internal control related to the sales cycle, evaluated the design and tested the operating effectiveness of the controls.
2. We selected samples from the sales lists and verified the related documents and account records to confirm the authenticity of the amount of the recognized revenue.
3. We sent confirmation requests and conducted testing of receivables to confirm the authenticity of the recognized revenue.

Other Matter

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2025 and 2024 on which we both have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' 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 Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' 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 Corporation and its subsidiaries' 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Corporation and its subsidiaries 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 consolidated 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.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Hsuan Hsu and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 3,131,317	19	\$ 2,516,207	15
Financial assets at fair value through profit or loss-current (Notes 4 and 7)	685,619	4	216,235	1
Contract assets - current (Notes 23 and 29)	274,173	2	187,933	1
Notes receivable, net (Notes 10 and 23)	138	-	-	-
Accounts receivable, net (Notes 10 and 23)	756,548	5	646,392	4
Accounts receivable - related parties (Notes 10, 23 and 29)	973,627	6	1,251,852	8
Other receivables (Note 10)	29,946	-	27,318	-
Other receivables - related parties (Notes 10 and 29)	805,479	5	2,075	-
Current tax assets (Note 25)	42	-	9,844	-
Inventories (Notes 4 and 11)	580,055	3	469,544	3
Other financial assets - current (Notes 12 and 30)	-	-	799,569	5
Other current assets	134,387	1	91,392	1
Total current assets	7,371,331	45	6,218,361	38
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,737,962	10	1,449,799	9
Financial assets at amortized cost - non-current (Notes 4 and 9)	620,015	4	323,380	2
Investments accounted for using the equity method (Notes 4 and 14)	262,759	2	168,580	1
Property, plant and equipment (Notes 4, 15, 29, 30 and 31)	5,456,226	33	6,455,590	40
Right-of-use assets (Notes 4, 16 and 30)	835,478	5	842,516	5
Deferred tax assets (Notes 4 and 25)	163,516	1	325,822	2
Refundable deposits	68,984	-	203,283	2
Prepaid investments (Note 13)	-	-	148,428	1
Other non-current assets	11,641	-	38,444	-
Total non-current assets	9,156,581	55	9,955,842	62
TOTAL	\$ 16,527,912	100	\$ 16,174,203	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	\$ 700,423	4	\$ 1,431,489	9
Contract liabilities - current (Note 23)	-	-	12,422	-
Notes payable (Note 18)	3,232	-	3,128	-
Accounts payable (Note 18)	704,440	4	591,577	4
Payable for equipment purchased	44,793	1	8,047	-
Other payables (Notes 19 and 29)	819,945	5	884,073	6
Current tax liabilities (Note 25)	29,696	-	34,984	-
Lease liabilities - current (Notes 4 and 16)	75,282	1	66,988	-
Current portion of long-term borrowings (Notes 17 and 30)	151,440	1	326,103	2
Refund liabilities - current	2,067	-	-	-
Other current liabilities (Note 20)	185,512	1	12,080	-
Total current liabilities	2,716,830	17	3,370,891	21
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 17 and 30)	671,333	4	1,191,682	8
Deferred tax liabilities (Notes 4 and 25)	4,698	-	24,780	-
Lease liabilities - non-current (Notes 4 and 16)	816,204	5	823,555	5
Net defined benefit liabilities - non-current (Notes 4 and 21)	43,587	-	30,039	-
Other non-current liabilities (Note 20)	3,976	-	172,036	1
Total non-current liabilities	1,539,798	9	2,242,092	14
Total liabilities	4,256,628	26	5,612,983	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 20 and 22)				
Ordinary shares	5,177,399	31	5,177,399	32
Capital surplus	648,675	4	461,461	3
Retained earnings				
Legal reserve	713,567	4	700,026	4
Special reserve	141,319	1	141,319	1
Unappropriated earnings	4,465,725	27	3,295,202	20
Total retained earnings	5,320,611	32	4,136,547	25
Other equity	1,211,906	7	858,903	5
Treasury shares	(91,099)	-	(207,468)	(1)
Total equity attributable to owners of the Corporation	12,267,492	74	10,426,842	64
NON-CONTROLLING INTERESTS (Note 22)	3,792	-	134,378	1
Total equity	12,271,284	74	10,561,220	65
TOTAL	\$ 16,527,912	100	\$ 16,174,203	100

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

WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 23 and 29)	\$ 7,315,440	100	\$ 7,859,456	100
OPERATING COSTS (Notes 11, 24 and 29)	<u>7,077,122</u>	<u>97</u>	<u>7,361,293</u>	<u>94</u>
GROSS PROFIT	<u>238,318</u>	<u>3</u>	<u>498,163</u>	<u>6</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	57,802	1	55,858	1
General and administrative expenses	397,879	5	265,324	3
Research and development expenses	66,300	1	95,255	1
Expected credit loss	<u>451</u>	<u>-</u>	<u>2,466</u>	<u>-</u>
Total operating expenses	<u>522,432</u>	<u>7</u>	<u>418,903</u>	<u>5</u>
GAIN (LOSS) FROM OPERATIONS	<u>(284,114)</u>	<u>(4)</u>	<u>79,260</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	109,006	2	92,927	1
Other income	54,257	1	36,360	1
Other gains and losses	1,710,436	23	(4,429)	-
Finance costs	(83,842)	(1)	(153,340)	(2)
Share of loss of associates (Note 14)	<u>(169,546)</u>	<u>(2)</u>	<u>(8,542)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,620,311</u>	<u>23</u>	<u>(37,024)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,336,197	19	42,236	1
INCOME TAX EXPENSE (Notes 4 and 25)	<u>201,347</u>	<u>3</u>	<u>70,050</u>	<u>1</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>1,134,850</u>	<u>16</u>	<u>(27,814)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(27,867)	-	1,432	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	372,740	5	(428,928)	(6)

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WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 5,573	-	\$ (286)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	41,935	-	64,956	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>5,888</u>	<u>-</u>	<u>2,452</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>398,269</u>	<u>5</u>	<u>(360,374)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,533,119</u>	<u>21</u>	<u>\$ (388,188)</u>	<u>(5)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,254,263	17	\$ 134,269	2
Non-controlling Interests	<u>(119,413)</u>	<u>(1)</u>	<u>(162,083)</u>	<u>(2)</u>
	<u>\$ 1,134,850</u>	<u>16</u>	<u>\$ (27,814)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,638,215	22	\$ (228,799)	(3)
Non-controlling Interests	<u>(105,096)</u>	<u>(1)</u>	<u>(159,389)</u>	<u>(2)</u>
	<u>\$ 1,533,119</u>	<u>21</u>	<u>\$ (388,188)</u>	<u>(5)</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.48</u>		<u>\$ 0.26</u>	
Diluted	<u>\$ 2.47</u>		<u>\$ 0.26</u>	

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

(Concluded)

WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	Ordinary Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-Controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other					
BALANCE AT JANUARY 1, 2024	\$ 5,177,399	\$ 378,390	\$ 700,026	\$ 141,319	\$ 3,262,935	\$ (149,559)	\$ 1,484,178	\$ (435,350)	\$ 899,269	\$ (25,270)	\$ 10,534,068	\$ 92,257	\$ 10,626,325
Appropriation of 2023 earnings (Note 22)													
Cash dividends	-	-	-	-	(103,148)	-	-	-	-	-	(103,148)	-	(103,148)
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	134,269	-	-	-	-	-	134,269	(162,083)	(27,814)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	1,146	64,714	(428,928)	-	(364,214)	-	(363,068)	2,694	(360,374)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	135,415	64,714	(428,928)	-	(364,214)	-	(228,799)	(159,389)	(388,188)
Buy-back of ordinary shares (Note 22)	-	-	-	-	-	-	-	-	-	(182,198)	(182,198)	-	(182,198)
Changes in percentage of ownership interests in subsidiaries (Note 22)	-	83,071	-	-	-	-	-	323,848	323,848	-	406,919	-	406,919
Changes in non-controlling interests (Note 22)	-	-	-	-	-	-	-	-	-	-	-	201,510	201,510
BALANCE AT DECEMBER 31, 2024	5,177,399	461,461	700,026	141,319	3,295,202	(84,845)	1,055,250	(111,502)	858,903	(207,468)	10,426,842	134,378	10,561,220
Appropriation of 2024 earnings (Note 22)													
Legal reserve	-	-	13,541	-	(13,541)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(101,148)	-	-	-	-	-	(101,148)	-	(101,148)
Total	-	-	13,541	-	(114,689)	-	-	-	-	-	(101,148)	-	(101,148)
Net profit (loss) for the year ended December 31, 2025	-	-	-	-	1,254,263	-	-	-	-	-	1,254,263	(119,413)	1,134,850
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	(22,294)	33,506	372,740	-	406,246	-	383,952	14,317	398,269
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	1,231,969	33,506	372,740	-	406,246	-	1,638,215	(105,096)	1,533,119
Changes in percentage of ownership interests in subsidiaries (Notes 14 and 22)	-	54,212	-	-	-	-	-	-	-	-	54,212	-	54,212
Transfer of treasury shares to employees under employee share option plan (Note 22)	-	133,002	-	-	-	-	-	-	-	116,369	249,371	-	249,371
Changes in non-controlling interests (Note 22)	-	-	-	-	-	-	-	-	-	-	-	(25,490)	(25,490)
Disposals of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	-	53,243	-	(53,243)	-	(53,243)	-	-	-	-
BALANCE AT DECEMBER 31, 2025	\$ 5,177,399	\$ 648,675	\$ 713,567	\$ 141,319	\$ 4,465,725	\$ (51,339)	\$ 1,374,747	\$ (111,502)	\$ 1,211,906	\$ (91,099)	\$ 12,267,492	\$ 3,792	\$ 12,271,284

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

WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,336,197	\$ 42,236
Adjustments for:		
Depreciation expense	1,666,017	1,806,083
Amortization expense	58,627	78,134
Expected credit loss	451	2,466
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	(644,978)	167,258
Finance costs	83,842	153,340
Interest income	(109,006)	(92,927)
Dividend income	(34,683)	(30,339)
Compensation cost of employee share options	133,340	-
Share of loss of associates	169,546	8,542
Gain on disposal of property, plant and equipment	(258,951)	(20,232)
Gain on disposal of associates	(844,971)	(12,871)
Write-down of inventories	373	32,983
Impairment loss recognized (reversed) on property, plant and equipment	(11,783)	54,334
Unrealized loss (gain) on foreign currency exchange	27,164	(11,884)
Gain on lease modification	-	(265)
Changes in operating assets and liabilities		
Contract assets	(125,964)	108,480
Notes receivable	(138)	-
Accounts receivable	(276,925)	(103,476)
Accounts receivable - related parties	284,302	(125,356)
Other receivables	7,295	(8,477)
Other receivables- related parties	(57,440)	2,249
Inventories	(183,535)	140,157
Other current assets	(39,411)	(60,802)
Contract liabilities	(12,422)	11,061
Notes payable	(11,074)	(171)
Accounts payable	229,799	110,958
Other payables	(16,693)	45,769
Other current liabilities	(2,682)	191
Net defined benefit liabilities	(14,319)	(87,357)
Refund liabilities	2,067	(44,565)
Cash generated from operations	1,354,045	2,165,519
Income taxes paid	(49,241)	(50,095)
Net cash generated from operating activities	1,304,804	2,115,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	84,756	-

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WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
Acquisition of financial assets at amortized cost	\$ (327,679)	\$ (284,249)
Acquisition of financial assets at fair value through profit or loss	(114,316)	(136,435)
Proceeds from disposal of financial assets at fair value through profit or loss	361,932	-
Proceeds from disposal of investments accounted for using equity method	412,585	28,033
Increase in prepayments for investments	-	(148,428)
Net cash inflow on acquisition of subsidiary (Note 13)	5,124	-
Net cash outflow on disposal of subsidiary (Note 13)	(708,285)	-
Acquisition of property, plant and equipment	(1,334,152)	(379,646)
Proceeds from disposal of property, plant and equipment	43,721	63,584
Decrease in refundable deposits	83,786	7,561
Decrease (increase) in other financial assets	799,569	(67,130)
Increase in other non-current assets	(8,143)	(12,124)
Interest received	101,075	87,407
Dividends received	34,683	30,339
Proceeds from government grants for property, plant and equipment	<u>1,500</u>	<u>10,381</u>
Net cash used in investing activities	<u>(563,844)</u>	<u>(800,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,856,018	3,264,075
Repayments of short-term borrowings	(1,867,442)	(2,912,137)
Proceeds from long-term bank borrowings	-	950,000
Repayments of long-term bank borrowings	(718,092)	(2,016,309)
Repayments of the principal portion of lease liabilities	(103,444)	(101,711)
Cash dividends distributed	(101,148)	(103,148)
Proceeds from exercise of employee share options	116,031	-
Payments for buy-back of ordinary shares	-	(182,198)
Interest paid	(57,530)	(88,912)
Increase in non-controlling interests	<u>644,336</u>	<u>201,510</u>
Net cash used in financing activities	<u>(231,271)</u>	<u>(988,830)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>105,421</u>	<u>(27,052)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	615,110	298,835
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,516,207</u>	<u>2,217,372</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,131,317</u>	<u>\$ 2,516,207</u>

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

(Concluded)

WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

On April 6, 1995, Walsin Advanced Engineering, Inc. (“Walsin”) was founded by Walsin Lihwa Corp. (shareholding of 21% as of December 31, 2025), Winbond Electronics Corp. (shareholding of 10% as of December 31, 2025), and other investors to test, package, and sell integrated circuits (ICs). In July 2002, Walsin changed its name to Walton Advanced Engineering, Inc. (the “Corporation”).

On August 1, 2002, the Corporation merged with its 59% - owned subsidiary, Walton Advanced Electronics Ltd., with the Corporation as the surviving company.

The Corporation’s shares have been trading on the Taipei Exchange since August 2006 and were transferred for listing on the Taiwan Stock Exchange (“TWSE”) since October 30, 2007.

The consolidated financial statements of the Corporation and its subsidiaries are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue on February 25, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

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

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a

material impact on its financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Corporation and its subsidiaries shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries label items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

- The Corporation and its subsidiaries shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Corporation and its subsidiaries shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Corporation and its subsidiaries have a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were approved by the board of directors and authorized for issue, the Corporation and its subsidiaries are continuously assessing the other impacts of the above amended standards and interpretations on its financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period

and before the consolidated financial statements are authorized for issue; and

- 3) Liabilities for which the Corporation and its subsidiaries do not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Corporation and its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 13, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Corporation's foreign operations (including subsidiaries in other countries or those that use currencies that is different from the currency of the Corporation) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Corporation and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials (excluding chips entrusted for processing), supplies, work in process and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost and adjusted to approximate the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

When the Corporation and its subsidiaries subscribe for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation and its subsidiaries' ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited from retained earnings.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment ceases to be associates. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation and its subsidiaries transact with their associates, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of the property, plant and equipment is recognized using the straight - line method over their estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

i. Impairment of property, plant and equipment, and right-of-use assets

At the end of each reporting period, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment, and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit (net of depreciation) in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

i Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 28.

ii Financial assets at amortized cost

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

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

Financial assets at amortized cost, including cash and cash equivalents, accounts receivable (including related parties) at amortized cost, other receivables (including related parties), other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulty, has defaulted, where the debtor is likely to declare bankruptcy or undergo other financial reorganization, or the disappearance of an active market for the financial asset due to financial difficulty.

Cash equivalents include time deposits, negotiable certificates of deposit and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Corporation and its subsidiaries always recognize lifetime expected credit loss (ECLs) for accounts receivable and contract assets. For all other financial assets, the Corporation and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For the purpose of internal credit risk management, if internal or external information shows that the debtor is no longer able to pay off the debt, the Corporation and its subsidiaries would determine that the financial asset has defaulted, without considering the collateral held.

The Corporation and its subsidiaries recognize an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable (including any accumulated gains or losses that had been recognized in other comprehensive income) is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation and its subsidiaries' own equity instruments is recognized in and deducted directly from equity and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation and its subsidiaries' own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

k. Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the R.O.C., the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year.

l. Revenue recognition

The Corporation and its subsidiaries identify the contracts with customers, allocates transaction prices to performance obligations, and recognize revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Corporation and its subsidiaries transfer a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation and its subsidiaries do not adjust the promised amount of consideration for the effects of a significant financing component.

The Corporation and its subsidiaries provide semiconductor packaging and testing services for customers according to agreed specification. Customers control goods while they are still being manufactured. The Corporation and its subsidiaries measure the progress of completion on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfaction of the performance obligations.

Contract assets are recognized during the manufacturing process and are reclassified to accounts receivable when the manufacturing process is completed or when the goods are shipped upon the customer's request.

m. Leases

At the inception of a contract, the Corporation and its subsidiaries assesses whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

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

2) The Corporation and its subsidiaries as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Corporation and its subsidiaries by the end of the lease terms or if the costs of right-of-use assets reflect that the Corporation and its subsidiaries will exercise a purchase option, the Corporation and its subsidiaries depreciate the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payment, and variable lease payment depending on index or rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

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

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

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

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation and its subsidiaries recognize as expenses the related costs that grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation and its subsidiaries' defined benefit plans.

q. Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation and its subsidiaries' best estimates of the number of options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which number of shares that the employees purchase is confirmed.

r. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the R.O.C, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3) Current and deferred tax

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 970	\$ 817
Checking accounts and demand deposits	339,560	539,777
Foreign currency demand deposits	1,060,638	622,857
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	925,024	862,781
Repurchase agreements collateralized by bills	805,125	489,975
	<u>\$ 3,131,317</u>	<u>\$ 2,516,207</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31	
	2025	2024
Current		
Listed shares	<u>\$ 685,619</u>	<u>\$ 216,235</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	December 31	
	2025	2024
Investments in equity instruments		
Domestic investments		
Listed shares	\$ 1,562,779	\$ 1,290,790
Unlisted shares	<u>113,190</u>	<u>93,670</u>
	1,675,969	1,384,460
Foreign investments		
Unlisted securities	<u>61,993</u>	<u>65,339</u>
	<u>\$ 1,737,962</u>	<u>\$ 1,449,799</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST-NON-CURRENT

	December 31	
	2025	2024
Corporate bonds	<u>\$ 620,015</u>	<u>\$ 323,380</u>

The above information of corporate bonds was as follows:

	December 31	
	2025	2024
Maturity date	August 2028 - May 2034	August 2028 - May 2034
Coupon rate (%)	4.65-5.80	4.85-5.80
Effective interest rate (%)	4.62-5.80	4.67-5.80

10. NOTES, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES) AND OTHER RECEIVABLES

	December 31	
	2025	2024
Notes receivable - operating (a)	<u>\$ 138</u>	<u>\$ -</u>
Accounts receivable (including related parties) (a)		
At amortized cost		
Gross carrying amount	\$ 1,756,962	\$ 1,901,651
Less: Allowance for impairment loss	<u>26,787</u>	<u>3,407</u>
	<u>\$ 1,730,175</u>	<u>\$ 1,898,244</u>
Other receivables (including related parties) (b)		
Advances for purchases	\$ 738,055	\$ 7,081
Technical service income	55,346	-
Interest receivable	26,099	14,288
Rent	15,497	524
Temporary debits	118	3,525
Grants	-	1,500
Others	<u>310</u>	<u>2,475</u>
	<u>\$ 835,425</u>	<u>\$ 29,393</u>

a. Notes and accounts receivable (including related parties)

The Corporation and its subsidiaries' average credit terms were 30 to 150 days. For the financial risk management objectives and policies, please refer to Note 28 d. The Corporation and its subsidiaries

evaluates the risk and probability of credit loss by reference to the default records and financial condition of each customer, as well as general economic conditions, competitive advantage and future development of the industry in which the customer operates. The Corporation and its subsidiaries then reviews the recoverable amount of each individual account receivable at each balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes the Corporation and its subsidiaries' credit risk was significantly reduced. In addition, the Corporation and its subsidiaries measures the loss allowance for receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at each balance sheet date. As the Corporation and its subsidiaries' historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Corporation and its subsidiaries' different customer base.

The Corporation and its subsidiaries writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Corporation and its subsidiaries continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable based on the Corporation and its subsidiaries' provision matrix:

December 31, 2025

	Not Overdue	Overdue 1 to 60 days	Overdue 61 to 90 Days	Overdue 91 to 180 Days	Overdue 181 to 365 Days	Overdue Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 1,542,296	\$ 137,165	\$ 48,660	\$ 2,187	\$ 5	\$ 26,787	\$ 1,757,100
Loss allowance (Lifetime ECLs)	-	-	-	-	-	(26,787)	(26,787)
	<u>\$ 1,542,296</u>	<u>\$ 137,165</u>	<u>\$ 48,660</u>	<u>\$ 2,187</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 1,730,313</u>

December 31, 2024

	Not Overdue	Overdue 1 to 60 days	Overdue 61 to 90 Days	Overdue 91 to 180 Days	Overdue 181 to 365 Days	Overdue Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 1,759,953	\$ 129,283	\$ 9,008	\$ -	\$ -	\$ 3,407	\$ 1,901,651
Loss allowance (Lifetime ECLs)	-	-	-	-	-	(3,407)	(3,407)
	<u>\$ 1,759,953</u>	<u>\$ 129,283</u>	<u>\$ 9,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,898,244</u>

The movements of the loss allowance of notes and accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 3,407	\$ 908
Net remeasurement of loss allowance	451	2,466
Amounts written off	(1,395)	-
Additions from acquisition of subsidiary	23,925	-
Effects of foreign currency exchange differences	<u>399</u>	<u>33</u>
Balance at December 31	<u>\$ 26,787</u>	<u>\$ 3,407</u>

b. Other receivables (including related parties)

As of December 31, 2024, no expected credit loss was recognized for the overdue receivables based on the assessment. As of December 31, 2025, the overdue receivables due from the related party, Hefei Xingfeng Technology Co., Ltd. (“Hefei Xingfeng”), amounted to approximately NT\$726,428 thousand. To secure the outstanding amount, Hefei Xingfeng entered into an equipment mortgage agreement, under which the equipment was pledged as collateral to the subsidiary Walton Advanced Engineering (Suzhou) Inc. (“Walton Advanced (Suzhou)”). Based on the assessment, no material expected credit loss was recognized.

11. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$ 448,234	\$ 354,987
Supplies	115,230	101,400
Work in process	16,572	13,157
Finished goods	<u>19</u>	<u>-</u>
	<u>\$ 580,055</u>	<u>\$ 469,544</u>

Operating costs related to inventories for the years ended December 31, 2025 and 2024 were NT\$7,077,122 thousand and NT\$7,361,293 thousand, respectively, including the write-down of inventories of NT\$373 thousand and NT\$32,983 thousand for the years ended December 31, 2025 and 2024, respectively.

12. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2025	2024
Pledged time deposits (Note 30)	<u>\$ -</u>	<u>\$ 799,569</u>

The range of discount rates for other financial assets was as follows:

	December 31	
	2025	2024
Annual percentage rate (%)	-	0.68-4.70

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business	Share Holding Percentage (%)	
			2025	2024
The Corporation	Walton Holding Universal Ltd.	General investment	100	100
	AMB Technology Co., Ltd. (AMB Technology)	Electronic components and semiconductor packaging and testing	74	-
Walton Holding Universal Ltd.	Walton Advanced Engineering (Suzhou) Inc. (Walton Advanced (Suzhou))	Packaging and testing of semiconductors	100	100

(Continued)

Investor	Subsidiary	Main Business	Share Holding Percentage (%)	
			2025	2024
Walton Advanced Engineering (Suzhou) Inc.	Waltech Advanced Engineering (Suzhou) Inc.(Waltech Advanced (Suzhou))	Designing and sale of IC	100	100
	Walton Holding (Hong Kong) Ltd. (Walton Holding (HK))	General investment	100	100
	Hefei Xingfeng Technology Inc. (Hefei Xingfeng)	Manufacturing and sale of IC equipment	-	60

(Concluded)

- a. In the second half of 2024, the Corporation participated in the cash capital increase of AMB Technology by making a prepayment for share subscription in the amount of NT\$148,428 thousand. The record date for the capital increase was set on October 20, 2025, and registration was completed in November 2025, upon which the Corporation acquired 14,843 thousand shares. AMB Technology is principally engaged in the business of electronic components and semiconductor packaging and testing and was included in the consolidated financial statements from record date of the capital increase. Details of acquisition of an associate are set out as follows:

	AMB Technology
Net assets acquired	\$ 26,697
Less: Non-controlling interests	(6,860)
Less: Carrying amount of the investment at the acquisition date	<u>(148,428)</u>
Share of loss of associates	<u>\$ (128,591)</u>

Analysis of the assets acquired and liabilities assumed upon obtaining control:

	AMB Technology
CURRENT ASSETS	
Cash and cash equivalents	\$ 5,124
Accounts receivable, net	15,197
Accounts receivable - related parties	1,060
Other receivables	189
Other receivables - related parties	59
Current tax assets	25
Inventories	3,867
Other current assets	19,912
NON-CURRENT ASSETS	
Property, plant and equipment	46,287
Right-of-use assets	64,641
Refundable deposits	1,690
Other non-current assets	367
CURRENT LIABILITIES	
Short-term borrowings	(5,000)
Notes payable	(11,178)
Accounts payable	(9,313)
Other payables	(9,744)
Lease liabilities - current	(8,592)
Current portion of long-term borrowings	(7,000)
Other current liabilities	(3,671)

(Continued)

**AMB
Technology**

NON-CURRENT LIABILITIES

Long-term bank borrowings	\$ (15,000)
Deferred tax liabilities	(244)
Lease liabilities - non-current	(58,003)
Other non-current liabilities	<u>(3,976)</u>
Net assets acquired	\$ <u>26,697</u> (Concluded)

- b. In August 2025, the subsidiary Hefei Xingfeng completed the registration of a cash capital increase. As the Corporation and its subsidiaries did not subscribe to the additional shares in proportion to their original shareholdings, their ownership interest decreased from 60% to 45%. Following the change in the composition of the board of directors in September 2025, the Corporation and its subsidiaries lost control over Hefei Xingfeng, which was therefore excluded from the consolidation scope. However, the Corporation and its subsidiaries still retain significant influence over Hefei Xingfeng, and in accordance with IAS 28, the transaction was accounted for as a deemed disposal of the entire investment, and a realized deferred gains on property, plant and equipment amounting to NT\$273,201 thousand was recognized (of which NT\$255,357 thousand was recognized as non-operating gains on disposal of property, plant and equipment). The fair value of the remaining equity interest held by the subsidiary, Walton Advanced Engineering (Suzhou), at the date of loss of control amounted to NT\$180,966 thousand, which was reclassified as an investment accounted for using the equity method. The amount recognized in profit or loss arising from this transaction is calculated as follows:

Hefei Xingfeng

Net assets disposed of	\$ 406,517
Non-controlling interests	(225,551)
Realized deferred gains	17,844
Less: Carrying amount of the investment at the date of loss of control	<u>(267,800)</u>
Gain on disposal	<u>\$ 466,610</u>

Analysis of the assets disposed of and liabilities derecognized upon loss of control:

Hefei Xingfeng

CURRENT ASSETS

Cash and cash equivalents	\$ 708,285
Contract assets - current	39,724
Accounts receivable, net	181,958
Accounts receivable - related parties	24
Other receivables	338
Inventories	76,684
Other current assets	23,537

NON-CURRENT ASSETS

Property, plant and equipment	1,019,946
Right-of-use assets	35,246
Refundable deposits	19,232

CURRENT LIABILITIES

Short-term borrowings	(724,642)
	(Continued)

	Hefei Xingfeng
Accounts payable	\$ (191,880)
Payables for equipment purchased	(625,762)
Other payables	(118,474)
Lease liabilities - current	(7,392)
Other current liabilities	(93)
NON-CURRENT LIABILITIES	
Lease liabilities - non-current	<u>(30,214)</u>
Net assets disposed of	<u>\$ 406,517</u> (Concluded)

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in associates	<u>\$ 262,759</u>	<u>\$ 168,580</u>
<u>Information about associates that are not individually material</u>		
	For the Year Ended December 31	
	2025	2024
The Corporation and its subsidiaries' share of:		
Net loss for the year	\$ (169,546)	\$ (8,542)
Other comprehensive income	<u>5,888</u>	<u>2,452</u>
Total comprehensive loss	<u>\$ (163,658)</u>	<u>\$ (6,090)</u>

Although the Corporation held less than 20% of shares of associate that are not individually material. Since the Corporation holds one seat in the board of directors of associate and can exercise significant influence, therefore are accounted for using the equity method.

The Corporation's investment in Horng Tong Enterprise Co., Ltd. ("Horng Tong") was previously accounted for using the equity method for the year ended December 31, 2024. In January 2025, as the cumulative transfer of shares exceeded one-half of the shares held at the time of appointment, the Corporation's board seat was automatically vacated, resulting in the loss of significant influence. The fair value of the remaining equity interest held by the Corporation at the date when significant influence was lost amounted to NT\$72,022 thousand, which was reclassified as financial asset at FVTPL. The Corporation disposed of all remaining shares as of December 31, 2025. The amount recognized in profit or loss arising from this transaction is calculated as follows:

	For the Year Ended December 31, 2025
Proceeds from disposal	\$ 23,722
Fair value of retained investment	72,022
Less: Carrying amount of investment at the date of loss of significant influence	36,354
	(Continued)

**For the Year
Ended
December 31,
2025**

Less: Share of other comprehensive income of the associate	\$ <u>1,893</u>
Gain on disposal	\$ <u>57,497</u> (Concluded)

In October 2025, the subsidiary Walton Advanced (Suzhou) disposed of 19.81% of its equity interest in Hefei Xingfeng to a non-related party. As a result, its shareholding decreased from 45% to 25%. The consideration amounted to NT\$388,550 thousand, and a gain on disposal of NT\$320,864 thousand was recognized.

In December 2025, Hefei Xingfeng carried out a cash capital increase. As the subsidiary Walton Advanced (Suzhou) did not participate in the cash capital increase in proportion to its shareholdings, its equity interest decreased from 25% to 23%, and capital surplus of NT\$54,212 thousand was recognized.

15. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2025

	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance at January 1, 2025	\$ 3,918,537	\$ 40,351,756	\$ 25,413	\$ 263,918	\$ 20,742	\$ 83,071	\$ 44,663,437
Additions	62,940	954,464	5,248	995	-	353,992	1,377,639
Disposals	(201,621)	(3,505,777)	(1,231)	(26,497)	(4,061)	-	(3,739,187)
Reclassified	(1,950)	(10,294)	308	6,608	5,328	-	-
Acquisition of subsidiary	87,208	36,100	574	4,301	1,824	-	130,007
Disposal of subsidiary	(291,464)	(2,662,924)	-	(48,056)	(1,812)	(78,841)	(3,083,097)
Effects of foreign currency exchange differences	(11,734)	(73,224)	1	(2,135)	(44)	(3,788)	(90,924)
Balance at December 31, 2025	<u>\$ 3,561,916</u>	<u>\$ 35,090,101</u>	<u>\$ 30,313</u>	<u>\$ 199,134</u>	<u>\$ 21,977</u>	<u>\$ 354,434</u>	<u>\$ 39,257,875</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2025	\$ 2,603,205	\$ 35,317,772	\$ 16,904	\$ 250,214	\$ 19,752	\$ -	\$ 38,207,847
Depreciation expense	171,260	1,407,795	2,860	6,368	656	-	1,588,939
Impairment loss reversed	(418)	(11,365)	-	-	-	-	(11,783)
Disposals	(201,167)	(3,466,090)	(1,231)	(26,496)	(4,061)	-	(3,699,045)
Reclassified	(1,950)	(10,294)	289	6,578	5,377	-	-
Acquisition of subsidiary	44,001	33,782	402	3,711	1,824	-	83,720
Disposal of subsidiary	(119,991)	(2,167,869)	-	(46,680)	(1,812)	-	(2,336,352)
Effects of foreign currency exchange differences	(3,810)	(25,840)	2	(2,006)	(23)	-	(31,677)
Balance at December 31, 2025	<u>\$ 2,491,130</u>	<u>\$ 31,077,891</u>	<u>\$ 19,226</u>	<u>\$ 191,689</u>	<u>\$ 21,713</u>	<u>\$ -</u>	<u>\$ 33,801,649</u>
Balance at December 31, 2025, net	<u>\$ 1,070,786</u>	<u>\$ 4,012,210</u>	<u>\$ 11,087</u>	<u>\$ 7,445</u>	<u>\$ 264</u>	<u>\$ 354,434</u>	<u>\$ 5,456,226</u>

For the year ended December 31, 2024

	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 4,006,230	\$ 42,386,854	\$ 24,263	\$ 271,679	\$ 20,309	\$ 771,436	\$ 47,480,771
Additions	529	1,009,206	2,563	2,606	-	(693,724)	321,180
Disposals	(116,946)	(3,199,117)	(1,415)	(12,638)	(102)	-	(3,330,218)
Effects of foreign currency exchange differences	28,724	154,813	2	2,271	535	5,359	191,704
Balance at December 31, 2024	<u>\$ 3,918,537</u>	<u>\$ 40,351,756</u>	<u>\$ 25,413</u>	<u>\$ 263,918</u>	<u>\$ 20,742</u>	<u>\$ 83,071</u>	<u>\$ 44,663,437</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ 2,488,918	\$ 36,851,206	\$ 16,125	\$ 245,478	\$ 18,218	\$ -	\$ 39,619,945
Depreciation expense	189,389	1,521,688	2,193	15,164	1,120	-	1,729,554
Impairment loss	33,350	20,615	-	369	-	-	54,334

(Continued)

	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Machinery in Transit	Total
Disposals	\$ (116,785)	\$ (3,155,975)	\$ (1,415)	\$ (12,638)	\$ (53)	\$ -	\$ (3,286,866)
Effects of foreign currency exchange differences	<u>8,333</u>	<u>80,238</u>	<u>1</u>	<u>1,841</u>	<u>467</u>	<u>-</u>	<u>90,880</u>
Balance at December 31, 2024	<u>\$ 2,603,205</u>	<u>\$ 35,317,772</u>	<u>\$ 16,904</u>	<u>\$ 250,214</u>	<u>\$ 19,752</u>	<u>\$ -</u>	<u>\$ 38,207,847</u>
Balance at December 31, 2024, net	<u>\$ 1,315,332</u>	<u>\$ 5,033,984</u>	<u>\$ 8,509</u>	<u>\$ 13,704</u>	<u>\$ 990</u>	<u>\$ 83,071</u>	<u>\$ 6,455,590</u>

(Concluded)

Property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings and improvements

Main building of plant 5-46 years

Mechanical and electrical facilities 2-15 years

Machinery and equipment 2-10 years

Transportation equipment 2-6 years

Office equipment 2-8 years

Other equipment 2-6 years

In December, 2024, the subsidiary, Walton Advanced (Suzhou) assessed part of idle assets based on their carrying amounts and recognized impairment losses of NT\$54,334 thousand. For the year ended December 31, 2025, a reversal of impairment loss of NT\$11,783 thousand was recognized following the disposal of certain idle assets.

The Corporation and its subsidiaries lease some houses and buildings to related parties under operating leases, refer to Note 29 for the details.

Refer to Note 30 for the carrying amount of property, plant and equipment that had been pledged by the Corporation to secure borrowings.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amount		
Buildings	\$ 779,449	\$ 791,456
Land (Note 30)	55,184	50,459
Machinery equipment	845	-
Transportation equipment	<u>-</u>	<u>601</u>
	<u>\$ 835,478</u>	<u>\$ 842,516</u>
	For the Year Ended December 31	
	2025	2024
Depreciation charge for right-of-use assets		
Buildings	\$ 73,446	\$ 72,348
Land	3,007	3,526
Machinery equipment	24	-
Transportation equipment	<u>601</u>	<u>655</u>
	<u>\$ 77,078</u>	<u>\$ 76,529</u>

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount		
Current	\$ 75,282	\$ 66,988
Non-current	\$ 816,204	\$ 823,555

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Building (%)	2.50-3.60	3.95-4.65
Land (%)	2.20-2.68	2.20
Machinery equipment (%)	2.46	-
Transportation equipment (%)	-	2.80

c. Material lease activities and terms

The Corporation leases land for the use of plants and offices from the government, there were three leases, with lease terms that will expire successively before August 2035. The Corporation has the option to extend the lease terms by 5-10 years at the expiry of the lease terms. The Corporation does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

As of December 31, 2025 and 2024, prepayments made by the subsidiary Walton Advanced (Suzhou) for land use rights in mainland China was NT\$13,763 thousand and NT\$14,196 thousand, respectively. The term of the lease is 50 years and expires in November 2055.

The buildings leased by the subsidiary Hefei Xingfeng (loss of control from September 2025), with lease terms of 3 years that will expire successively before December 2027, are mainly used as plants and dormitories. The subsidiary has the option to extend the lease terms at the expiry of the lease terms. The subsidiary Hefei Xingfeng does not have bargain purchase options to acquire the leasehold land at the end of the lease terms. The subsidiary Hefei Xingfeng recognized a gain of NT\$265 thousand on lease modification due to a change in the employee dormitory lease agreement in July 2024.

The buildings leased by the subsidiary Waltech Advanced (Suzhou), with lease terms of 15 years that will expire successively before March 2036, are mainly used as plants. The subsidiary Waltech Advanced (Suzhou) has the option to extend the lease terms at the expiry of the lease terms. The subsidiary Waltech Advanced (Suzhou) has bargain purchase options to acquire the leasehold buildings within 5 years from the lease date.

The buildings leased by the subsidiary AMB Technology, with lease terms of 1 year that will expire successively before March 2026, are mainly used as plants. The subsidiary has the option to extend the lease terms at the expiry of the lease terms. The subsidiary AMB Technology does not have bargain purchase options at the end of the lease terms.

d. Other lease information

Other related lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	\$ 21,233	\$ 26,645
Expenses relating to low-value asset leases	\$ 7	\$ -
Total cash outflow for leases	\$ 155,735	\$ 165,456

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2025	2024
Lease commitments	\$ 957,719	\$ 1,051,998

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Unsecured loans	\$ 695,423	\$ 711,950
Secured loans	5,000	719,539
	\$ 700,423	\$ 1,431,489
Range of interest rates (%)		
Unsecured loans	0.84-2.50	1.80-2.70
Secured loans	2.93	3.10-3.45

b. Long-term borrowings

	December 31	
	2025	2024
Syndicated bank loans		
The non-revolving loan amount is NT\$1.5 billion. Repayment of the loan is made in 9 instalment periods starting from April 2025, with every 6 months as 1 period until April 2029. The interest rate were 2.41% and 2.23% as of December 31, 2025 and 2024, respectively.	\$ 501,940	\$ 645,320
Credit loans		
The revolving loan amount is NT\$500 million and is to be repaid in November 2027. The interest rate was 2.00% as of December 31, 2025.	300,000	-
The revolving loan amount is NT\$500 million was terminated early in November 2025. The interest rate was 1.99% as of December 31, 2024.	-	300,000

(Continued)

	December 31	
	2025	2024
The revolving loan amount is NT\$300 million was terminated early in November 2025. The interest rate was 2.00% as of December 31, 2024.	\$ -	\$ 300,000
Secured loans		
The non-revolving loan amount is NT\$20 million and amortized in 60 monthly installments from November 2023 to October 2028. The interest rate was 2.22% as of December 31, 2025	11,333	-
The non-revolving loan amount is NT\$15 million and amortized in 60 monthly installments from March 2024 to February 2029. The interest rate was 2.22% as of December 31, 2025	9,500	-
The non-revolving loan amount is RMB\$184 million was terminated early in February 2025. The interest rate was 3.30% as of December 31, 2024.	-	272,465
	822,773	1,517,785
Less: Current portion	151,440	326,103
	<u>\$ 671,333</u>	<u>\$ 1,191,682</u>
Secured loans	\$ 522,773	\$ 917,785
Unsecured loans	300,000	600,000
	822,773	1,517,785
Less: Current portion	151,440	326,103
	<u>\$ 671,333</u>	<u>\$ 1,191,682</u>
		(Concluded)

Long-term loans are loans with floating interest rates.

In January 2024, the Corporation signed an agreement for a syndicated bank loan of NT\$3 billion with 12 financial institutions including CTBC Bank and Mega Bank. According to the agreement, the Corporation must meet certain financial ratio restrictions and comply with other covenants during the loan period (financial ratios are reviewed once every six months, or whenever the lead bank deems necessary, based on the Corporation's audited annual consolidated financial statements or reviewed semi-annual consolidated financial statements). If the Corporation fails to meet the above-mentioned financial ratio restrictions or breaches other covenants as stated in the agreement and fails to make improvements after the contractual improvement period, the lead bank has the right to notify the Corporation in writing based on the majority resolution of the syndicate of banks, and may immediately suspend the use of the credit line or announce that the unutilized principal and interest are due.

The Corporation was in compliance with all of the financial covenants as of June 30 and December 31, 2025.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

	December 31	
	2025	2024
Notes payable		
Non-operating	\$ 3,232	\$ 3,128
Accounts payable	\$ 704,440	\$ 591,577

The Corporation and its subsidiaries purchase raw materials on credit.

The average payment days are 30-140 days, and no additional interest will be charged from the date of the invoice of the accounts payable.

19. OTHER PAYABLES

	December 31	
	2025	2024
Salaries and bonuses	\$ 431,957	\$ 518,551
Accrued employees' compensation and remuneration of directors (Note 24)	74,613	10,754
Accrued utilities	55,919	58,181
Accrued insurance	17,122	16,817
Accrued pension	9,935	10,025
Accrued repair and maintenance	3,375	37,793
Others	<u>227,024</u>	<u>231,952</u>
	<u>\$ 819,945</u>	<u>\$ 884,073</u>

20. FINANCIAL LIABILITIES FOR WRITTEN PUT OPTION ON EQUITY INSTRUMENTS OF SUBSIDIARY

The subsidiary, Walton Advanced (Suzhou) and the third investor signed an agreement to purchase the equity of Hefei Xingfeng. According to the agreement, the third investor had the right to ask Walton Advanced (Suzhou) to buy all equity of Hefei Xingfeng with a limit amount of RMB150,000 thousand and the Corporation is the guarantor of the transaction. In 2024, due to the third-party investor selling a portion of its shares, the subsidiary Walton Advanced (Suzhou) is no longer obligated to repurchase the equity it sold. Based on the remaining equity held by the third-party investor, the subsidiary Walton Advanced (Suzhou) has reduced financial liabilities amount by NT\$416,180 thousand and other equity by NT\$328,848 thousand. As of December 31, 2025 and 2024, the financial liabilities recognized by the subsidiary pursuant to the aforementioned agreements amounted to NT\$172,536 thousand (classified as other current liabilities) and NT\$172,036 thousand (classified as other non-current liabilities), respectively. Other equity amounted to NT\$111,502 thousand for both years.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act ("LPA") of the R.O.C, which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiaries, Walton Advanced (Suzhou), Hefei Xingfeng (loss of control from September 2025) and Waltech Advanced (Suzhou), in mainland China have defined contribution pension plans and contribute monthly an amount based on a certain percentage of employees' monthly salaries and wages. The plan is administered by the government of mainland China. Other than the monthly contributions, the subsidiaries, Walton Advanced (Suzhou), Hefei Xingfeng and Waltech Advanced (Suzhou), do not have other pension liabilities.

b. Defined benefit plans

The Corporation has a defined benefit plan in accordance with the Labor Standards Act; the pension plan is operated by the government of the R.O.C.. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Corporation has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 259,493	\$ 238,080
Fair value of plan assets	<u>(215,906)</u>	<u>(208,041)</u>
Net defined benefit liabilities	<u>\$ 43,587</u>	<u>\$ 30,039</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2025	<u>\$ 238,080</u>	<u>\$ (208,041)</u>	<u>\$ 30,039</u>
Service cost			
Current service cost	444	-	444
Interest expense (income)	<u>3,571</u>	<u>(3,160)</u>	<u>411</u>
Recognized in profit or loss	<u>4,015</u>	<u>(3,160)</u>	<u>855</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,441)	(14,441)
Actuarial loss			
Changes in financial assumptions	2,674	-	2,674

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Experience adjustments	<u>\$ 39,634</u>	<u>\$ -</u>	<u>\$ 39,634</u>
Recognized in other comprehensive income (loss)	<u>42,308</u>	<u>(14,441)</u>	<u>27,867</u>
Contributions from the employer	<u>-</u>	<u>(15,174)</u>	<u>(15,174)</u>
Benefits paid	<u>(24,910)</u>	<u>24,910</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 259,493</u>	<u>\$ (215,906)</u>	<u>\$ 43,587</u>
Balance at January 1, 2024	<u>\$ 256,595</u>	<u>\$ (137,767)</u>	<u>\$ 118,828</u>
Service cost			
Current service cost	565	-	565
Interest expense (income)	<u>3,207</u>	<u>(1,756)</u>	<u>1,451</u>
Recognized in profit or loss	<u>3,772</u>	<u>(1,756)</u>	<u>2,016</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,412)	(14,412)
Actuarial (gain) loss			
Changes in financial assumptions	(5,634)	-	(5,634)
Experience adjustments	<u>18,614</u>	<u>-</u>	<u>18,614</u>
Recognized in other comprehensive income (loss)	<u>12,980</u>	<u>(14,412)</u>	<u>(1,432)</u>
Contributions from the employer	<u>-</u>	<u>(89,373)</u>	<u>(89,373)</u>
Benefits paid	<u>(35,267)</u>	<u>35,267</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 238,080</u>	<u>\$ (208,041)</u>	<u>\$ 30,039</u>

(Concluded)

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

	For the Year Ended December 31	
	2025	2024
Operating costs	\$ 674	\$ 1,623
Selling and marketing expenses	14	29
General and administrative expenses	162	352
Research and development expenses	<u>5</u>	<u>12</u>
	<u>\$ 855</u>	<u>\$ 2,016</u>

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

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate (%)	1.375	1.500
Expected rate of salary increase (%)	2.000	2.000

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

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (5,306)</u>	<u>\$ (5,447)</u>
0.25% decrease	<u>\$ 5,480</u>	<u>\$ 5,634</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 5,348</u>	<u>\$ 5,497</u>
0.25% decrease	<u>\$ (5,204)</u>	<u>\$ (5,341)</u>

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

	December 31	
	2025	2024
Expected contributions to the plans for the next year	<u>\$ 5,429</u>	<u>\$ 5,305</u>
Average duration of the defined benefit obligation	8.3 years	9.3 years

22. EQUITY

a. Share capital

	December 31	
	2025	2024
Number of shares authorized (in thousands)	700,000	700,000
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
Number of shares issued and fully paid (in thousands)	517,740	517,740
Shares issued		
Ordinary shares	<u>\$ 5,177,399</u>	<u>\$ 5,177,399</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 268,469	\$ 268,469
Treasury share transactions	190,758	57,756
Expired employee share options	4,726	4,726
Expired redemption right of convertible bonds	12,267	12,267
May be used to offset deficit only		
Changes of share in equity of subsidiaries	<u>172,455</u>	<u>118,243</u>
	<u>\$ 648,675</u>	<u>\$ 461,461</u>

Note: The capital surplus may be used to offset a deficit, distributed as cash dividends or transferred to capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital and once a year).

c. Retained earnings and dividends policy

Under the Corporation's dividends policy, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders.

The Corporation is still in the growth stage and will continue to monitor the economic environment to pursue sustainable operations and long-term development. When proposing the plan for the distribution of retained earnings, the board of directors places emphasis on the stability and growth of dividends, and only up to 90% of unappropriated earnings should be distributed as dividends and bonuses, out of which cash dividends should be at least 10% of the total dividends and bonuses distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023, which were approved in the shareholders' meetings in June 2025 and 2024, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For the Year Ended		(NT\$)	
	December 31		For the Year Ended	
	2024	2023	2024	2023
Legal reserve	\$ 13,541	\$ -		
Cash dividends	101,148	103,148	\$ 0.20	\$ 0.20

d. Other equity items

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

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (84,845)	\$ (149,559)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	27,618	62,262
Share from associates accounted for using the equity method	4,512	1,436
Reclassification adjustments		
Proceeds from disposal of associates accounted for using the equity method	<u>1,376</u>	<u>1,016</u>
Balance at December 31	<u>\$ (51,339)</u>	<u>\$ (84,845)</u>

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 1,055,250	\$ 1,484,178
Recognized for the year		
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	(53,243)	-
Unrealized gains and losses - equity instruments	<u>372,740</u>	<u>(428,928)</u>
Balance at December 31	<u>\$ 1,374,747</u>	<u>\$ 1,055,250</u>

3) Other equity items

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (111,502)	\$ (435,350)
Adjusted recognized financial liabilities of put option equity instruments from disposal of subsidiaries (Note 20)	<u>-</u>	<u>323,848</u>
Balance at December 31	<u>\$ (111,502)</u>	<u>\$ (111,502)</u>

e. Treasury shares

(Number of shares and amounts in thousands)

Purpose of Buy Back	Number of Shares (Beginning of Year)	For the Year Ended December 31		December 31	
		Addition	Reduction	Number of Shares	Carrying Amount
For the year ended December 31, 2025					
Transfer to employees	<u>12,000</u>	<u>-</u>	<u>7,000</u>	<u>5,000</u>	<u>\$ 91,099</u>
For the year ended December 31, 2024					
Transfer to employees	<u>2,000</u>	<u>10,000</u>	<u>-</u>	<u>12,000</u>	<u>\$ 207,468</u>

In 2024, The Corporation repurchased 10,000 thousand shares of its shares from the open market, for transferring to its employees, with consideration of NT\$182,198 thousand.

In 2025, the transfer of treasury shares to employees and incurred a compensation cost of NT\$133,340 thousand, of which NT\$133,002 thousand was recognized as capital surplus - treasury share transactions after deducting relevant transaction costs.

Information on employee share options for treasury shares is as follows:

	For the Year Ended December 31, 2025	
	Number of Shares (Thousands)	Exercise Price (NT\$)
Granted during the current year	7,000	\$12.64-18.22
Exercised during current year	<u>(7,000)</u>	12.64-18.22
Outstanding shares at the end of the year	<u>-</u>	
Fair value of the share options granted (NT\$)	\$ 3.32-25.34	

Under the Securities and Exchange Act, the number of treasury shares shall not exceed 10% of the total issued shares, and cash paid for the acquisition of treasury shares shall not exceed the sum of retained earnings, additional paid-in capital from the issuance of ordinary shares and realized capital surplus. According to the Act, if the treasury shares acquired by the Corporation are for transferring to its employees, the transfer of the shares should be completed within 5 years from the acquisition date.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and the rights to vote.

f. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 134,378	\$ 92,257
Increase in non-controlling interests due to capital increase in subsidiaries.	644,336	201,510
Increase in non-controlling interests upon acquisition of subsidiaries	6,860	-
Decrease in non-controlling interests upon disposal of subsidiaries	(676,686)	-
Share in net loss for the year	(119,413)	(162,083)
Other comprehensive income during the year		
Exchange differences on translating the financial statements of foreign entities	<u>14,317</u>	<u>2,694</u>
Balance at December 31	<u>\$ 3,792</u>	<u>\$ 134,378</u>

In May 2025 and December 2024, the subsidiary Hefei Xingfeng received NT\$644,336 thousand (RMB 155,000 thousand) and NT\$201,510 thousand (RMB 45,000 thousand) as an advance payment from non-controlling interest shareholders, respectively. The registration for the change was completed in August 2025. The subsidiary Walton Advanced (Suzhou) lost control over Hefei Xingfeng from September 2025 and therefore Hefei Xingfeng was excluded from the consolidation scope (Note 13).

23. OPERATING REVENUE

a. Contract balance

	December 31		January 1,
	2025	2024	2024
Notes and accounts receivable (including related parties)	<u>\$ 1,730,313</u>	<u>\$ 1,898,244</u>	<u>\$ 1,671,911</u>
Contract assets - current			
Packaging and testing income	<u>\$ 274,173</u>	<u>\$ 187,933</u>	<u>\$ 296,413</u>
Contract liabilities - current			
Advance payments	<u>\$ -</u>	<u>\$ 12,422</u>	<u>\$ 1,361</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

b. Disaggregation of revenue

	For the Year Ended December 31	
	2025	2024
Packaging and testing income	\$ 7,183,402	\$ 7,653,145
Other income (mainly from the sale of material)	<u>132,038</u>	<u>206,311</u>
	<u>\$ 7,315,440</u>	<u>\$ 7,859,456</u>

24. PROFIT BEFORE INCOME TAX

Net profit from continuing operations attributable to:

a. Other income

	For the Year Ended December 31	
	2025	2024
Rental income	\$ 19,574	\$ 6,021
Dividend income	<u>34,683</u>	<u>30,339</u>
	<u>\$ 54,257</u>	<u>\$ 36,360</u>

b. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net foreign exchange gain (loss)	\$ (89,496)	\$ 214,957
Gain on disposal of investments accounted for using the equity method	844,971	12,871
Gain on disposal of property, plant and equipment	258,951	20,232
Gain (loss) arising from financial assets mandatorily classified as at FVTPL	644,978	(167,258)
Gain on lease modification	-	265
Impairment loss reversed (recognized)	11,783	(54,334)
Others	<u>39,249</u>	<u>(31,162)</u>
	<u>\$ 1,710,436</u>	<u>\$ (4,429)</u>
Foreign exchange gain	\$ 307,461	\$ 314,756
Foreign exchange loss	<u>(396,957)</u>	<u>(99,799)</u>
Net foreign exchange gain (loss)	<u>\$ (89,496)</u>	<u>\$ 214,957</u>

c. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 58,717	\$ 83,803
Interest on lease liabilities	31,051	37,100
Other interest	<u>81</u>	<u>38,536</u>
	89,849	159,439
Less: Amounts included in the cost of qualifying assets	<u>6,007</u>	<u>6,099</u>
	<u>\$ 83,842</u>	<u>\$ 153,340</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	\$ <u>6,007</u>	\$ <u>6,099</u>
Capitalization rates (%)	1.98-2.19	1.90-2.01
d. Depreciation and amortization		
	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 1,588,939	\$ 1,729,554
Right-of-use assets	77,078	76,529
Others (mainly information systems, etc.)	<u>58,627</u>	<u>78,134</u>
	<u>\$ 1,724,644</u>	<u>\$ 1,884,217</u>
Analysis of depreciation by function		
Operating costs	\$ 1,633,091	\$ 1,750,629
Operating expenses	<u>32,926</u>	<u>55,454</u>
	<u>\$ 1,666,017</u>	<u>\$ 1,806,083</u>
Analysis of amortization by function		
Operating costs	\$ 54,827	\$ 16,882
Operating expenses	<u>3,800</u>	<u>61,252</u>
	<u>\$ 58,627</u>	<u>\$ 78,134</u>
e. Employee benefits		
	For the Year Ended December 31	
	2025	2024
Short-term employee benefits		
Salaries	\$ 1,691,931	\$ 1,649,792
Labor and health insurance	98,124	101,490
Others	<u>138,681</u>	<u>163,130</u>
	<u>1,928,736</u>	<u>1,914,412</u>
Post-employment benefits		
Defined contribution plans	100,703	119,977
Defined benefit plans	<u>855</u>	<u>2,016</u>
	<u>101,558</u>	<u>121,993</u>
Termination benefits	<u>16,389</u>	<u>77,117</u>
	<u>\$ 2,046,683</u>	<u>\$ 2,113,522</u>
Analysis of employee benefits by function		
Operating costs	\$ 1,678,042	\$ 1,799,665
Operating expenses	<u>368,641</u>	<u>313,857</u>
	<u>\$ 2,046,683</u>	<u>\$ 2,113,522</u>

f. Employees' compensation and the remuneration to directors

In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Corporation resolved the amendments to the Corporation's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of compensation of employees, and remuneration of directors is at rate of 2%-10% and no higher than 2% of pre-tax profit, respectively. Of the total employee remuneration, not less than 50% shall be allocated for non-executive employees.

The compensation of employees and remuneration of directors for 2025 and 2024 are as follows:

	For the Year Ended December 31	
	2025	2024
Accrual rate		
Compensation of employees (%)	3.6	3.6
Remuneration of directors (%)	1.4	1.4
Amount		
Compensation of employees	<u>\$ 53,721</u>	<u>\$ 7,743</u>
Remuneration of directors	<u>\$ 20,892</u>	<u>\$ 3,011</u>

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

The appropriations of employees' compensation and remuneration of directors (all in cash) for 2024 and 2023 which had been resolved by the board of directors in February 2025 and 2024 respectively, were as follows:

	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amount approved in the board of directors' meeting	\$ 7,743	\$ 3,011	\$ -	\$ -
Amount recognized in the consolidated financial statements	<u>7,743</u>	<u>3,011</u>	<u>-</u>	<u>-</u>
Differences	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

25. INCOME TAX EXPENSE

a. Income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
Current income tax		
In respect of the current year	\$ 57,307	\$ 45,922
Adjustments for prior years	(3,513)	41,196
Deferred income tax		
In respect of the current year	147,553	17,150
Adjustments for prior years	<u>-</u>	<u>(34,218)</u>
	<u>\$ 201,347</u>	<u>\$ 70,050</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2025	2024
Profit before tax	<u>\$ 1,336,197</u>	<u>\$ 42,236</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 184,519	\$ (69,100)
Unrecognized temporary differences	7,503	(32,416)
Non-deductible expenses in determining taxable income		
(Unrecognizable income in determining income)	(145,434)	22,208
Unrecognized loss carryforwards	156,960	142,380
Adjustments for prior years' tax	(3,513)	6,978
Additional income tax under the Alternative Minimum Tax Act	<u>1,312</u>	<u>-</u>
	<u>\$ 201,347</u>	<u>\$ 70,050</u>

The subsidiaries, Walton Holding and Walton Holding (HK), are exempt from income tax in accordance with the local laws in their respective jurisdictions. The tax rate applicable to the subsidiaries in mainland China, Walton Advanced (Suzhou), Hefei Xingfeng and Waltech Advanced (Suzhou), was 25%.

b. Income tax expense recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2025	2024
Remeasurement of defined benefit plans	<u>\$ 5,573</u>	<u>\$ (286)</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	<u>\$ 42</u>	<u>\$ 9,844</u>
Current tax liabilities		
Income tax payable	<u>\$ 29,696</u>	<u>\$ 34,984</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

	Balance, Beginning of the Year	Acquisition of a Subsidiary	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
<u>Deferred Tax Assets</u>					
Temporary differences					
Differences on depreciation	\$ 2,123	\$ -	\$ (6)	\$ -	\$ 2,117
Foreign investment losses	214,858	-	(93,533)	-	121,325
Unrealized loss on inventories	20,748	-	(6,825)	-	13,923
Defined benefit plans	6,007	-	(2,863)	5,573	8,717
Unrealized deferred gains	63,358	-	(57,568)	-	5,790
Others	18,728	-	(7,084)	-	11,644
	<u>\$ 325,822</u>	<u>\$ -</u>	<u>\$ (167,879)</u>	<u>\$ 5,573</u>	<u>\$ 163,516</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Unrealized exchange gains, net	<u>\$ 24,780</u>	<u>\$ 244</u>	<u>\$ (20,326)</u>	<u>\$ -</u>	<u>\$ 4,698</u>

For the year ended December 31, 2024

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
<u>Deferred Tax Assets</u>				
Temporary differences				
Differences on depreciation	\$ 2,129	\$ (6)	\$ -	\$ 2,123
Foreign investment losses	134,247	80,611	-	214,858
Unrealized loss on inventories	19,071	1,677	-	20,748
Defined benefit plans	23,765	(17,472)	(286)	6,007
Unrealized exchange losses, net	651	(651)	-	-
Unrealized deferred gains	82,132	(18,774)	-	63,358
Others	22,265	(3,537)	-	18,728
	<u>\$ 284,260</u>	<u>\$ 41,848</u>	<u>\$ (286)</u>	<u>\$ 325,822</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unrealized exchange gains, net	<u>\$ -</u>	<u>\$ 24,780</u>	<u>\$ -</u>	<u>\$ 24,780</u>

- e. The Corporation's and subsidiaries' deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Loss carryforwards		
Expiry in 2025	\$ -	\$ 78,430
Expiry in 2026	53,523	258,212
		(Continued)

	December 31	
	2025	2024
Expiry in 2027	\$ 169,628	\$ 259,755
Expiry in 2028	107,175	456,738
Expiry in 2029	135,441	573,993
Expiry in 2030	114,505	-
Expiry in 2031	25,146	196
Expiry in 2033	14,555	-
Expiry in 2034	22,298	-
Expiry in 2035	<u>81,986</u>	<u>-</u>
	<u>\$ 724,257</u>	<u>\$ 1,627,324</u>
Deductible temporary differences		
Unrealized losses from inventory write-downs	\$ 17,297	\$ -
Unrealized losses from doubtful accounts	<u>23,951</u>	<u>-</u>
	<u>\$ 41,248</u>	<u>\$ -</u>

(Concluded)

f. The Corporation's and subsidiary's information about unused loss carryforwards

	December 31	
	2025	2024
Loss carryforwards		
Expiry year 2025	\$ -	\$ 78,430
Expiry year 2026	53,523	258,212
Expiry year 2027	169,628	259,755
Expiry year 2028	107,175	456,738
Expiry year 2029	135,441	573,993
Expiry year 2030	114,505	-
Expiry year 2031	25,146	196
Expiry year 2033	14,555	-
Expiry year 2034	22,298	-
Expiry year 2035	<u>81,986</u>	<u>-</u>
	<u>\$ 724,257</u>	<u>\$ 1,627,324</u>

g. Income tax assessment

The income tax returns of the Corporation and its subsidiary AMB Technology, have been assessed by the tax authorities through 2023. The income tax of the subsidiaries through 2024 had been settled and paid to the local tax authorities.

26. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	<u>For the Year Ended December 31</u>	
	2025	2024
Net profit for the year attributable to owners of the Corporation	\$ <u>1,254,263</u>	\$ <u>134,269</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	<u>For the Year Ended December 31</u>	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	506,238	509,257
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>1,006</u>	<u>555</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>507,244</u>	<u>509,812</u>

The Corporation may settle the compensation paid to employees by cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage its capital to ensure that entities in the Corporation and its subsidiaries will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Corporation and its subsidiaries consists of debt and equity. In addition, as agreed in the loan contract, the debt ratio and the tangible net value shall be maintained as agreed in the contract. The Corporation and its subsidiaries review the capital structure quarterly. The review includes the consideration of the cost of various types of funds and related risks. At present, the Corporation and its subsidiaries will balance its overall capital structure by increasing the Corporation's profitability and repaying borrowings.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management of the Corporation and its subsidiaries evaluate that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value.

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
Financial assets at amortized cost				
Corporate bonds	\$ <u>634,486</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>634,486</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2024</u>				
Financial assets at amortized cost				
Corporate bonds	<u>\$ 322,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,842</u> (Concluded)

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
Financial assets at FVTPL				
Domestic listed shares	<u>\$ 685,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,619</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,562,779	\$ -	\$ -	\$ 1,562,779
Domestic unlisted shares	-	-	113,190	113,190
Foreign unlisted securities	-	-	61,993	61,993
	<u>\$ 1,562,779</u>	<u>\$ -</u>	<u>\$ 175,183</u>	<u>\$ 1,737,962</u>
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Domestic listed shares	<u>\$ 216,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,235</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,290,790	\$ -	\$ -	\$ 1,290,790
Domestic unlisted shares	-	-	93,670	93,670
Foreign unlisted securities	-	-	65,339	65,339
	<u>\$ 1,290,790</u>	<u>\$ -</u>	<u>\$ 159,009</u>	<u>\$ 1,449,799</u>

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

2) Reconciliation of Level 3 fair value measurements of financial assets

	<u>For the Year Ended December 31</u>	
	2025	2024
Balance, beginning of the year	\$ 159,009	\$ 170,443
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>16,174</u>	<u>(11,434)</u>
Balance, end of the year	<u>\$ 175,183</u>	<u>\$ 159,009</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted shares and a part of foreign unlisted certificates of entitlement were determined based on the Corporation's net value.

c. Categories of financial instruments

	December 31	
	2025	2024
Financial assets		
Financial assets at amortized cost (Note 1)	\$ 6,418,982	\$ 5,770,076
Financial assets at FVTOCI	1,737,962	1,449,799
Financial assets at FVTPL	685,619	216,235
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	3,274,185	4,608,135

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets and refundable deposits (including current portion).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables, refund liabilities, payables for equipment purchased, long-term borrowings (including current portion), guarantee deposits received and other financial liabilities.

d. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity investments, accounts receivable, accounts payable, short-term borrowings and long-term borrowings (including current portion). The Corporation and its subsidiaries' corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation and its subsidiaries seek to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Corporation and its subsidiaries' policies approved by the board of directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency exchange rate risk

The corporation and its subsidiaries are engaged in non-functional currency-denominated transactions, resulting in exposure to exchange rate fluctuations. About 60% of the operating income of the Corporation and its subsidiaries are based on transactions that are not denominated in functional currencies, and about 50% of the operating costs is based on

transactions that are not denominated in functional currencies.

For the carrying amounts of the Corporation and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 32.

Sensitivity analysis

The Corporation and its subsidiaries are mainly exposed to the Currency USD.

The following table details the Corporation and its subsidiaries' sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

Scenario 1 indicates the increase/decrease in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency; Scenario 2 indicates the increase/decrease in pre-tax profit associated with the New Taiwan dollar weakening 5% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Scenario 1-Pre-tax profit or loss	\$ (185,911)	\$ (181,002)
Scenario 2-Pre-tax profit or loss	185,911	181,002

Note: These were mainly attributable to the exposure on outstanding cash and equivalents, accounts receivable, other receivables, other financial assets, refundable deposits, short-term borrowings, accounts payable and other payables without cash flow hedging arranged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year; the sales denominated in U.S. dollars is seasonal and will be affected by changes in customer demand.

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Corporation its subsidiaries financial assets and financial liabilities with exposure to interest rates at each balance sheet date were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 2,350,164	\$ 2,475,705
Financial liabilities	1,355,773	1,412,579
Cash flow interest rate risk		
Financial assets	1,396,883	1,159,308
Financial liabilities	1,231,445	2,599,274

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation and its subsidiaries' exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. The interest rate of 1% represents the management's assessment of the reasonably possible range of changes in interest rates.

If interest rates of the financial liabilities held by the Corporation and its subsidiaries had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' cash in the next year for the years ended December 31, 2025 and 2024 would have been increased/decreased by NT\$12,314 thousand and NT\$25,993 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through their investments in listed shares. The Corporation and its subsidiaries manage risks by holding different risk investment portfolios and asset allocations. The Corporation and its subsidiaries equity prices risk are mainly concentrated in the shares, and the Corporation and its subsidiaries evaluate on the basis of the closing prices of the securities on a monthly basis.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk on the balance sheet date. After considering the market price fluctuations of the main investment target, the fluctuation range of 1% is taken as the basis for the sensitivity analysis of equity securities.

If equity prices had been 1% higher/lower, for the years ended December 31, 2025 and 2024, based on the investment positions in equity securities of NT\$2,248,398 thousand and NT\$1,507,025 thousand, the pre-tax profit or loss would have increased/decreased by NT\$6,856 thousand and NT\$2,162 thousand, respectively, as a result of the fair value changes of financial assets at FVTPL, and the other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$15,628 thousand and NT\$12,908 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation and its subsidiaries. As at the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The policy adopted by the Corporation and its subsidiaries is to only trade with companies rated at or above the investment level, and obtain sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults.

The rating information is provided by an independent rating agency. If such information is not available, the Corporation and its subsidiaries will use other publicly available financial information and mutual transaction records to rate major customers. The Corporation and its subsidiaries continue to monitor the credit risk and the credit ratings of the counterparties, and the credit risk is controlled through the yearly review and approval of counterparty credit limits by the financial department.

Financial assets are potentially affected by the Corporation and its subsidiaries' counterparties or other parties' failure to perform contractual obligations. The impacts include the degree of credit risk concentration, constituent elements, contract amounts and other receivables of financial products engaged in by the Corporation and its subsidiaries. The credit risk of the Corporation and its subsidiaries are assessed based on contracts with a positive fair value on the balance sheet date.

The Corporation and its subsidiaries' accounts receivable transactions are significantly concentrated. Most of the counterparties to the transactions are engaged in similar business activities and have similar economic characteristics. Therefore, these companies' abilities to perform contractual obligations are similarly affected by economic or other conditions, and there is a significant concentration of credit risk. This reflects the characteristics of the industry to which the Corporation and its subsidiaries belong.

The balances of the Corporation and its subsidiaries' accounts receivable and other receivables from customers with significant concentration of credit risk are as follows:

	December 31	
	2025	2024
Hefei Xingfeng	\$ 813,311	\$ -
Group A	504,876	785,748
Customer C	491,118	185,891
Winbond Electronics Corporation	459,919	466,706
Group B	227,243	303,961
Customer D	<u>-</u>	<u>145,916</u>
	<u>\$ 2,496,467</u>	<u>\$ 1,888,222</u>

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitors the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to adjust the proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants.

The table below summarizes the maturity profile of the Corporation and its subsidiaries' financial liabilities based on contractual undiscounted payments.

December 31, 2025

	Up to 1 Year	1 to 5 Years	More than 5 Years	Total
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 1,572,513	\$ 3,976	\$ -	\$ 1,576,489
Leases liabilities	104,866	418,839	539,527	1,063,232
Variable interest rate liabilities	565,638	703,017	-	1,268,655
Fixed interest rate liabilities	<u>467,919</u>	<u>-</u>	<u>-</u>	<u>467,919</u>
	<u>\$ 2,710,936</u>	<u>\$ 1,125,832</u>	<u>\$ 539,527</u>	<u>\$ 4,376,295</u>

Addition information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
Leases liabilities	<u>\$ 104,866</u>	<u>\$ 418,839</u>	<u>\$ 491,793</u>	<u>\$ 29,874</u>	<u>\$ 6,194</u>	<u>\$ 11,666</u>

December 31, 2024

	Up to 1 Year	1 to 5 Years	More than 5 Years	Total
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 1,483,152	\$ -	\$ -	\$ 1,483,152
Leases liabilities	100,426	396,920	605,594	1,102,940
Variable interest rate liabilities	1,424,768	1,250,180	-	2,674,948
Fixed interest rate liabilities	<u>350,321</u>	<u>660,505</u>	<u>-</u>	<u>1,010,826</u>
	<u>\$ 3,358,667</u>	<u>\$ 2,307,605</u>	<u>\$ 605,594</u>	<u>\$ 6,271,866</u>

Addition information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
Leases liabilities	<u>\$ 100,426</u>	<u>\$ 396,920</u>	<u>\$ 465,531</u>	<u>\$ 120,965</u>	<u>\$ 6,194</u>	<u>\$ 12,904</u>

29. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, the transactions between the Corporation and its subsidiaries and other related parties are as follows:

- a. The names of the related parties and their relationships with the Corporation and its subsidiaries

Related Party Name	Relationship
Walsin Lihwa Corporation	Key management personnel of the Corporation
Winbond Electronics Corporation (WB)	Key management personnel of the Corporation
Walsin Technology Corporation (WTC)	Other related party
Nuvoton Technology Corporation (Nuvoton Technology)	Other related party
Energy Helper TCC Corporation (Energy Helper TCC)	Other related party
VVG Inc.	Other related party
PSA Charitable Foundation	Other related party
Nuvoton Technology Corporation Japan (Nuvoton Japan)	Other related party
Info-Tek Electronic (Suzhou) Co., Ltd.	Other related party
INPAQ Technology Co., Ltd.	Other related party
Horngcom Precision Co., Ltd. (Horngcom Precision)	Other related party
Horngcom Technology Co., Ltd. (Horngcom Technology)	Other related party
C-Laser Technology Co., Ltd. (C-Laser Technology)	Other related party
Great China Electronic Technology Co., Ltd. (Great China Electronic Technology)	Other related party
Mega Bang Electronic Co., Ltd. (Mega Bang Electronic)	Other related party
Mao Bang Electronics Co., Ltd	Other related party
Shen Sing International Corporation	Other related party
(Samoa) Great China Technology Co., Ltd.	Other related party
(Samoa) Grand Pacific Int’L Corporation	Other related party
Hefei Xingfeng Technology Inc. (Hefei Xingfeng)	Associate (formerly a subsidiary which lost control from September 2025)

- b. Operating trade

Account Item	Related Party Types/Name	For the Year Ended December 31	
		2025	2024
Revenue from sale of goods	Key management personnel of the Corporation		
	WB	\$ 2,849,617	\$ 3,337,904
	Other related parties		
	Nuvoton Technology	1,584,144	1,727,530
	Others	<u>22,111</u>	<u>13,929</u>
		<u>\$ 4,455,872</u>	<u>\$ 5,079,363</u>

The selling prices of goods sold to related parties were not comparable to those of third parties, and there is no significant difference between the selling prices of goods sold to related parties and those of regular customers. The collection terms were similar to those of general customers.

c. Contract assets

Related Party Types/Name	December 31	
	2025	2024
Key management personnel of the Corporation		
WB	\$ 99,694	\$ 76,151
Other related parties		
Nuvoton Technology	<u>59,733</u>	<u>58,578</u>
	<u>\$ 159,427</u>	<u>\$ 134,729</u>

No impairment loss was recognized for contract assets from related parties for the years ended December 31, 2025 and 2024.

d. Receivables from related parties

Account Items	Related Party Types/Name	December 31	
		2025	2024
Accounts receivable	Other related parties		
	Nuvoton Technology	\$ 504,631	\$ 579,804
	Nuvoton Japan	245	205,944
	Others	17,017	-
	Key management personnel of the Corporation		
	WB	<u>451,734</u>	<u>466,104</u>
		<u>\$ 973,627</u>	<u>\$ 1,251,852</u>
Other receivables	Associate		
	Hefei Xingfeng (Note 10)	\$ 797,167	\$ -
	Other related parties		
	WTC	-	1,473
	Others	127	-
	Key management personnel of the Corporation	8,185	602
		<u>\$ 805,479</u>	<u>\$ 2,075</u>

No guarantees had been received for accounts receivable from related parties and other receivables. A bad debt allowance of NT\$25,476 thousand and NT\$2,446 thousand was recognized for accounts receivable from related parties due to estimated uncollectability as of December 31, 2025 and 2024, respectively. No allowance for impairment losses was recognized for other receivables as of December 31, 2025 and 2024.

e. Lease agreements

The Corporation leases buildings to WTC under operating leases, with the lease terms expiring at various dates before July 2026. As of December 31, 2025 and 2024, the lease receivables were NT\$0 thousand and NT\$524 thousand respectively. The rental income for 2025 and 2024 was NT\$5,985 thousand.

The Corporation leases machinery and equipment to Hefei Xingfeng under an operating lease, with the lease term expiring in June 2026. As of December 31, 2025, the lease receivables were NT\$15,368 thousand. The rental income was NT\$6,951 thousand for the year ended December 31, 2025.

The subsidiary Walton Advanced (Suzhou) leases a building to Info-Tek Electronics (Suzhou) Co., Ltd. under an operating lease, with the lease term expiring in November 2025. As of December 31, 2025, all lease receivables had been collected, and the rental income was NT\$5,193 thousand for the year ended December 31, 2025.

The subsidiary AMB Technology leases buildings to Great China Electronic Technology, Horngcom Precision, Mega Bang Electronic, Horngcom Technology, and C-Laser Technology under operating leases arrangements, with the lease terms expiring in March 2026. As of December 31, 2025, the lease receivables amounted to NT\$126 thousand, and the rental income was NT\$140 thousand for the year ended December 31, 2025.

f. Other income

The Corporation provided technical services of NT\$9,169 thousand to Hefei Xingfeng for the year ended December 31, 2025. As of December 31, 2025, an uncollected balance of NT\$55,346 thousand was classified under other receivables.

g. Others

Account Items	Related Party Types/Name	For the Year Ended December 31	
		2025	2024
Other expenses	Key management personnel of the Corporation		
	WB	\$ 18,616	\$ 9,792
	Others	1,825	1,407
	Other related parties		
	Energy Helper TCC	16,569	6,189
	WTC	6,498	6,322
	Nuvoton Japan	4,731	4,425
	Others	<u>1,117</u>	<u>323</u>
		<u>\$ 49,356</u>	<u>\$ 28,458</u>

Other expenses are mainly consultant management fees, technical service fees, green energy costs, and service sharing fees, etc.

Account Items	Related Party Types	December 31	
		2025	2024
Other payables	Key management personnel of the Corporation		
	WB	\$ 12,643	\$ 5,020
	Others	348	278
	Other related parties	<u>2,932</u>	<u>2,030</u>
		<u>\$ 15,923</u>	<u>\$ 7,328</u>

Other payables are not guaranteed and will be paid off in cash.

h. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 165,193	\$ 56,786
Post-employment benefits	<u>832</u>	<u>1,016</u>
	<u>\$ 166,025</u>	<u>\$ 57,802</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings of the Corporation and its subsidiaries:

	December 31	
	2025	2024
Other financial assets - current		
Time deposits	\$ -	\$ 799,569
Property, plant and equipment		
Buildings and structures	172,875	545,520
Machinery and equipment	237,187	618,055
Other equipment	-	709
Right-of-use assets		
Land	<u>-</u>	<u>14,196</u>
	<u>\$ 410,062</u>	<u>\$ 1,978,049</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for the joint venture agreements disclosed refer to 20, significant commitments and contingencies of the Corporation as of December 31, 2025 were as follows:

- a. Commitments to buy machinery and equipment for about NT\$1,136,075 thousand, of which NT\$785,920 thousand had not been paid.
- b. NT\$36,000 thousand of guarantee for custom duties provided by the banks.
- c. Refer to Table 2 for information relating to endorsements/guarantees provided.

32. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
December 31, 2025				
Financial assets				
Monetary items				
USD	\$ 81,215	31.375	(USD:NTD)	\$ 2,548,121
USD	49,534	6.986	(USD:CNY)	1,554,129
JPY	113,767	0.2033	(JPY:NTD)	23,129
Non-monetary items				
Investments accounted for using the equity method				
USD	3,919	31.375	(USD:NTD)	122,964
Financial liabilities				
Monetary items				
USD	11,780	31.375	(USD:NTD)	369,598
USD	460	6.986	(USD:CNY)	14,433
JPY	1,074,742	0.2033	(JPY:NTD)	218,495
JPY	29,152	0.0453	(JPY:CNY)	5,927
December 31, 2024				
Financial assets				
Monetary items				
USD	69,143	32.725	(USD:NTD)	2,262,705
USD	48,780	7.308	(USD:CNY)	1,596,326
JPY	217,737	0.2093	(JPY:NTD)	45,572
JPY	44,323	0.0467	(JPY:CNY)	9,277
Non-monetary items				
Investments accounted for using the equity method				
USD	3,834	32.725	(USD:NTD)	125,461
Financial liabilities				
Monetary items				
USD	6,712	32.725	(USD:NTD)	219,650
USD	591	7.308	(USD:CNY)	19,340
JPY	2,541	0.2093	(JPY:NTD)	532
JPY	27,630	0.0467	(JPY:CNY)	5,783

The total realized and unrealized foreign exchange gains (losses) were losses of NT\$89,496 thousand and gains of NT\$214,957 thousand for the years ended December 31, 2025 and 2024, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements guarantees provided: Table 2
- 3) Significant marketable securities held (excluding investments in subsidiaries and associates): Table 3
- 4) Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 6) The business relationship between the parent and the subsidiaries and significant transactions between them: Table 6
- 7) Information on investees: Table 7

c. Information on investments in mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 8
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: In 2025, the Corporation purchased goods from its subsidiary, Walton Advanced (Suzhou), and Hefei Xingfeng (Subsidiary prior to September 2025), amounting to NT\$38 thousand and NT\$23 thousand, respectively. The transaction prices and payment terms were comparable to those of ordinary transactions. As of December 31, 2025, all accounts payable had been fully settled.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: In 2025, the Corporation's sales to its subsidiary Hefei Xingfeng, amounting to NT\$18,128 thousand. The selling price and collection terms were comparable to those of ordinary transactions. As of December 31, 2025, the balance of accounts receivable of NT\$16,143 thousand has not been collected.
 - c) The amount of property transactions and the amount of the resultant gains or losses:

In 2025, the Corporation sold machinery and equipment to its subsidiary Waltech Advanced (Suzhou) for NT\$36,460 thousand, resulting in a disposal gain of NT\$11,375 thousand (included in deferred credit). As of December 31, 2025, the receivable from the sale of equipment of NT\$18,547 thousand has not been collected. All the transactions had been eliminated when preparing the consolidated financial statements.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

- e) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to the financing of funds: The Corporation provided financing to investee companies in Mainland China, as detailed in Table 1. For the year ended December 31, 2025, the interest income amounted to NT\$30,143 thousand, and the interest receivable as of December 31, 2025 was NT\$3,482 thousand. All intercompany transactions had been eliminated when preparing the consolidated financial statements.
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: The Corporation provided specialized technical services of NT\$27,694 thousand (US\$888 thousand) and NT\$56,137 thousand (US\$1,800 thousand) to Hefei Xingfeng and subsidiary Waltech Advanced (Suzhou), respectively, of which NT\$111,821 thousand remained uncollected as of December 31, 2025. Additionally, the Corporation leased machinery to Hefei Xingfeng and subsidiary Waltech Advanced (Suzhou), generating rental income of NT\$14,852 thousand and NT\$1,047 thousand, respectively, of which NT\$15,368 thousand remained uncollected as of December 31, 2025. All the aforementioned intercompany transactions were eliminated when preparing the consolidated financial statements.

34. SEGMENT INFORMATION

a. Segment revenues and operating results and other segment information

The operating decision makers of the Corporation and its subsidiaries allocate resources and evaluate department performance based on different supervision environments, and all the operating departments have similar economic characteristics. Therefore, all of the operating departments are reported as a single segment. In addition, the basis of measurement of segment information provided by the Corporation and its subsidiaries to its operational decision-makers for review is the same as that of the financial statements. Therefore, for the reportable segment revenue and operating results for 2025 and 2024, refer to the consolidated statements of comprehensive income for the years ended December 31, 2025 and 2024; for the reportable segment assets as of December 31, 2025 and 2024, refer to the consolidated balance sheets as of December 31, 2025 and 2024.

b. Geographical information

The Corporation and its subsidiaries operate in two principal geographical areas - Taiwan and China.

The Corporation and its subsidiaries' revenues from continuing operations from external customers and information about its non-current assets by geographical location were detailed below:

	Revenues from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	\$ 5,104,263	\$ 4,997,692	\$ 4,842,100	\$ 4,382,805
China	<u>2,211,177</u>	<u>2,861,764</u>	<u>1,461,245</u>	<u>2,953,745</u>
	<u>\$ 7,315,440</u>	<u>\$ 7,859,456</u>	<u>\$ 6,303,345</u>	<u>\$ 7,336,550</u>

Non-current assets excluded financial instruments, investments accounted for using the equity method and deferred tax assets.

c. Information about major customers

The Corporation's and its subsidiaries' revenue in 2025 and 2024 that are from external customers that individually exceeded 10% of the consolidated operating revenue are all from the package and test department.

The major customers were as follows:

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Winbond Electronics Corporation	\$ 2,849,617	39	\$ 3,337,904	42
Group A	1,595,504	22	1,741,459	22
Group B	1,545,933	21	1,562,273	20
Customer C	<u>767,922</u>	<u>10</u>	<u>468,475</u>	<u>6</u>
	<u>\$ 6,758,976</u>	<u>92</u>	<u>\$ 7,110,111</u>	<u>90</u>

TABLE 1**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance (Note 2)	Amount Actually Drawn (Notes 2 and 3)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Aggregate Financing Amount Limits	Note
													Item	Value			
0	Walton Advanced Engineering, Inc.	Walton Advanced Engineering (Suzhou) Inc.	Other receivables	Yes	\$ 2,008,000	\$ 1,004,000	\$ 753,000	3.05	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 4,906,996	\$ 4,906,996	Note 1
0	Walton Advanced Engineering, Inc.	AMB Technology Co., Ltd.	Other receivables	Yes	100,000	100,000	30,000	2.15	Short-term financing	-	Operating capital	-	-	-	4,906,996	4,906,996	Note 1
0	Walton Advanced Engineering, Inc.	Hefei Xingfeng Technology Inc.	Other receivables	Yes	152,575	-	-	-	Short-term financing	-	Operating capital	-	-	-	-	-	

Note 1: According to “The Process of Financing Others” established by the Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% of the net worth of the Corporation, respectively.

Note 2: The amount is converted at an exchange rate at the date of balance sheet.

Note 3: All the transaction had been eliminated when preparing the consolidated financial statements.

TABLE 2**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

NO.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Year (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Guarantee Provided to Subsidiaries in Mainland China	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Walton Advanced Engineering, Inc.	Walton Advanced Engineering (Suzhou) Inc.	The Corporation holds the subsidiary's 100% of voting shares indirectly.	\$ 6,133,746	\$ 175,149	\$ 175,149	\$ 172,536	\$ -	1	\$ 9,813,993	Y	N	Y
0	Walton Advanced Engineering, Inc.	Waltech Advanced Engineering (Suzhou) Inc.	The Corporation holds the subsidiary's 100% of voting shares indirectly.	6,133,746	80,000	80,000	77,254	-	1	9,813,993	Y	N	Y
0	Walton Advanced Engineering, Inc.	Hefei Xingfeng Technology Inc.	Associate, formerly a 60%-owned subsidiary, which lost control from September 2025.	-	1,855,800	-	-	-	-	-	Y	N	Y

Note 1: According to “The Process of making endorsements/guarantees” established by the Corporation and subsidiaries, the maximum amount of endorsement/guarantee and the corporation for each company shall not exceed 50% of the net worth of the Corporation, and the total amount of endorsement/guarantee shall not exceed 80% of the net worth of the Corporation.

Note 2: The amount is converted at an exchange rate at the date of balance sheet.

TABLE 3**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES****SIGNIFICANT MARKETABLE SECURITIES HELD****DECEMBER 31, 2025****(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2025				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walton Advanced Engineering, Inc.	Ordinary shares Winbond Electronics Corporation	Director of the Corporation	Financial assets at FVTPL - current	8,300,474	\$ 685,619	-	\$ 685,619	
	Ordinary shares Walsin Technology Corporation	The same chairman	Financial assets at FVOCI - non-current	13,357,083	1,562,779	3	1,562,779	

TABLE 4**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walton Advanced Engineering, Inc.	Winbond Electronics Corporation	The director of the Corporation	Sales	\$ (2,769,118)	(54)	Receivables were collected within 90 days.	No third-party to compare	General trading conditions	\$ 451,734	38	
Waltech Advanced Engineering (Suzhou) Inc.	Nuvoton Technology Corporation	Other related parties	Sales	(1,584,144)	(91)	Receivables were collected within 60 days.	No third-party to compare	General trading conditions	504,631	94	

TABLE 5**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES**

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Account	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
Walton Advanced Engineering, Inc.	Winbond Electronics Corporation	The director of the Corporation	Accounts receivable	\$ 451,734	6.59	\$ -	-	\$ 451,734	\$ -
Walton Advanced Engineering, Inc.	Walton Advanced Engineering (Suzhou) Inc.	Subsidiary	Other receivables	756,482 (Note 1)	(Note 2)	-	-	-	-
Walton Advanced Engineering (Suzhou) Inc.	Hefei Xingfeng Technology Inc.	Associate	Other receivables	726,443	(Note 3)	726,428	Note 10 (b)	-	-
Waltech Advanced Engineering (Suzhou) Inc.	Nuvoton Technology Corporation	Other related parties	Accounts receivable	504,631	2.92	-	-	89,922	-

Note 1: All the transactions had been eliminated when preparing the consolidated financial statements.

Note 2: The content is the financing of funds and interest, which are calculated at the inapplicable turnover rate.

Note 3: The content is the payment on behalf of others and the receivables of the equipment sold, which are calculated at the inapplicable turnover rate.

TABLE 6**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investee Company	Counterparty	Relationship	Transaction Details (Note)			% of Total Operating Revenues or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Walton Advanced Engineering, Inc.	Walton Advanced Engineering (Suzhou) Inc.	Parent company to Subsidiary	Other receivables	\$ 753,000	Financing provided to other expected to be received within one year	5

Note: All the transactions had been eliminated when preparing the consolidated financial statements.

TABLE 7**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025****(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	Shareholding Percentage (%)	Carrying Amount			
Walton Advanced Engineering, Inc.	Walton Holding Universal Ltd.	British Virgin Islands	Professional Investment	\$ 2,696,238	\$ 2,696,238	8,881	100	\$ 2,208,777	\$ 454,232	\$ 467,665	Subsidiary (Notes 1 and 2)
Walton Advanced Engineering, Inc.	AMB Technology Co., Ltd	Republic of China	Electronic components and semiconductor packaging and testing	148,428	-	14,842,808	74	10,964	(182,394)	(137,464)	Subsidiary (Note 1)
Walton Advanced Engineering, Inc.	Walsin New Energy Corporation	Republic of China	Electricity supply	7,500	7,500	750,000	15	5,769	(6,643)	(996)	Subsidiary (Note 1)
Walton Holding Universal Ltd.	Walton Holding (Hong Kong) Ltd.	Hong Kong	Professional Investment	145,002	145,002	4,800,000	100	123,060	(2,638)	(2,638)	
Walton Holding (Hong Kong) Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Professional Investment	144,908	144,908	4,800,000	20	122,964	(13,172)	(2,634)	

Note 1: All the transactions had been eliminated when preparing the consolidated financial statements.

Note 2: The carrying amount of the shares held at the end of the year is deduction of deferred credits and income of NT\$28,952 thousand. All the transactions had been eliminated when preparing the consolidated financial statements.

TABLE 8**WALTON ADVANCED ENGINEERING, INC. AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
Walton Advanced Engineering (Suzhou) Inc.	Engaged in the packaging and testing of semiconductors	\$ 1,512,020	Invest through Walton Holding Universal Ltd.	\$ 1,512,020	\$ -	\$ -	\$ 1,512,020	\$ 491,740	100	\$ 491,740	\$ 544,957	\$ -	Notes 1 and 3
Waltech Advanced Engineering (Suzhou) Inc.	IC equipment designing and selling	929,401	Invest through Walton Holding Universal Ltd.	980,755	-	-	980,755	(30,920)	100	(30,920)	1,568,530	-	Notes 1 and 3
Hefei Xingfeng Technology Inc.	IC equipment trading and manufacturing	1,587,853	Direct investment of Walton Advanced Engineering (Suzhou) Inc.	-	-	-	-	(403,720)	23	(225,275)	134,026	-	Note 1
GHPW Enterprise Corporation (Chongqing) Limited	Corporate property management	759,600	Direct investment of GHPW Enterprise Corporation (HK) Limited	151,920	-	-	151,920	(12,897)	20	(2,579)	122,922	-	Note 1

Investee Company	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 the Investment Commission, MOEA (Note 2)
Walton Advanced Engineering, Inc.	\$ 2,644,695	\$ 2,644,695	\$ -

Note 1: The basis for recognition of investment income (loss) is based on the financial statements audited by R.O.C. CPA.

Note 2: Based on Article 3 of the “Principle of Investment or Technical Cooperation in Mainland China” of the Investment Review Committee issued on August 29, 2008, the Corporation has obtained the certificate of qualification for operating headquarters, therefore, the limit on investment in mainland China is not applicable.

Note 3: All the transactions had been eliminated when preparing the consolidated financial statements.