

# AP Memory Technology Corporation

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
AP Memory Technology Corporation

### **Opinion**

We have audited the accompanying financial statements of AP Memory Technology Corporation, which comprise the Parent Company Only Statement of Financial Position as of December 31, 2025 and December 31, 2024, the Parent Company Only Statement of Comprehensive Income from January 1 to December 31, 2025 and from January 1 to December 31, 2024, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Notes to Parent Company Only Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS) so as to give a true and fair view of the financial position of AP Memory Technology Corporation as of December 2025 and 2024 and of the financial performance, changes in equity and cash flows of AP Memory Technology Corporation from January 1 to December 31, 2025 and 2024.

### **Basis for Opinion**

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of AP Memory Technology Corporation in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants

and Accounting Entities, 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**

The key audit matter is which that, in our professional judgment, is most significant to our review of the Parent Company Only Financial Statements of AP Memory Technology Corporation for 2025. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Parent Company Only Financial Statements of AP Memory Technology Corporation for 2025:

#### Authenticity of Sales Revenue from Specific Customers

In the fiscal year 2025, AP Memory Technology Corporation's sales revenue from certain customers has shown significant growth compared to the fiscal year 2024, constituting a substantial portion of the total sales revenue. Therefore, the authenticity of the related sales revenue has been identified as one of the key audit matters.

During the audit, our accountants performed the following audit procedures in response to this key audit matter:

1. Understand and evaluate the internal control system related to revenue recognition, and test the design and execution of such controls.
2. Sample confirmation requests were sent for the entire year's sales revenue from the specific customers, and alternative procedures were conducted for those from whom confirmation

was not timely received. This includes verifying transaction evidence and subsequent collections.

3. Perform audit sampling on the sales revenue details of the specific customers, review related transaction documents, including customer orders, shipping documents, and receipts, to confirm the authenticity of the revenue recognized.
4. Audit the occurrences of sales returns and allowances after the reporting period and subsequent collections to confirm the reasonableness of the sales revenue recognized.

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

Management's responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of AP Memory Technology Corporation.

## **Auditors' Responsibilities for the Audit of the Parent Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these parent company only financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of AP Memory Technology Corporation.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the financial information of AP Memory Technology Corporation to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on AP Memory Technology Corporation.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of AP Memory Technology Corporation for the year ended December 31, 2025 from

the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 26, 2026

#### Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying 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 auditors' report and financial statements shall prevail.

AP Memory Technology Corporation  
Parent Company Only Balance Sheets  
December 31, 2025, and December 31, 2024

(In Thousands of New Taiwan Dollars)

Assets	Dec. 31, 2025		Dec. 31, 2024	
	Amount	%	Amount	%
<b>Current assets</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,644,409	27	\$ 3,678,357	29
Financial assets measured at amortized cost - current (Notes 4, 8 and 29)	3,755,814	27	4,752,325	37
Accounts receivable (Notes 4, 9 and 20)	398,936	3	391,705	3
Accounts receivable - related parties (Notes 4, 9, 20 and 28)	958,506	7	340,826	3
Other receivables (Notes 4 and 9)	95,972	1	60,026	1
Other receivables - related parties (Notes 4, 9 and 28)	1,743	-	-	-
Inventories (Notes 4, 5 and 10)	1,095,664	8	1,199,400	9
Other current assets (Note 15)	39,875	-	49,314	-
Total current assets	<u>9,990,919</u>	<u>73</u>	<u>10,471,953</u>	<u>82</u>
<b>Non-current assets</b>				
Financial assets measured at FVTPL - non-current (Notes 4, 5, 7 and 27)	-	-	493,938	4
Investments accounted for using the equity method (Notes 4, 11 and 25)	3,278,595	24	1,141,888	9
Property, plant and equipment (Notes 4 and 12)	35,166	1	44,584	-
Right-of-use assets (Notes 4 and 13)	21,148	-	21,932	-
Other intangible assets (Notes 4 and 14)	23,987	-	45,301	-
Deferred income tax assets (Notes 4 and 22)	107,081	1	84,588	1
Refundable deposits (Note 30)	4,295	-	447,194	3
Other non-current assets (Note 15)	160,092	1	88,327	1
Total non-current assets	<u>3,630,364</u>	<u>27</u>	<u>2,367,752</u>	<u>18</u>
<b>Total assets</b>	<u>\$ 13,621,283</u>	<u>100</u>	<u>\$ 12,839,705</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Short-term loans (Note 16)	\$ 200,000	2	\$ 100,000	1
Contract liabilities (Notes 4 and 20)	24,664	-	26,017	-
Accounts payable	504,498	4	230,869	2
Other payables (Note 17)	177,366	1	134,795	1
Other payables - related parties (Note 28)	-	-	13,520	-
Income tax payable (Note 4)	371,747	3	284,278	2
Lease liabilities - current (Notes 4 and 13)	13,273	-	11,081	-
Other current liabilities (Note 17)	10,890	-	3,451	-
Total current liabilities	<u>1,302,438</u>	<u>10</u>	<u>804,011</u>	<u>6</u>
<b>Non-current liabilities</b>				
Deferred income tax payable (Notes 4 and 22)	66,044	-	115,533	1
Lease liabilities - non-current (Notes 4 and 13)	8,204	-	11,104	-
Deposits received	2,000	-	2,000	-
Total non-current liabilities	<u>76,248</u>	<u>-</u>	<u>128,637</u>	<u>1</u>
Total liabilities	<u>1,378,686</u>	<u>10</u>	<u>932,648</u>	<u>7</u>
<b>Equity (Notes 4, 19 and 24)</b>				
<b>Share capital</b>				
Share capital of common stock	813,538	6	811,739	6
Share capital collected in advance	224	-	369	-
Total share capital	<u>813,762</u>	<u>6</u>	<u>812,108</u>	<u>6</u>
Capital surplus	6,531,614	48	6,367,692	50
<b>Retained earnings</b>				
Legal reserve	1,063,199	8	905,376	7
Special reserve	-	-	343	-
Undistributed earnings	3,776,349	28	3,813,354	30
Total retained earnings	<u>4,839,548</u>	<u>36</u>	<u>4,719,073</u>	<u>37</u>
Other equity	57,673	-	8,184	-
Total equity	<u>12,242,597</u>	<u>90</u>	<u>11,907,057</u>	<u>93</u>
<b>Total liabilities and equity</b>	<u>\$ 13,621,283</u>	<u>100</u>	<u>\$ 12,839,705</u>	<u>100</u>

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

AP Memory Technology Corporation  
Parent Company Only Statements of Comprehensive Income  
For the Years Ended December 31, 2025, and December 31, 2024

(In Thousands of New Taiwan Dollars, except earnings (losses) per share)

	2025		2024	
	Amount	%	Amount	%
Revenue (Notes 4, 20 and 28)	\$ 5,342,439	100	\$ 4,004,407	100
Cost of revenue (Notes 10 and 21)	<u>3,061,271</u>	<u>57</u>	<u>2,049,014</u>	<u>51</u>
Gross profit	<u>2,281,168</u>	<u>43</u>	<u>1,955,393</u>	<u>49</u>
Operating expenses (Notes 4, 9, 21 and 28)				
Marketing	91,542	2	78,259	2
General and administrative	194,136	4	170,640	4
R&D expenses	663,021	12	681,092	17
Expected credit losses (reversal)	( <u>741</u> )	<u>-</u>	( <u>624</u> )	<u>-</u>
Total operating expenses	<u>947,958</u>	<u>18</u>	<u>930,615</u>	<u>23</u>
Income from operations	<u>1,333,210</u>	<u>25</u>	<u>1,024,778</u>	<u>26</u>
Non-operating income and expense				
Other income (Notes 4)	5,795	-	1,692	-
Shares of the profit or loss of subsidiaries and associates recognized for using the equity method (Notes 4 and 11)	168,187	3	38,283	1
Interest income (Note 4)	301,008	6	398,894	10
Interest expenses (Note 4)	( 2,127 )	-	( 1,859 )	-
Gain (loss) on disposal of Property, plant and equipment (Notes 4 and 28)	4,202	-	( 18,112 )	( 1 )

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	2025		2024	
	Amount	%	Amount	%
Loss on disposal of investment	( \$ 2,328 )	-	-	-
Gain (loss) on foreign exchange - net value (Notes 4, 21 and 31)	( 361,393 )	( 7 )	521,737	13
Gain on financial assets measured at FVTPL (Notes 4, 11 and 27)	<u>107,066</u>	<u>2</u>	<u>66,802</u>	<u>1</u>
Total non-operating income and expenses	<u>220,410</u>	<u>4</u>	<u>1,007,437</u>	<u>24</u>
Net income before tax	1,553,620	29	2,032,215	50
Income tax expense (Notes 4 and 22)	( <u>295,965</u> )	( <u>6</u> )	( <u>453,983</u> )	( <u>11</u> )
Net income	<u>1,257,655</u>	<u>23</u>	<u>1,578,232</u>	<u>39</u>
Other comprehensive income (Note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>49,489</u>	<u>1</u>	<u>8,527</u>	<u>-</u>
Other comprehensive income (net of income tax)	<u>49,489</u>	<u>1</u>	<u>8,527</u>	<u>-</u>
Total comprehensive income	<u>\$ 1,307,144</u>	<u>24</u>	<u>\$ 1,586,759</u>	<u>39</u>
Earnings per share (Note 23)				
Basic earnings per share	<u>\$ 7.74</u>		<u>\$ 9.73</u>	
Diluted earnings per share	<u>\$ 7.69</u>		<u>\$ 9.66</u>	

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

AP Memory Technology Corporation  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2025, and December 31, 2024

(In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4, 19 and 24)			Capital Surplus	Retained Earnings (Notes 4 and 19)			Other Equity (Note 4)	Total Equity	
	Capital Stock - Common Stock	Share Capital Collected in Advance	Total Share Capital	(Notes 4, 19 and 24)	Legal Reserve	Special Reserve	Undistributed Earnings	Total		Exchange differences arising on translation of foreign operations
Balance, Jan. 1, 2024	\$ 810,020	\$ 1,739	\$ 811,759	\$ 6,234,430	\$ 760,879	\$ 450	\$ 3,514,619	\$ 4,275,948	( \$ 343 )	\$ 11,321,794
Appropriation and distribution of earnings, 2023										
Legal reserve	-	-	-	-	144,497	-	( 144,497 )	-	-	-
Reversal of special reserve	-	-	-	-	-	( 107 )	107	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	( 1,135,107 )	( 1,135,107 )	-	( 1,135,107 )
Equity-method associates – value change	-	-	-	48,746	-	-	-	-	-	48,746
Recognition of employee share options	-	-	-	60,508	-	-	-	-	-	60,508
Net income, 2024	-	-	-	-	-	-	1,578,232	1,578,232	-	1,578,232
Other comprehensive income, 2024	-	-	-	-	-	-	-	-	8,527	8,527
Total comprehensive income, 2024	-	-	-	-	-	-	1,578,232	1,578,232	8,527	1,586,759
Employee option ordinary share issuance	1,719	( 1,370 )	349	24,008	-	-	-	-	-	24,357
Balance, Dec. 31, 2024	811,739	369	812,108	6,367,692	905,376	343	3,813,354	4,719,073	8,184	11,907,057
Appropriation and distribution of earnings, 2024										
Legal reserve	-	-	-	-	157,823	-	( 157,823 )	-	-	-
Reversal of special reserve	-	-	-	-	-	( 343 )	343	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	( 1,137,180 )	( 1,137,180 )	-	( 1,137,180 )
Changes in ownership interests in subsidiaries	-	-	-	( 205 )	-	-	-	-	-	( 205 )
Equity-method associates – value change	-	-	-	73,426	-	-	-	-	-	73,426
Recognition of employee share options	-	-	-	61,561	-	-	-	-	-	61,561
Net income, 2025	-	-	-	-	-	-	1,257,655	1,257,655	-	1,257,655
Other comprehensive income, 2025	-	-	-	-	-	-	-	-	49,489	49,489
Total comprehensive income, 2025	-	-	-	-	-	-	1,257,655	1,257,655	49,489	1,307,144
Employee option ordinary share issuance	1,799	( 145 )	1,654	29,140	-	-	-	-	-	30,794
Balance, Dec. 31, 2025	\$ 813,538	\$ 224	\$ 813,762	\$ 6,531,614	\$ 1,063,199	\$ -	\$ 3,776,349	\$ 4,839,548	\$ 57,673	\$ 12,242,597

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

AP Memory Technology Corporation  
Parent Company Only Statements of Cash Flows  
For the Years Ended December 31, 2025, and December 31, 2024  
(In Thousands of New Taiwan Dollars)

	2025	2024
Cash flow from operating activities		
Net income before tax	\$ 1,553,620	\$ 2,032,215
Adjustments		
Depreciation expense	42,917	47,070
Amortization expense	23,436	23,577
Expected credit losses (reversal)	( 741)	624
Gain on valuation of financial assets measured at FVTPL	( 107,066)	( 66,802)
Interest expenses	2,127	1,859
Interest income	( 301,008)	( 398,894)
Cost of share-based payment awards	56,993	55,871
Share of gain or loss from subsidiaries and associates recognized for using the equity method	( 168,187)	( 38,283)
Loss (gain) on disposal or retirement of property, plant and equipment	( 4,202)	18,112
Loss on disposal of investments	2,328	-
Losses on market price decline and obsolete and slow-moving inventories	34,622	105,252
Unrealized profit on intercompany sales	19,048	1,717
Unrealized gain on foreign exchange	( 4,083)	( 19,457)
Net changes in operating assets and liabilities		
Accounts receivable	( 621,174)	( 40,278)
Other receivables	( 21,258)	( 899)
Inventories	69,114	( 453,557)
Other assets	( 29,251)	40,077
Refundable deposits	442,899	11,787
Contract liabilities	( 1,321)	( 32,364)
Accounts payable	274,309	( 33,767)
Other payables	13,200	( 25,792)
Other current liabilities	7,439	( 5,841)
Cash generated from operations	1,283,761	1,222,227
Interest received	284,611	387,523
Interest paid	( 2,094)	( 2,057)
Income tax paid	( 280,478)	( 396,210)
Net cash generated by operating activities	1,285,800	1,211,483

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	<u>2025</u>	<u>2024</u>
Cash flows from investing activities		
Acquisition of financial assets measured at FVTPL	( 80,000 )	( 480,000 )
Disposal of financial assets measured at FVTPL	681,004	480,131
Acquisition of financial assets at amortized cost	( 3,755,814 )	( 4,749,466 )
Disposal of financial assets at amortized cost	4,752,325	-
Acquisition of long-term equity investments accounted for using the equity method	( 1,884,413 )	( 85,463 )
Purchase of property, plant and equipment	( 3,542 )	( 10,822 )
Disposal of property, plant and equipment	4,202	16,916
Acquisition of intangible assets	( 2,122 )	( 6,319 )
Increase in equipment prepayment	( 33,075 )	-
Dividends received from associates and subsidiaries	21,794	23,758
Net cash used in investing activities	<u>( 299,641 )</u>	<u>( 4,811,265 )</u>
Cash flows from financing activities		
Increase in short-term loans	550,000	150,000
Decrease in short-term loans	( 450,000 )	( 350,000 )
Decrease in deposits received	-	( 14,000 )
Repayment of lease principal	( 13,721 )	( 24,597 )
Issuance of cash dividends	( 1,137,180 )	( 1,135,085 )
Stock options exercised by employees	30,794	24,357
Net cash used in financing activities	<u>( 1,020,107 )</u>	<u>( 1,349,325 )</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	( 33,948 )	( 4,949,107 )
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,678,357</u>	<u>8,627,464</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,644,409</u>	<u>\$ 3,678,357</u>

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

For the Years Ended December 31, 2025, and December 31, 2024

(Unless otherwise specified, the basic unit for any amount shall be in thousands of New Taiwan Dollars.)

1. General

AP Memory Technology Corporation (hereinafter referred to as the “Company”) was incorporated on August 4, 2011, upon approval of the Ministry of Economic Affairs. The Company mainly engages in the research, development, production and sale of various integrated circuit (IC) products, and provides technical services related to the product design, research and development.

Upon approval of Taipei Exchange (TPEX) in June 2015, the Company started trading on Emerging Stock Board of TPEX and then trading on Taiwan Stock Exchange (TWSE) on May 31, 2016. In January 2022, the Company made an initial public offering of global depositary receipts (GDRs) by way of a capital raising issue of new shares and was listed on the Bourse de Luxembourg.

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

2. The Authorization of Financial Statements

The parent company only financial statements were approved by the board of directors on February 26, 2026.

3. Application of New and Revised International Financial Reporting Standards

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Company.

(2) FSC-approved IFRSs applicable in 2026

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	Jan. 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	Jan. 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	Jan. 1, 2026
IFRS 17 “Insurance Contracts”	Jan. 1, 2026

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

(1) Amendments to the application guidance for the classification of financial assets.

The amendment primarily revises the classification requirements for financial assets, including:

(A) If a financial asset includes a contingency that may alter the timing or amount of contractual cash flows, and the nature of such contingency is not directly related to changes in basic lending risks or costs (e.g., whether the debtor achieves a specified reduction in carbon emissions), the contractual cash flows of the financial asset shall still be considered solely payments of principal and interest on the principal amount outstanding, provided that both of the following conditions are met:

- Under all possible scenarios (both before and after the occurrence of the contingency), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- The contractual cash flows under all possible scenarios do not differ significantly from those of a financial instrument with the same contractual terms but without the contingent feature.

(B) A financial asset with non-recourse features refers to the entity’s ultimate right to receive cash flows that, under the terms of the contract, are limited to those generated by specified assets.

(C) It clarifies that contractually linked instruments are structured through a waterfall payment mechanism to create multiple tranches of securities, thereby establishing a hierarchy of payment priorities among holders of the financial assets. This structure results in credit risk concentration and causes

disproportionate allocation of cash shortfalls from the underlying pool across different tranches.

(2) The amendments to the application guidance of derecognition of financial liabilities:

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. If the Company is able to restate without the benefit of hindsight, it may choose the comparative period to be restated.

As of the date the parent only financial statements were authorized for issue, the Company assessed the possible impact that the application of above standards and interpretations will not materially impact the Company’s financial position and financial performance.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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 Disclosures in Financial Statements”	Jan 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (Including the 2025 revision)	Jan 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	Jan 1, 2027

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective 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 Disclosures in Financial Statements” and consequential amendments

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- 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 Group 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 Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels 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 Group as a whole, the Group 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, a consequential amendment has been made to IAS 7 “Statement of Cash Flows”:

- The Company 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 Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has 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 parent only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of Compliance

The parent only financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

##### (2) Basis of Preparation

Apart from financial instruments measured at fair value, these parent only financial statements are prepared on a historical cost basis.

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 based on the significance of the inputs to the fair value measurement in its entirety, 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 the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the Company accounts for its investments in subsidiaries and associates using the equity method. To align the current year's profit or loss, other comprehensive income, and equity in the parent company only financial statements with those attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the parent company only and consolidated bases are adjusted in "Investments accounted for using the equity method," "Share of profit or loss of subsidiaries and associates using the equity method," and "Share of other comprehensive income of subsidiaries and associates using the equity method" and related equity items.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date; and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Foreign Currencies

When preparing the parent only financial statements, each entity translates transactions in currencies other than the functional currency of the entity (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of

monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are recognized in profit or loss; however, for those fair value changes recognized in other comprehensive income, the resulting exchange differences are also recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing the parent only financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

If the Company disposes of its entire interest in a foreign operation, all related cumulative exchange differences are reclassified to profit or loss.

(5) Inventories

Inventories include raw materials, finished goods, and work in progress. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value, items are assessed individually, except for inventories of similar categories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(6) Investment in Subsidiaries

The Company accounts for its investments in subsidiaries using the equity method.

Subsidiaries are entities over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the carrying amount thereafter is increased or decreased to recognize the Company's share of the subsidiaries' profit or loss and other comprehensive income as well as distributions received. Furthermore, changes in the Company's share of the subsidiaries' other equity are recognized in proportion to the shareholding.

When changes in the Company's ownership interests in a subsidiary do not result in the loss of control, they are treated as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount under the equity method and any other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize further losses in proportion to its shareholding.

The excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized; if the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition exceeds the cost of acquisition, this excess is recognized immediately in profit.

When assessing impairment, the Company considers the entire financial statement to assess cash-generating units and compares their recoverable amount to their carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of any recognized impairment loss is recognized as income, provided that the carrying amount of the asset after the reversal does not exceed its carrying amount, less accumulated depreciation, had no impairment loss been recognized. Impairment losses related to goodwill cannot be reversed in subsequent periods.

Upon the loss of control of a subsidiary, the Company measures any remaining investment in the former subsidiary at its fair value at the date control is lost. The difference between the fair value of any remaining investment and any disposal proceeds and the carrying amount of the investment at the date when control is lost is recognized in profit or loss. Additionally, the accounting treatment for all amounts previously recognized in other comprehensive income related to that subsidiary is the same as if the Company had directly disposed of the related assets or liabilities.

(7) Investments in Associates

Associates are entities over which the Company has significant influence but which are not subsidiaries.

The Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Furthermore, changes in the Company's share of the equity of associates are recognized in proportion to the shareholding.

The excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of the associate at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. If the Company's share of the net fair value of the identifiable assets and liabilities of the associate at the date of acquisition exceeds the cost of acquisition, this excess is immediately recognized in profit or loss.

For impairment assessment, the entire carrying amount of the investment (including goodwill) is considered as a single asset to compare the recoverable amount with the carrying amount for impairment testing. Any impairment loss recognized is not allocated to any assets that make up the carrying amount of the investment, including goodwill. Any reversal of impairment losses is recognized to the extent that the recoverable amount of the investment increases subsequently.

The Company ceases using the equity method from the date its investment is no longer an associate. The retained interest in the former associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment at the date when the equity method is ceased is recognized in profit or loss.

Gains and losses from upstream, downstream, and lateral transactions between the Company and an associate are recognized in the parent company only financial statements only to the extent that they are unrelated to the Company's equity interest in the associate

(8) Property, Plant, and Equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(9) Intangible Assets

1. Separately acquired

Separately acquired intangible assets with finite useful lives are initially measured at cost and are subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values, and amortization methods of the intangible assets at least at each financial year-end and defers the effect of any changes in accounting estimates.

2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized as a gain or loss in the current year's profit or loss.

(10) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit groups on a reasonable and consistent basis.

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

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where

the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized in the parent only Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement Types

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments which are not designated by the Company as measured at FVTOCI, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest generated and gains or losses from remeasurement recognized in profit or loss. For the method of determining fair value, please refer to Note 26.

B. Financial assets measured at amortized cost

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, investments in debt instruments measured at amortized cost, accounts receivable, other receivables and refundable deposits) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets except in the following situations.

- a. For financial assets credit-impaired at acquisition or origination, interest income is calculated using the effective interest rate adjusted for credit losses on the amortized cost of the financial asset.
- b. For financial assets not credit-impaired at acquisition or origination but subsequently became credit-impaired, interest income is calculated from the period after the credit impairment using the effective interest rate on the amortized cost of the financial asset.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include highly liquid deposits that are readily convertible to known amounts of cash with insignificant risk of

changes in value and are within three months of maturity from the date of acquisition, used to meet short-term cash commitments.

(2) Impairment of Financial Assets

The Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, without considering the collateral held, the Company considers a financial asset defaulted when internal or external information indicates the debtor is unlikely to pay its debts.

All impairment losses on financial assets are reduced through an allowance account against their carrying amount.

(2) Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

## 2. Equity Instruments

Debts and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of the acquisition price less direct issuance costs.

Repurchases of the Company's own equity instruments are recognized and deducted under equity. Transactions involving the purchase, sale, issuance, or cancellation of the Company's own equity instruments are not recognized in profit or loss.

## 3. Financial Liabilities

### (1) Subsequent Measurement

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

### (2) Derecognition of Financial Liabilities

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## (12) Income Recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

### 1. Revenue from Sales of Goods

Revenue from sales of goods arises from the sale of integrated circuit products. Since customers have determined prices and rights to use the goods with the primary responsibility for resale and bear the risks of obsolescence once trade terms are met, the Company recognizes revenue and accounts receivable at that point. Prepayments received for product sales are recognized as contract liabilities until the product is shipped.

When providing processing services, revenue is not recognized as control of the processed products does not transfer upon processing.

## 2. Service Revenue

Service revenue arises from providing design, research and development of technical services as per contract, recognized based on the completion stage of the contract.

Revenue from design, research and development services provided by the Company is recognized based on the completion stage of the contract.

## 3. Licensing Revenue

For technology licensing transactions, as there is no commitment to engage in activities that change the functionality of the silicon intellectual property, and such technology can operate without updates or technical support, licensing fees are recognized as licensing revenue at the time the right to use the silicon intellectual property is transferred.

## (13) Lease

The Company assesses on the inception date of a contract whether the contract is (or contains) a lease.

### The Company as a lessee

The lease payments for leases of low-value assets and short-term leases that qualify for recognition exemptions are recognized as expenses on a straight-line basis over the lease term. For all other leases, the right-of-use assets and lease liabilities are recognized at the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measurement of lease liabilities) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the adjustment of lease liability remeasurements. The right-of-use assets are presented separately in the parent only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the lease term.

Lease liabilities are measured initially at the present value of the lease payments (including fixed payments). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period, the Company

remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the parent only balance sheet.

(14) Employee Benefits

1. Short-term employee benefits

The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Retirement benefits

Defined benefit pension plans are recognized as expenses over the period of service of the employees.

(15) Share-based Payment Arrangements

1. Equity Settlement Share-Based Payment Agreement for Employees

Employee stock options are recognized at the fair value of the equity instruments granted and the best estimate of the number expected to vest, expensed over the vesting period on a straight-line basis, with a simultaneous adjustment to capital surplus - employee stock options. If they vest immediately at the grant date, the expense is fully recognized on the grant date.

The Company revises its estimate of the number of employee stock options expected to vest at each balance sheet date. If there is an adjustment to the original estimated number, the impact is recognized in profit or loss to reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

2. Equity Settlement Share-Based Payment Agreement for Subsidiaries' Employees

The employee stock options granted by the Company to the employees of its subsidiaries, settled through the Company's equity instruments, are regarded as capital contributions to the subsidiaries. They are measured at the fair value of the equity instruments on the grant date, recognized as an increase in the carrying amount of the investment in the subsidiaries over the vesting period, with a corresponding adjustment to capital surplus – employee stock options.

(16) Income Tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

The Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

The adjustment of income tax payable in the previous year shall be included in the current income tax.

## 2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available to offset the temporary differences and loss carryforwards.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates, except where the Company can control the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future. Deferred tax assets for deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit available to utilize the temporary difference and it is expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred income tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred income tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred

tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

Current and deferred tax are recognized in profit or loss, except when they relate to items 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. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When the Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The management will continuously review the estimates and underlying assumptions. If the revisions to estimates only affect the current period, they are recognized in the current period; if the adjustments to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods. Actual results may differ from estimates.

Valuation of Inventory

Net realizable value of inventory is the estimated selling price less the estimated costs to completion and sale in normal operating conditions. Such estimates are based on current market conditions and historical sale experience of similar products. Changes in market conditions may materially affect such estimates.

Fair Value Measurement and Valuation Techniques

When assets and liabilities measured at fair value are not traded in active markets and no market quotations are available, the Company determines whether to use an external valuer and decides on the appropriate fair value valuation technique based on applicable laws or judgment.

If Level 1 inputs are not available for estimating fair value, the Company or its appointed valuer refers to analyses of the financial position and operating results of the investee, recent transaction prices, quotations for similar equity instruments in inactive markets, quotations for similar instruments in active markets, and valuation multiples of comparable companies to determine the inputs. If actual future changes in inputs differ from expectations, fair value adjustments may occur.

The Company updates the inputs quarterly based on market conditions to monitor whether the fair value measurement is appropriate.

For a description of fair value valuation techniques and inputs, refer to Notes 7 and 27.

6. Cash and cash dividends

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Petty cash and cash on hand	\$ 30	\$ 30
Demand deposits at banks	467,575	120,332
Cash equivalents (with investments which matures within three months)		
Time deposits	<u>3,176,804</u>	<u>3,557,995</u>
	<u>\$ 3,644,409</u>	<u>\$ 3,678,357</u>

The interest rate range for bank deposits as of the balance sheet date is as follows:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Demand deposits	0.010%~3.900%	0.010%~0.800%
Time deposits	1.540%~4.080%	1.505%~4.890%

7. Financial Instruments at Fair Value Through Profit or Loss

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
– Unlisted		
Hai Ning Chang Meng Technology Partnership (limited partnership) (1)	\$ -	493,938
GeneASIC Technologies Corporation (2)	-	-
	<u>\$ -</u>	<u>\$ 493,938</u>

- (1) In August 2019, the Company signed an investment agreement with Hai Ning Chang Meng Technology Partnership (limited partnership) (referred to as "Hai Ning Chang Meng") subscribing and paying RMB 6,900 thousand, which accounted for 24.64% of the total contribution. The Company does not have the ability to influence relevant activities, hence it does not have significant influence. On September 6, 2025, the Board of Directors resolved that the Company would withdraw from the Hai Ning Chang Meng partnership investment with an amount of RMB 144,900 thousand. As of December 31, 2025, Hai Ning Chang Meng had completed the tax payments on behalf of the Company in the amount of RMB 13,800 thousand. After completing the withdrawal registration, the remaining amount of RMB 131,100 thousand was returned.

- (2) In August 2020, the Company acquired 500 thousand common shares of GeneASIC Technologies Corporation (referred to as "GeneASIC Technologies") for NT\$500 thousand. The Company did not participate in GeneASIC Technologies' capital increase by cash in April 2023, July 2024, December 2024 and August 2025, resulting in a decrease in its shareholding ratio to 10.08% as of December 31, 2025.
- (3) In November 2023, the Company acquired 4,000 thousand common shares of M3 Technology Inc. (referred to as "M3 Technology") on the centralized trading market for NT\$500,000 thousand, mainly to enhance the efficiency of capital utilization of the Company and to seek cooperation opportunities to establish an advanced packaging ecosystem. The Company was elected as a director at the extraordinary shareholders' meeting held by M3 Technology on January 31, 2024, and was subsequently appointed as chairman at the emergency board meeting on the same day having significant influence over M3 Technology. Therefore, transferred the equity instruments that were originally classified as financial assets at fair value through profit or loss to investments accounted for using equity method.

8. Financial assets measured at amortized cost

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Current</u>		
Time deposits which mature in more than 3 months	<u>\$3,755,814</u>	<u>\$4,752,325</u>

See Note 29 for pledged financial assets at amortized cost.

9. Accounts receivable and other receivables

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Accounts receivable</u>		
Measure at amortized cost		
Total carrying amount	\$ 398,936	\$ 401,541
Less: Provision for loss	<u>-</u>	<u>( 9,836)</u>
	<u>\$ 398,936</u>	<u>\$ 391,705</u>
<u>Accounts receivable - related parties</u>		
Measured at amortized cost	<u>\$ 958,506</u>	<u>\$ 340,826</u>
<u>Other receivables</u>		
Interest receivable	\$ 56,261	\$ 39,881
Tax refunds	38,911	19,543
Others	<u>800</u>	<u>24</u>
	<u>\$ 95,972</u>	<u>\$ 60,026</u>
Other receivable - associates	<u>\$ 1,743</u>	<u>\$ -</u>

### Accounts receivable

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The Company recognizes a provision for loss on accounts receivable based on the expected credit losses over the lifetime of the receivables. The lifetime expected credit losses are calculated considering the customer's past default history, current financial condition, and the economic conditions of the industry. The Company segments its customer base based on the historical experience of credit losses and establishes expected credit loss rates based on the overdue days of notes receivable and accounts receivable for different customer groups.

If there is evidence indicating that a counterparty is experiencing significant financial difficulty and the Company cannot reasonably expect to recover the amount due, the related accounts receivable are directly written off, though recovery efforts continue. Any amounts recovered through such efforts are recognized in profit or loss.

The Company measures the provision for loss on accounts receivable using a provision matrix as follows:

#### Dec. 31, 2025

	<u>Not past due</u>	<u>1-30 days past due</u>	<u>31-60 days past due</u>	<u>61-90 days past due</u>	<u>91-180 days past due</u>	<u>181-360 days past due</u>	<u>Over 361 days past due</u>	<u>Total</u>
Total carrying amount	\$1,350,225	\$ 7,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,357,442
Provision for loss (expected credit loss in the duration)	-	-	-	-	-	-	-	-
Amortized cost	<u>\$1,350,225</u>	<u>\$ 7,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,357,442</u>

#### Dec. 31, 2024

	<u>Not past due</u>	<u>1-30 days past due</u>	<u>31-60 days past due</u>	<u>61-90 days past due</u>	<u>91-180 days past due</u>	<u>181-360 days past due</u>	<u>Over 361 days past due</u>	<u>Total</u>
Total carrying amount	\$ 725,648	\$ 6,883	\$ -	\$ -	\$ -	\$ -	\$ 9,836	\$ 742,367
Provision for loss (expected credit loss in the duration)	-	-	-	-	-	-	( 9,836 )	( 9,836 )
Amortized cost	<u>\$ 725,648</u>	<u>\$ 6,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,531</u>

Changes in loss provision of accounts receivable are as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 9,836	\$ 9,212
Impairment losses (reversal)	( 741 )	624
Write-off in this year	( 9,095 )	-
Ending balance	<u>\$ -</u>	<u>\$ 9,836</u>

10. Inventories

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Finished good	\$ 289,902	\$ 357,229
Work-in-progress	472,436	263,626
Raw materials	<u>333,326</u>	<u>578,545</u>
	<u>\$ 1,095,664</u>	<u>\$ 1,199,400</u>

The nature of operating costs is as follows:

	<u>2025</u>	<u>2024</u>
Cost of inventories sold	\$ 3,026,649	\$ 1,943,762
Inventory devaluation losses	<u>34,622</u>	<u>105,252</u>
	<u>\$ 3,061,271</u>	<u>\$ 2,049,014</u>

11. Investments using the equity method

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Investment in subsidiaries	\$ 2,315,681	\$ 267,423
Investment in associates	<u>962,914</u>	<u>874,465</u>
	<u>\$ 3,278,595</u>	<u>\$ 1,141,888</u>

(1) Investment in subsidiaries

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
AP Memory Corp, USA (hereinafter referred to as "AP-USA")	\$ 918,731	\$ 24,690
AP Memory Technology (Hangzhou) Limited Co. (hereinafter referred to as "AP Memory Technology (Hangzhou)")	372,560	169,669
APware Technology Corp. (hereinafter referred to as "APware")	943,615	50,142
VIVR Corporation (hereinafter referred to as "VIVR")	18,583	19,717
CascadeTeq Inc. (hereinafter referred to as "CascadeTeq")	2,599	3,205
ONECENT TECHNOLOGY LTD. (hereinafter referred to as "OCKY")	<u>59,593</u>	<u>-</u>
	<u>\$ 2,315,681</u>	<u>\$ 267,423</u>

	Ownership interests and voting rights percentages	
	Dec. 31, 2025	Dec. 31, 2024
AP-USA	100%	100%
AP Memory Technology (Hangzhou)	100%	100%
APware	100%	100%
VIVR	100%	100%
CascadeTeq	100%	100%
OCKY	27.78%	-

For disclosures regarding the Company's acquisition of OCKY, please refer to Note 28 of the Company's 2025 consolidated financial statements. The details of the Company's indirectly held investment subsidiaries are referenced in Note 32 and Tables 4 and 5.

1. AP-USA was established in Oregon, USA, in February 2012, primarily engaging in the research and development services of integrated circuits. In May 2025, the Company injected US\$30,000 thousand in capital. As of February 26, 2026, the Company has contributed capital of US\$32,000 thousand.
2. AP Memory Technology (Hangzhou) was established in Hangzhou in June 2018, mainly engaged in the design, development, and sale of integrated circuits. As of February 26, 2026, the company's paid-in capital amount is US\$2,000 thousand.
3. To accommodate the growth scale of reinvested enterprises and future operational layout planning, the Company decided through a board resolution on October 15, 2021, to invest and establish a subsidiary, APware, in the Cayman Islands. APware was established in October 2021, mainly engaged in the general investing. The Company made capital contributions of US\$1,550 thousand in July 2024, US\$1,250 thousand in March 2025, US\$5,000 thousand in September 2025 and US\$22,200 thousand in December 2025. As of February 26, 2026, the company's paid-in capital amount is US\$30,000 thousand.
4. In response to future product development and operational layout planning, the Company decided through a board resolution on August 30, 2022, to establish a subsidiary, VIVR, in the United States. VIVR was established in August 2022, mainly engaged in the design, development, and sale of integrated circuits and

established its Taiwan branch on February 8, 2023. As of February 26, 2026, the company's paid-in capital amount is US\$1,000 thousand.

5. To accommodate future operational layout planning, the Company decided through a board resolution on October 28, 2022, to establish a subsidiary, CascadeTeq. CascadeTeq was established in December 2022, primarily engaged in the sale of integrated circuits. The Company made capital contributions of NT\$5,000 thousand in January 2024. As of February 26, 2026, the company's paid-in capital amount is NT\$10,000 thousand.
6. OCKY was originally an affiliate of the Company. To accommodate future operational planning, the Company entered into a concerted action agreement with another shareholder of OCKY on March 1, 2025, with the Company taking the lead. As a result, the Company holds more than 50% of the voting rights, gaining control over OCKY and including it in the consolidated financial statements from that date. In December 2025, due to the execution of employee stock options, OCKY's shareholding ratio in the Company decreased from 27.88% to 27.78%. As of February 26, 2026, the company's paid-in capital amounted to US\$26 thousand.

The profit or loss and other comprehensive income shares of subsidiaries using the equity method for 2025 and 2024 are recognized based on the financial statements of each subsidiary audited by accountants for the same period.

(2) Investments in associates

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Investments in associates</u>		
Significant associates		
M3 Technology	\$ 868,534	\$ 709,180
Non-significant associates		
Lyontek Inc. (1)		
(hereinafter referred to as "Lyontek")	94,380	94,863
ONECENT TECHNOLOGY LTD. (2)		
(hereinafter referred to as "OCKY")	-	70,422
	<u>\$ 962,914</u>	<u>\$ 874,465</u>

1. Significant associates:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
M3 Technology	<u>\$ 868,534</u>	<u>\$ 709,180</u>

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
M3 Technology	<u>\$ 403,947</u>	<u>\$ 382,000</u>

Following aggregate financial information is compiled according to M3 Technology's consolidated financial report and adjusted to reflect the application of the equity method.

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Current assets	\$ 1,699,993	\$ 1,564,725
Non-current assets	200,693	188,690
Current liabilities	( 243,515)	( 193,137)
Non-current liabilities	( <u>3,393</u> )	( <u>4,774</u> )
Equity	1,653,778	1,555,504
Non-controlling interest	( <u>1,465,057</u> )	( <u>1,410,239</u> )
	<u>\$ 188,721</u>	<u>\$ 145,265</u>
Proportion of ownership	11.41%	9.34%
Interest attributable to Consolidated company	\$ 188,721	\$ 145,265
Goodwill	509,503	412,302
Customer relationship	143,573	126,238
Intangible assets	<u>26,737</u>	<u>25,375</u>
Carrying amount of the investment	<u>\$ 868,534</u>	<u>\$ 709,180</u>
	<u>2025</u>	<u>2024</u>
Operating revenue	<u>\$ 966,665</u>	<u>\$ 907,178</u>
Net income	\$ 157,242	\$ 121,558
Other comprehensive income	( <u>728</u> )	<u>413</u>
Total comprehensive income	<u>\$ 156,514</u>	<u>\$ 121,971</u>
Dividends received	<u>\$ 21,791</u>	<u>\$ 11,878</u>

As stated in Note 7, The Company has had significant influence over M3 Technology since January 31, 2024. Consequently, the financial assets previously measured at fair value through profit or loss was treated as disposed of, resulting in a loss of NT\$54,000 on financial assets at fair value through profit or loss.

To further enhance its significant influence over M3 Technology, The Company acquired 987 thousand common shares of M3 Technology through the centralized trading market in April 2025 for a cash consideration of NT\$95,861 thousand. As of December 31, 2025, The Company held 11.41% of M3 Technology's outstanding shares.

2. Aggregate information of individually non-significant associates:

Aggregate information regarding the Company's associates is as follows:

	<u>2025</u>	<u>2024</u>
Shares owned by the Company		
Net income	\$ 9,880	\$ 2,331
Other comprehensive income	<u>195</u>	<u>405</u>
Total comprehensive income	<u>\$ 10,075</u>	<u>\$ 2,736</u>

a. Lyontek

In October 2016, the Company invested NT\$75,060 thousand to acquire 3,600 thousand common shares of Lyontek, representing a 30% ownership interest. The goodwill generated from the acquisition of Lyontek amounting to NT\$2,610 thousand was recognized in the cost of investment in associate.

b. OCKY

The Company made investments of NT\$238 thousand in May 2022, NT\$33,533 thousand in August 2022 and NT\$30,256 thousand in June 2024, cumulatively acquiring 7,348 thousand common shares of OCKY, representing a 27.88% ownership interest. The management of the Company considers that it has significant influence over OCKY, thus classifying it as an associate of the Company. Please refer to Note 25 for details.

Refer to table 5 for the nature of activities, principal place of business and country of registration of the associates.

The profit or loss and other comprehensive income shares of Lyontek and OCKY for the year 2024, an associated company accounted for using the equity method, are calculated based on unaudited financial statements. however, the Company's management believes that the unaudited financial reports of the said investee company do not have a significant impact.

12. Property, plant and equipment

	Machinery	Computers and Communication Equipment	Office Equipment	Leasehold Improvements	Total
<u>Cost</u>					
Balance on Jan. 1, 2025	\$ 190,626	\$ 19,777	\$ 2,950	\$ 18,786	\$ 232,139
Addition	16,153	797	-	2,752	19,702
Internal transfers	-	-	-	-	-
Disposal	( 996 )	( 387 )	( 123 )	-	( 1,506 )
Balance, Dec. 31, 2025	<u>\$ 205,783</u>	<u>\$ 20,187</u>	<u>\$ 2,827</u>	<u>\$ 21,538</u>	<u>\$ 250,335</u>
<u>Accumulated depreciation</u>					
Balance on Jan. 1, 2025	\$ 155,269	\$ 13,235	\$ 2,832	\$ 16,219	\$ 187,555
Depreciation expense	24,426	3,304	73	1,317	29,120
Internal transfer	-	-	-	-	-
Disposal	( 996 )	( 387 )	( 123 )	-	( 1,506 )
Balance, Dec. 31, 2025	<u>\$ 178,699</u>	<u>\$ 16,152</u>	<u>\$ 2,782</u>	<u>\$ 17,536</u>	<u>\$ 215,169</u>
Carrying amount, Dec. 31, 2025	<u>\$ 27,084</u>	<u>\$ 4,035</u>	<u>\$ 45</u>	<u>\$ 4,002</u>	<u>\$ 35,166</u>
<u>Cost</u>					
Balance on Jan. 1, 2024	\$ 207,560	\$ 14,685	\$ 2,860	\$ 16,249	\$ 241,354
Addition	2,039	5,767	90	2,537	10,433
Internal transfers	69,553	-	-	-	69,553
Disposal	( 88,526 )	( 675 )	-	-	( 89,201 )
Balance, Dec. 31, 2024	<u>190,626</u>	<u>19,777</u>	<u>2,950</u>	<u>18,786</u>	<u>232,139</u>
<u>Accumulated depreciation</u>					
Balance on Jan. 1, 2024	139,495	10,773	2,598	13,410	166,276
Depreciation expense	27,540	3,137	234	2,809	33,720
Internal transfer	41,732	-	-	-	41,732
Disposal	( 53,498 )	( 675 )	-	-	( 54,173 )
Balance, Dec. 31, 2024	<u>155,269</u>	<u>13,235</u>	<u>2,832</u>	<u>16,219</u>	<u>187,555</u>
Carrying amount, Dec. 31, 2024	<u>\$ 35,357</u>	<u>\$ 6,542</u>	<u>\$ 118</u>	<u>\$ 2,567</u>	<u>\$ 44,584</u>

Depreciation expense is calculated on a straight-line basis over the following useful lives:

Machinery	2-5 years
Computers and Communication Equipment	3 years
Office Equipment	3 years
Leasehold Improvements	3 years

13. Lease Agreements

(1) Right-of-use assets

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 21,148</u>	<u>\$ 21,932</u>
	<u>2025</u>	<u>2024</u>
Addition of right-of-use assets	<u>\$ 13,013</u>	<u>\$ 14,345</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 13,797	\$ 12,770
Machinery	-	580
	<u>\$ 13,797</u>	<u>\$ 13,350</u>

(2) Lease liabilities

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Carrying amount of lease liabilities		
Current	<u>\$ 13,273</u>	<u>\$ 11,081</u>
Non-current	<u>\$ 8,204</u>	<u>\$ 11,104</u>

The discount rate range for lease liabilities is as follows:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Buildings	2.15%~3%	2.15%~3%

(3) Other leasing information

	<u>2025</u>	<u>2024</u>
Short-term lease expenses	<u>\$ 3,636</u>	<u>\$ 3,631</u>
Total amount of cash outflow from lease	<u>(\$ 17,918)</u>	<u>(\$ 28,682)</u>

The Company has elected to apply the recognition exemption for short-term leases related to offices, dormitories, and several parking spaces, not recognizing right-of-use assets and lease liabilities for these leases.

14. Other intangible assets

	<u>Computer Software</u>	<u>Technical Authorization</u>	<u>Total</u>
<u>Cost</u>			
Balance on Jan. 1, 2025	\$ 55,302	\$ 60,800	\$ 116,102
Addition	2,122	-	2,122
Decrease	( 6,493)	-	( 6,493)
Balance, Dec. 31, 2025	<u>50,931</u>	<u>60,800</u>	<u>111,731</u>
<u>Accumulated amortization</u>			
Balance on Jan. 1, 2025	48,845	21,956	70,801
Amortization expense	3,170	20,266	23,436
Decrease	( 6,493)	-	( 6,493)
Balance, Dec. 31, 2025	<u>45,522</u>	<u>42,222</u>	<u>87,744</u>
Carry amount, Dec. 31, 2025	<u>\$ 5,409</u>	<u>\$ 18,578</u>	<u>\$ 23,987</u>
<u>Cost</u>			
Balance, Jan. 1, 2024	\$ 58,129	\$ 60,800	\$ 118,929
Addition	6,319	-	6,319
Decrease	( 9,146)	-	( 9,146)
Balance, Dec. 31, 2024	<u>55,302</u>	<u>60,800</u>	<u>116,102</u>
<u>Accumulated amortization</u>			
Balance, Jan. 1, 2024	54,681	1,689	56,370
Amortization expense	3,310	20,267	23,577
Decrease	( 9,146)	-	( 9,146)
Balance, Dec. 31, 2024	<u>48,845</u>	<u>21,956</u>	<u>70,801</u>
Carry amount Dec. 31, 2024	<u>\$ 6,457</u>	<u>\$ 38,844</u>	<u>\$ 45,301</u>

Amortization expense is calculated on a straight-line basis over the following useful lives:

Computer software	1-3 years
Technical Authorization	3 years

15. Other assets

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Current</u>		
Prepayments	\$ 18,251	\$ 35,274
Prepayments for purchases	1,177	-
Payment on behalf of	20,447	-
Photomasks and probe cards	-	14,040
	<u>\$ 39,875</u>	<u>\$ 49,314</u>
<u>Non-current</u>		
Photomasks and probe cards	\$ 127,017	\$ 83,884
Equipment prepayments	33,075	-
Prepaid bonuses	-	4,443
	<u>\$ 160,092</u>	<u>\$ 88,327</u>

16. Short-term loans

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Unsecured loans</u>		
Loans using credit facilities	<u>\$ 200,000</u>	<u>\$ 100,000</u>

The interest rate for loans using credit facilities as of December 31, 2025 and 2024, was 1.92% and 1.95% respectively.

17. Other liabilities

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$ 52,398	\$ 38,812
Compensation of employees payable	50,518	38,862
Others	<u>74,450</u>	<u>57,121</u>
	<u>\$ 177,366</u>	<u>\$ 134,795</u>
Other liabilities		
Receipts under custody	\$ 3,771	\$ 3,451
Others	<u>7,119</u>	<u>-</u>
	<u>\$ 10,890</u>	<u>\$ 3,451</u>

18. Post-Employment Benefit Plans

Defined contribution plan

The retirement pension scheme applicable to the Company, under the "Labor Pension Act", is a government-managed defined contribution plan. Contributions of 6% of monthly salaries are made to the individual accounts at the Bureau of Labor Insurance.

19. Equity

(1) Share capital

1. Common shares

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Authorized shares (1,000 shares)	<u>200,000</u>	<u>200,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of issued shares fully paid by shareholders (1,000 shares)	<u>162,708</u>	<u>162,348</u>
Capital for issued shares	<u>\$ 813,538</u>	<u>\$ 811,739</u>
Prepaid share capital	<u>\$ 224</u>	<u>\$ 369</u>

Changes in the Company's share capital resulted from employees exercising employee stock options.

As of December 31, 2025, and 2024, the Company had 1,137 and 2,037 units of exercised employee stock options not yet issued as new ordinary shares,

respectively, with the exercise prices received amounting to NT\$224 thousand and NT\$369 thousand accounted as Advance receipts for ordinary shares.

The number of shares issued for employee stock options that had not been approved by the company registration authority as of December 31, 2025, was 44,761 shares.

2. Issuance of Global Depositary Receipts

On December 6, 2021, the Company decided through an extraordinary shareholders' meeting to conduct a capital increase by cash for the issuance of ordinary shares to participate in the issuance of global depositary receipts. On January 25, 2022, 6,400 thousand units of global depositary receipts were issued on the Luxembourg Stock Exchange, priced at US\$29.65 per unit, with each unit representing 2 shares of the Company, totaling 12,800 thousand shares, raising a total of US\$189,760 thousand. The aforementioned global depositary receipts were all redeemed in February 2022. The relevant authorized but unissued shares is still retained to be issued at such times.

(2) Capital surplus

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
<u>May be used to make good losses, to make cash payments or to increase capital (1)</u>		
Shares issued at premium	\$ 5,808,365	\$ 5,779,225
Exercised and invalid employee stock options	221,631	208,288
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	153,042	153,042
Vested restricted shares for employees	47,595	47,595
Cash capital increase reserved for employees	467	467
	<u>6,231,100</u>	<u>6,188,617</u>
<u>Only can be used to make good losses (2)</u>		
Changes in the ownership of subsidiaries recognized for using the equity method	<u>123,056</u>	<u>49,835</u>
<u>Cannot be used for any other purpose</u>		
Employee stock options	177,315	129,240
Options	143	-
	<u>177,458</u>	<u>129,240</u>
	<u>\$ 6,531,614</u>	<u>\$ 6,367,692</u>

1. This type of capital surplus can be used to offset losses, or it can be used to issue cash dividends or increase share capital when the company has no losses. However, when increasing share capital, it is limited to a certain ratio of the paid-in share capital each year.

2. The capital surplus arising from the recognition of changes in ownership interests in subsidiaries, other than for covering deficits, shall not be used for any other purposes.

(3) Retained Earnings and Dividend Policy

According to the Company's articles of incorporation regarding the profit distribution policy, if there is a profit for the fiscal year, after legally paying taxes and compensating for accumulated losses, 10% of the profit is allocated to the legal reserve. The remainder is allocated or reversed to the special reserve as per legal requirements. If there is still a balance, along with the accumulated undistributed earnings, the board of directors shall draft a profit distribution proposal. When distributing by issuing new shares, it shall be resolved by the shareholders' meeting; when distributing in cash, it requires a resolution passed by more than two-thirds of directors present at the board meeting and more than half of the votes of the directors attending, and to be reported at the shareholders' meeting. The employee and director compensation distribution policy stipulated in the Company's articles of incorporation is referenced in Note 21(3) on "Compensation to employees and directors".

Considering the Company's environment and growth stage, in response to future capital needs and long-term financial planning, dividends can be distributed in the form of cash dividends or stock dividends, where the ratio of cash dividends should not be less than 20% of the total dividend distribution to shareholders.

The aforementioned dividend distribution ratio can be adjusted by the shareholders' meeting based on the Company's actual profit and financial situation for the year.

The legal reserve must be allocated until its balance reaches the total amount of the Company's paid-in capital. The legal reserve can be used to offset losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the paid-in capital can be used for cash distribution besides capital increase.

The profit distribution proposals for the years 2024 and 2023 are as follows:

	2024	2023
Legal reserve	<u>\$ 157,823</u>	<u>\$ 144,497</u>
Special reserve reversal	( <u>\$ 343</u> )	( <u>\$ 107</u> )
Cash dividends	<u>\$ 1,137,180</u>	<u>\$ 1,135,107</u>
Cash dividends per share (TWD)	\$ 7.0	\$ 7.0

The cash dividends mentioned above were resolved by the Board of Directors on February 27, 2025, and March 1, 2024, respectively, while the rest of the profit distribution items were also resolved in the regular meeting of shareholders on April 30, 2025, and May 27, 2024, respectively.

Due to the execution of employee stock options, the actual cash dividends per share for 2024 and 2023 were adjusted to NT\$6.99364526 and NT\$6.99765854, respectively.

The profit distribution plan proposed by the Company's Board of Directors for the year 2025 on February 26, 2026 is as follows:

	<u>2025</u>
Legal reserve	<u>\$ 125,765</u>
Cash dividends	<u>\$ 1,139,702</u>
Cash dividends per share (TWD)	\$ 7.0

The cash dividends have been resolved by the Board of Directors, with the remainder expected to be decided at the regular meeting of shareholders scheduled for May 8, 2026.

20. Revenue

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Merchandise sales revenue	\$ 4,915,411	\$ 3,741,719
Service revenue	351,126	184,849
Licensing revenue	62,380	48,061
Other income	<u>13,522</u>	<u>29,778</u>
	<u>\$ 5,342,439</u>	<u>\$ 4,004,407</u>

(1) Description of customer contracts

Refer to Note 4(12) for details.

(2) Contract balances

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>	<u>Jan. 1, 2024</u>
Accounts receivable (including the part of related parties, Note 9)	<u>\$ 1,357,442</u>	<u>\$ 732,531</u>	<u>\$ 662,705</u>
Contract liabilities			
Merchandise sales	\$ 24,025	\$ 26,017	\$ 58,381
Customer loyalty programs	639	-	-
	<u>\$ 24,664</u>	<u>\$ 26,017</u>	<u>\$ 58,381</u>

The changes in contract liabilities primarily result from the difference between the timing of fulfilling performance obligations and the timing of receiving payments from customers. The customer loyalty program represents the estimated balance set aside in anticipation of future expected sales allowances.

The amount recognized as revenue in the current year from contract liabilities at the beginning of the year is as follows:

	<u>2025</u>	<u>2024</u>
<u>From beginning contract liabilities</u>		
Merchandise sales	<u>\$ 26,017</u>	<u>\$ 58,381</u>

21. Net income

(1) Depreciation and amortization

	<u>2025</u>	<u>2024</u>
Property, plant and equipment	\$ 29,120	\$ 33,720
Right-of-use assets	13,797	13,350
Other intangible assets	<u>23,436</u>	<u>23,577</u>
	<u>\$ 66,353</u>	<u>\$ 70,647</u>

An analysis of Depreciation by function

Cost of goods sold	\$ 25,443	\$ 28,882
Operating expenses	<u>17,474</u>	<u>18,188</u>
	<u>\$ 42,917</u>	<u>\$ 47,070</u>

An analysis of Amortization by function

Cost of goods sold	\$ 75	\$ 179
Operating expenses	<u>23,361</u>	<u>23,398</u>
	<u>\$ 23,436</u>	<u>\$ 23,577</u>

(2) Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Benefits after retirement (Note 18)		
Defined contribution plan	\$ 13,525	\$ 12,002
Share-based payment		
Equity settlement	<u>56,993</u>	<u>55,871</u>
Other employee benefits		
Salary expense	448,001	385,753
Labor and health insurance	24,459	21,780
Other personnel expenses	<u>26,301</u>	<u>20,644</u>
	<u>498,761</u>	<u>428,177</u>
Total employee benefit expenses	<u>\$ 569,279</u>	<u>\$ 496,050</u>
Summarized by function		
Cost of goods sold	\$ 66,953	\$ 55,894
Operating expense	<u>502,326</u>	<u>440,156</u>
	<u>\$ 569,279</u>	<u>\$ 496,050</u>

(3) Compensation to employees and compensation to directors

The Company allocates employee compensation of not less than 1% and director compensation of not more than 3% of the annual pre-tax profit before deductions for compensation to employees and directors. According to the amendment of the Securities and Exchange Act in August 2024, the Company approved a resolution at the 2025 shareholders' meeting to revise the Articles of Incorporation, stipulating that no less than 5% of the total employee compensation shall be allocated to frontline employees.

The estimated compensation to employees and directors for 2025 and 2024 were resolved by the board of directors on February 26, 2026, and February 27, 2025, respectively:

Estimated proportion

	<u>2025</u>	<u>2024</u>
Compensation to employees	2.27%	1.16%
Compensation to directors	0.30%	0.30%

Amount

	<u>2025</u>	<u>2024</u>
Compensation to employees	\$ 36,235	\$ 24,008
Compensation to directors	4,800	6,200

If the amounts change after the approval date of the annual parent company only financial statements, they will be treated as changes in accounting estimates and adjusted in the accounts in the following year.

The actual distribution amounts for compensation to employees and directors for 2024 and 2023 showed no difference from the amounts recognized in the 2024 and 2023 parent company only financial statements.

For information on the compensation to employees and directors resolved by the Company's board of directors, please refer to the Taiwan Stock Exchange's "Market Observation Post System".

(4) Foreign currency exchange gains (losses)

	<u>2025</u>	<u>2024</u>
Total gains on foreign exchange	\$ 803,000	\$ 874,419
Total losses on foreign exchange	( <u>1,164,393</u> )	( <u>352,682</u> )
Net income (losses)	( <u>\$ 361,393</u> )	\$ <u>521,737</u>

22. Income tax

(1) The major components of income tax expense recognized in profit or losses:

	<u>2025</u>	<u>2024</u>
Current income tax expense		
Generated in the current year	( \$ 379,981 )	( \$ 403,282 )
Additional tax on undistributed earnings	( 14,179 )	( 8,274 )
Investment tax credits	34,809	40,866
Adjustment from previous years	( <u>8,596</u> )	( <u>71,437</u> )
	( <u>367,947</u> )	( <u>442,127</u> )
Deferred income tax		
Generated in the current year	<u>71,982</u>	( <u>11,856</u> )
Income tax expense recognized in profit or losses	( <u>\$ 295,965</u> )	( <u>\$ 453,983</u> )

The reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

	<u>2025</u>	<u>2024</u>
Income before income tax	<u>\$ 1,553,620</u>	<u>\$ 2,032,215</u>
Income tax expenses at statutory rate	( \$ 310,724 )	( \$ 406,443 )
Unrecognizable expense for tax purposes	-	( 8,695 )
Unrecognizable income for tax purposes	2,725	-
Estimated investment tax credits	34,809	40,866
Income tax adjustments of previous years	( 8,596 )	( 71,437 )
Tax on undistributed Earnings	( <u>14,179</u> )	( <u>8,274</u> )
Income tax expense recognized in profit or losses	( <u>\$ 295,965</u> )	( <u>\$ 453,983</u> )

(2) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2025

	<u>Beginning balance</u>	<u>Recognized in profit or losses</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Allowances for losses on market price decline and obsolete and slow-moving inventories	\$ 62,100	\$ 6,924	\$ 69,024
Leaves payable	1,618	68	1,686
Foreign exchange losses	529	( 193 )	336
Losses on foreign investments accounted for using the equity method	19,516	11,756	31,272
Unrealized profit of sales	343	3,810	4,153
Bad debts expenses	482	-	482
Contract liabilities	-	128	128
	<u>\$ 84,588</u>	<u>\$ 22,493</u>	<u>\$ 107,081</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Financial assets measured at FVTPL	\$ 92,782	( \$ 92,782 )	\$ -
Profit on foreign investments accounted for using the equity method	20,441	42,669	63,110
Profit on Foreign exchange	2,310	624	2,934
	<u>\$ 115,533</u>	<u>( \$ 49,489 )</u>	<u>\$ 66,044</u>

2024

	<u>Beginning balance</u>	<u>Recognized in profit or losses</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Allowances for losses on market price decline and obsolete and slow-moving inventories	\$ 41,050	\$ 21,050	\$ 62,100
Leaves payable	1,250	368	1,618
Foreign exchange losses	3,748	( 3,219 )	529
Losses on foreign investments accounted for using the equity method	11,943	7,573	19,516
Unrealized profit of sales	-	343	343
Bad debts expenses	498	( 16 )	482
	<u>\$ 58,489</u>	<u>\$ 26,099</u>	<u>\$ 84,588</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Financial assets measured at FVTPL	\$ 68,647	\$ 24,135	\$ 92,782
Profit on foreign exchange	1,638	672	2,310
Profit on foreign investments accounted for using the equity method	7,293	13,148	20,441
	<u>\$ 77,578</u>	<u>\$ 37,955</u>	<u>\$ 115,533</u>

(3) Income tax assessments

The Company's up to 2023 income tax filing cases have been settled by the tax collection authorities. The Company disagrees with the approved content for the year 2022 and is currently applying for a review. However, based on the principle of prudence, the Company has already estimated and recognized the relevant income tax.

23. Earnings per share

	(NT\$ per share)	
	<u>2025</u>	<u>2024</u>
Basic earnings per share	\$ <u>7.74</u>	\$ <u>9.73</u>
Diluted earnings per share	\$ <u>7.69</u>	\$ <u>9.66</u>

The earnings and weighted average number of common shares used to calculate earnings per share are as follows:

Net income for the year

	<u>2025</u>	<u>2024</u>
Net income used for calculating the basic and diluted earnings per share	\$ <u>1,257,655</u>	\$ <u>1,578,232</u>

Number of shares

(In thousand shares)

	<u>2025</u>	<u>2024</u>
Weighted-average number of common shares for basic and diluted earnings per share calculations	162,578	162,214
Effects of dilutive potential common shares		
Employee stock options	809	1,134
Compensation to employees	<u>93</u>	<u>89</u>
Weighted-average number of common shares for diluted earnings per share calculation	<u>163,480</u>	<u>163,437</u>

If the Company has the option to distribute employee compensation in stock or cash, when calculating diluted earnings per share, it is assumed that employee compensation are to be distributed in the form of stock. This potential common stock is included in the weighted average number of shares outstanding for the calculation of diluted earnings per share if it has a dilutive effect. This consideration of the dilutive effect of such potential common stock continues until the number of shares to be distributed for employee compensation is determined in the following year.

## 24. Share-based payment agreement

### (1) Employee stock option plan

Grant date	2025.08.01	2025.01.01	2024.06.03	2024.01.01	2023.12.22	2023.04.28	2022.12.23	2022.04.29	2021.03.12	2020.09.26	2019.12.20	2019.04.26	2018.11.09
Approval date by board of directors	2024.10.30	2023.10.27	2023.10.27	2023.10.27	2022.08.30	2022.08.30	2022.08.30	2021.07.30	2020.08.07	2020.08.07	2019.04.26	2018.08.08	2018.08.08
Grant unit	350,000	68,000	40,000	150,000	398,400	173,670	426,330	267,000	69,430	319,000	750,000	8,000	692,000
Exercise price (NT\$) (Notes 1 and 2)	353	310	356.5	459.5	457.5	279.5	170	251	781	333.5	83.7	43.85	44.8
Share per unit (Note 2)	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share
Granted to	The Company and subsidiaries' employees who meet specific requirements												
Vesting conditions (Note 3)	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%	2 years 25%
	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%	3 years 25%
	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%	4 years 25%
	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%	5 years 25%
Duration (years)	10	10	10	10	10	10	10	10	10	10	10	10	10

Note 1: After the issuance of employee stock options, if there is a change in the Company's common shares or the Company distributes cash dividends, the exercise price of the stock options will be adjusted according to a specified formula. If the adjustment formula necessitates a re-measurement of the exercise price and if the adjusted exercise price exceeds the pre-adjustment exercise price, the exercise price will not be adjusted.

Note 2: After the issuance of employee stock options, if the Company undergoes a change in stock par value, the exercise price of the stock options will first be adjusted according to a specified formula, followed by an adjustment to the subscription ratio. However, stock options that have already been exercised will not be retroactively adjusted. In August 2021, the Company amended its articles of incorporation as resolved in the regular meeting of shareholders, changing the par value per share from NT\$10 to NT\$5, and completed the related conversion in October 2021. This resulted in the exercise price per share of stock options granted before October 2021 being adjusted to 50% of the original exercise price, with the number of shares each option could purchase adjusted from 1 share to 2 shares.

Note 3: Calculated from the date the employee stock options were granted.

Information related to the issued employee stock options is as follows:

Employee stock options	2025		2024	
	Units	Weighted Average Exercise Price (TWD)	Units	Weighted Average Exercise Price (TWD)
Beginning outstanding	1,846,674	\$ 280	1,942,348	\$ 258
Given in the current year	418,000	346	190,000	438
Expired in the current year	( 30,629 )	284	( 106,478 )	290
Exercised in the current year	( 209,980 )	147	( 179,196 )	144
Ending outstanding	<u>2,024,065</u>	300	<u>1,846,674</u>	280
Exercisable at the end of the current year	<u>732,299</u>	236	<u>602,258</u>	171
Weighted-average fair value of the stock options given in the current year (TWD)	<u>\$ 162.65</u>		<u>\$ 204.27</u>	

The weighted average share price at the date of exercise for employee stock options in 2025 and 2024 was NT\$305.52 and NT\$409.01, respectively.

As of the balance sheet date, information related to outstanding employee stock options is as follows:

December 31, 2025			December 31, 2024		
Issue Date	Exercise Price (NT\$/unit)	Weighted Average Remaining Contractual Life (Years)	Issue Date	Exercise Price (NT\$/unit)	Weighted Average Remaining Contractual Life (Years)
2018.11.09	\$ 40.6	2.86	2018.11.09	\$ 41.6	3.86
2019.04.26	39.6	3.32	2019.04.26	40.6	4.32
2019.12.20	75.6	3.97	2019.12.20	77.6	4.97
2020.09.26	301.8	4.74	2020.09.26	309.8	5.74
2021.03.12	706.4	5.20	2021.03.12	725.0	6.20
2022.04.29	230.2	6.33	2022.04.29	236.2	7.33
2022.12.23	159.0	6.98	2022.12.23	163.2	7.98
2023.04.28	261.4	7.33	2023.04.28	268.3	8.33
2023.12.22	437.0	7.98	2023.12.22	448.5	8.98
2024.01.01	439.0	8.01	2024.01.01	450.5	9.01
2024.06.03	340.6	8.43	2024.06.03	349.5	9.43
2025.01.01	302.1	9.01			
2025.08.01	353.0	9.59			

Options granted in August 2025, January 2025, June 2024 and January 2024 were priced by using the binomial pricing model, and the inputs to the model were as follows:

Year of Offering	August 2025	January 2025	June 2024	January 2024
Fair value per option - grant date	\$136.51 ~ \$192.00	\$118.18 ~ \$166.94	\$135.33 ~ \$191.37	\$181.15 ~ \$245.51
Exercise price	\$353.00	\$310.00	\$356.50	\$459.50
Expected volatility	63.12% ~ 67.20%	61.89% ~ 65.84%	61.73% ~ 65.59%	61.98% ~ 66.26%
Expected life	6 ~ 7.5 years	6 ~ 7.5 years	6 ~ 7.5 years	6 ~ 7.5 years
Expected dividend yield	-	-	-	-
Risk-free interest rate	1.34% ~ 1.37%	1.58% ~ 1.62%	1.53% ~ 1.57%	1.20% ~ 1.21%

The expected volatility is calculated based on the historical stock price volatility of similar companies. The Company assumes that employees will exercise their stock options at the midpoint between the vesting period end and the expiration date of the options.

The compensation costs recognized for 2025 and 2024 were NT\$56,993 thousand and NT\$55,871 thousand, respectively. The compensation costs associated with employee stock options granted to employees of subsidiaries for 2025 and 2024 were NT\$4,568 thousand and NT\$4,638 thousand, respectively.

25. Acquisition of a Subsidiary

	Main operating activities	Acquisition date	Voting ownership interest / Acquisition percentage (%)	Transfer price
OCKY	RFID design, develop and sales	March 1, 2025	27.88%	<u>\$ 63,985</u>

The Company acquired OCKY to support future operational planning. For details regarding the acquisition of OCKY, please refer to Note 28 of the Consolidated Company's financial statements for fiscal year 2025.

26. Capital Risk Management

The Company conducts capital management to ensure its ability to continue as a going concern while maximizing shareholder returns through optimizing the balance of debt and equity.

The capital structure of the Company consists of equity of the Company, which includes share capital, capital surplus, retained earnings, and other equity items.

The Company is not subject to any external capital requirements.

The management of the Company regularly reviews the capital structure, considering the costs and risks associated with various capital structures. Generally, the Company employs a cautious risk management strategy.

27. Financial Instruments

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

The main management of the Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value in the parent company only financial statements approximate their fair values.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

Dec. 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Equity instruments	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>

Dec. 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Equity instruments	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>493,938</u>	\$ <u>493,938</u>

2. Reconciliation of Level 3 fair value measurements of financial instruments

2025

<u>Financial Assets</u>	<u>Measured at Fair Value through Profit or Loss</u> <u>Equity Instruments</u>
Beginning balance	\$493,938
Recognized in profit or loss	106,997
Disposal in this year	( <u>600,935</u> )
Ending balance	\$ <u>          -</u>
Unrealized gains recognizing in the current year related to the assets held at the end of year	\$ <u>          -</u>

2024

<u>Financial Assets</u>	<u>Measured at Fair Value through Profit or Loss</u> <u>Equity Instruments</u>
Beginning balance	\$373,267
Recognized in profit or loss	<u>120,671</u>
Ending balance	<u>\$493,938</u>
Unrealized gains recognizing in the current year related to the assets held at the end of year	<u>\$120,671</u>

3. Level 3 fair value measurement techniques and inputs

<u>Financial instruments</u>	<u>Evaluation techniques and input values</u>
Unlisted domestic and foreign stocks	1. The market approach is used, referring to the valuation of similar companies and recent fundraising activities of the investee company to measure its fair value. 2. The asset approach is used, referring to the total market value of the individual assets and individual liabilities of the investee company to measure its fair value.

(3) Categories of financial instruments

<u>Financial assets</u>	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Equity instruments measured at fair value through profit or loss	\$ -	\$ 493,938
Measured at amortized cost (Note 1)	8,820,764	9,650,890
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	883,864	481,184

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, debt instrument investments, accounts receivable (including related parties), other receivables (excluding tax refunds), and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term loans, accounts payable, other payables (including related parties), and deposits received.

(4) Financial Risk Management Objectives and Policies

The primary financial instruments of the Company include equity and debt instrument investments, accounts receivable, other receivables, refundable deposits, loans, accounts payable, other payables, lease liabilities, and deposits received. The financial management department of the Company provides services to business units, overseeing and managing financial risks related to the operations of the Company.

These risks include market risks (including exchange rate risk, interest rate risk, and other price risks), credit risks, and liquidity risks.

1. Market Risk

The main financial risks borne by the Company due to its operating activities include foreign currency exchange rate risk (see below (1)), interest rate risk (see below (2)), and other price risks (see below (3)).

There has been no change in the Company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange rate risk

The Company is involved in transactions of sales and purchases denominated in foreign currencies, thereby exposing the Company to exchange rate fluctuation risks.

Refer to Note 31 for the carrying amounts of monetary assets and liabilities denominated in non-functional currencies at the balance sheet date.

Sensitivity Analysis

The Company is primarily affected by fluctuations in the USD exchange rate.

The table below details a sensitivity analysis for the Company when the exchange rate of the functional currency (TWD) against the USD increases or decreases by 5%. The sensitivity analysis only includes monetary items denominated in foreign currencies that are outstanding at year-end and adjusts their conversion at the end of the year by a 5% change in exchange rates. The positive figures in the table indicate the amount by which net income before tax would decrease when the functional currency appreciates by 5% against the USD; when the functional currency depreciates by 5% against the USD, the impact on net income before tax would be the same amount in negative.

	USD Impact	
	2025	2024
Profit of Loss (i)	\$ 349,142	\$ 417,977

(i) Mainly arising from the Company's USD-denominated demand deposits, time deposits, accounts receivable, other receivables, accounts payable, and other payables that are outstanding at the balance sheet date and not hedged for cash flow.

(2) Interest rate risk

The carrying amount of the Company's financial assets and liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Fair value interest rate risk		
— Financial assets	\$ 6,932,618	\$ 8,310,320
— Financial liabilities	221,477	122,185
Cash flow interest rate risk		
— Financial assets	467,575	120,332

Sensitivity Analysis

The sensitivity analysis for interest rate risk is determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date were outstanding for the entire reporting period. An increase of 50 basis points, with all other variables held constant, would increase the Company's net income before tax by NT\$2,338 thousand and NT\$602 thousand for 2025 and 2024, respectively, mainly due to the Company's floating rate deposits.

(3) Other price risk

The price risk of financial assets measured at fair value through profit or loss for the Company in 2024 primarily arises from equity instrument investments.

Sensitivity Analysis

The following sensitivity analysis is based on equity prices at the balance sheet date.

If equity prices were to increase/decrease by 5%, the net income before tax of the Company for 2024 would increase/decrease by NT\$24,697 thousand, due to the change in fair value of financial assets measured at fair value through profit or loss.

## 2. Credit Risk

Credit risk refers to the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk that could cause financial loss to the Company mainly arises from the carrying amounts of financial assets recognized on the parent company only balance sheet.

The policy adopted by the Company involves transacting with creditworthy parties and obtaining adequate collateral, where necessary, to mitigate the financial loss from defaults. The Company uses publicly available financial information and its transaction history to rate its major customers. The Company continuously monitors credit exposure and the credit ratings of its counterparties, distributing the total transaction volume across customers with qualified credit ratings.

The credit risk of the Company is primarily concentrated on a few customers. As of December 31, 2025, and 2024, the accounts receivable balances exceeding 10% of the total are summarized as follows:

	<u>Dec. 31, 2025</u>
Customer A	\$ 75,101
Customer B	72,289
Customer C	68,426
Customer D	51,223
Customer E	<u>41,575</u>
	<u>\$ 308,614</u>
	<u>Dec. 31, 2024</u>
Customer A	\$ 94,154
Customer C	93,748
Customer E	49,515
Customer D	48,754
Customer F	<u>47,325</u>
	<u>\$ 333,496</u>

To mitigate credit risk, the management of the Company has assigned a dedicated team responsible for deciding on credit limits, approving credit, and other monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue receivables. Moreover, at the balance sheet date, the Company reviews the recoverability of receivables to ensure that appropriate impairment losses are recognized for irrecoverable amounts. Based on this, the management of the Company believes that the credit risk has been significantly reduced.

### 3. Liquidity Risk

The objective of managing liquidity risk is to ensure that the Company has sufficient liquidity to meet its operational needs over the next 12 months. The Company achieves this by maintaining adequate levels of cash and cash equivalents to meet its contractual obligations, continuously controlling changes in cash flows, net cash positions, and significant capital expenditures, timely monitoring the usage of bank financing facilities, and ensuring compliance with loan agreement terms.

Bank borrowings are an important source of liquidity for the Company. Refer to the explanation below for the unused borrowing facilities of the Company.

#### (1) Liquidity and interest rate risk table

The table below details the remaining contractual maturity analysis of non-derivative financial liabilities of the Company with agreed repayment periods, based on the earliest date the Company could be required to pay. The table is prepared using the undiscounted cash flows of financial liabilities, including both interest and principal cash flows.

#### Dec. 31, 2025

	Weighted average effective interest rate (%)	Request pay-as-you-go or less than 3 months	3 months to 1 year	1-5 years	Over 5 years
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
No interest-bearing liabilities		\$ 681,864	\$ -	\$ -	\$ -
Lease liabilities	2.46	3,826	9,790	8,304	-
Fixed rate instruments	1.92	<u>200,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 886,332</u>	<u>\$ 9,790</u>	<u>\$ 8,304</u>	<u>\$ -</u>

#### Dec. 31, 2024

	Weighted average effective interest rate (%)	Request pay-as-you-go or less than 3 months	3 months to 1 year	1-5 years	Over 5 years
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
No interest-bearing liabilities		\$ 379,184	\$ -	\$ -	\$ -
Lease liabilities	2.49	3,498	7,980	11,290	-
Fixed rate instruments	1.95	<u>100,182</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 482,864</u>	<u>\$ 7,980</u>	<u>\$ 11,290</u>	<u>\$ -</u>

(2) Amount of financing

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Amount of bank loan		
Amount utilized	\$ 200,000	\$ 100,000
Amount unutilized	<u>757,150</u>	<u>663,925</u>
	<u>\$ 957,150</u>	<u>\$ 763,925</u>

The operating capital and financing amount of the Company are sufficient to support operational needs, thus there is no liquidity risk arising from the inability to raise funds to fulfill contractual obligations.

28. Related Party Transactions

Other than the part disclosed in other notes, transactions between the Company and other related parties are as follows:

(1) Related party names and categories

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Lyontek	Associate
AP-USA	Subsidiary
AP Memory Technology (Hangzhou)	Subsidiary
CascadeTeq	Subsidiary
AP Memory Technology (Hong Kong)	Sub-subsubsidiary
Onecent Technology	Sub-subsubsidiary
Shanghai Smardust Technology	Sub-subsubsidiary

(2) Operating revenue

<u>Name</u>	<u>2025</u>	<u>2024</u>
AP Memory Technology (Hangzhou)	\$ 1,622,939	\$ 666,641
AP Memory Technology (Hong Kong)	1,377,586	808,789
CascadeTeq	20,743	4,538
Shanghai Smardust Technology	5,062	-
Associates	<u>5,468</u>	<u>5,650</u>
	<u>\$ 3,031,798</u>	<u>\$ 1,485,618</u>

Sales transactions between the Company and related parties are conducted based on prices agreed upon by both parties, and the collection period is comparable to that of general customers.

## (3) Accounts receivable - related parties

Name	Dec. 31, 2025	Dec. 31, 2024
AP Memory Technology (Hong Kong)	\$ 615,412	\$ 214,067
AP Memory Technology (Hangzhou)	338,774	125,013
CascadeTeq	2,001	1,746
Shanghai Smardust Technology	2,319	-
	\$ 958,506	\$ 340,826

## (4) Other receivable - related parties

Name of related party	Dec. 31, 2025	Dec. 31, 2024
AP Memory Technology (Hangzhou)	\$ 1,743	\$ -

## (5) Other payables - related parties

Name of related party	Dec. 31, 2025	Dec. 31, 2024
AP-USA	\$ -	\$ 13,520

## (6) Commissioned research and design fees

Name of related party	2025	2024
AP-USA	\$ 16,964	\$ 57,755
VIVR	-	13,643
	\$ 16,964	\$ 71,398

Transactions with related parties, where no comparable transactions exist, are negotiated and determined by both parties. Commissioned research and design fees to AP-USA and VIVR are paid quarterly in accordance with the contract.

## (7) Disposal of property, plant and equipment

Name of related party	Disposal price		Gain on disposal	
	2025	2024	2025	2024
AP Memory Technology (Hangzhou)	\$ 4,154	\$ 2,950	\$ 4,154	\$ 2,916
Onecent Technology	48	-	48	-
	\$ 4,202	\$ 2,950	\$ 4,202	\$ 2,916

## (8) Key management personnel compensation

	2025	2024
Short-term employee benefits	\$ 67,133	\$ 56,387
Post-employment benefits	459	324
Share-based payment	26,081	26,781
	\$ 93,673	\$ 83,492

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

29. Pledged Assets

The following assets have been provided as customs guarantee for the import of raw materials:

	<u>Dec. 31, 2025</u>	<u>Dec. 31, 2024</u>
Pledged time deposits (financial assets measured at amortized cost)	<u>\$ 2,902</u>	<u>\$ 2,859</u>

30. Significant Contingent Liabilities and Unrecognized Commitments

In addition to the other notes described, the Company's significant commitments and contingencies as of the balance sheet date are as follows:

Significant Commitments

The Company has entered into long-term contracts for the purchase of raw materials with suppliers, from October 2021 to December 2024, and provided NT\$443,440 thousand as a capacity purchase deposit in October 2021. The contract also specifies monthly purchase quantities and compensation for shortfalls if purchases do not meet contractual amounts. Considering the current trading pattern and actual dealings with the suppliers, the Company assesses that there is no significant likelihood of compensation being required, and the aforementioned amount was fully recovered in January 2025, therefore these contracts do not have a significant impact on the financial and operational aspects.

31. Information on Foreign Currency Financial Assets and Liabilities with Significant Effects

The information below is expressed in a foreign currency other than the functional currency of the entities in the Company and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets and liabilities are as follows:

Unit: Except for the exchange rate, which is in dollars (\$1), all foreign currency/book amounts are in thousands (\$1,000).

Dec. 31, 2025

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book Amount</u>
<u>Foreign Currency Assets</u>			
<u>Monetary Items</u>			
USD	\$ 239,314	31.430 (USD:TWD)	<u>\$ 7,521,627</u>
<u>Non-monetary Items</u>			
Subsidiaries and associates accounted for using the equity method			
USD	61,740	31.430 (USD:TWD)	\$ 1,940,522
RMB	82,865	4.496 (RMB:TWD)	<u>372,560</u>
			<u>\$ 2,313,082</u>
<u>Foreign Currency Liabilities</u>			
<u>Monetary Items</u>			
USD	17,142	31.430 (USD:TWD)	<u>\$ 538,776</u>

Dec. 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book Amount</u>
<u>Foreign Currency Assets</u>			
<u>Monetary Items</u>			
USD	\$ 263,264	32.785 (USD:TWD)	<u>\$ 8,631,088</u>
<u>Non-monetary Items</u>			
Equity instruments measured at fair value through profit or loss			
RMB	110,303	4.478 (RMB:TWD)	<u>\$ 493,938</u>
Subsidiaries and associates accounted for using the equity method			
USD	5,032	32.785 (USD:TWD)	\$ 164,971
RMB	37,889	4.478 (RMB:TWD)	<u>169,669</u>
			<u>\$ 334,640</u>
<u>Foreign Currency Liabilities</u>			
<u>Monetary Items</u>			
USD	8,283	32.785 (USD:TWD)	<u>\$ 271,552</u>

Significant foreign exchange gains or losses (including realized and unrealized) are as follows:

Foreign Currency	<u>2025</u>		<u>2024</u>	
	<u>Exchange Rate</u>	<u>Net Exchange (Loss)/Gain</u>	<u>Exchange Rate</u>	<u>Net Exchange (Loss)/Gain</u>
USD	32.180 (USD:TWD)	( \$ 367,923 )	32.112 (USD:TWD)	\$ 521,704
JPY	0.2085 (JPY:TWD)	( 321 )	0.2121 (JPY:TWD)	( 31 )
EUR	35.18 (EUR:TWD)	( 33 )	34.74 (EUR:TWD)	( 39 )
RMB	4.333 (RMB:TWD)	<u>6,884</u>	4.454 (RMB:TWD)	<u>103</u>
		<u>( \$ 361,393 )</u>		<u>\$ 521,737</u>

32. Additional Disclosures

(1) Information on major transactions

1. Financings provided: None.
2. Endorsements/guarantees provided: None.

3. Marketable securities held (excluding the part of investment subsidiaries and associates): Table 1.
  4. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
  5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- (2) Transfer of investment business: Table 4.
- (3) Information on investment 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 5.
  2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:
    - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
    - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Note 28.
    - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
    - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
    - (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
    - (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Note 28.

AP Memory Technology Corporation  
Marketable Securities Held  
Dec. 31, 2025

Table 1

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

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	At the End of Period				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
AP Memory Technology Corporation	Unlisted shares GeneASIC Technologies Corporation	—	Financial assets measured at FVTPL - non-current	500,000	\$ -	10.08%	\$ -	
APware Technology Corp.	Unlisted shares PowerLattice Technologies Incorporated	—	Financial assets measured at FVTPL - non-current	7,665,288	86,433	4.77%	86,433	
	HamminX Ltd.	—	Financial assets measured at FVTOCI - non-current	2,500,000	157,150	13.51%	157,150	

Note 1: Refer to Tables 4 and 5 for information about subsidiaries and associates.

AP Memory Technology Corporation  
Total Purchases from or Sales to Related Parties of at Least NT\$100 million or 20% of the Paid-in Capital  
For the Year Ended December 31, 2025

Table 2 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsiary	Sale	(\$ 1,377,586)	( 24.02%)	Net 90 days after monthly closing	\$ -	—	\$ 615,412	104.57%	Note 2
AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Limited Co.	Subsidiary	Sale	( 1,622,939)	( 28.30%)	Net 60 days after monthly closing	-	—	338,774	57.57%	Note 2

Note 1: The transactions between the Company and AP Memory Technology (Hangzhou) Co. Limited and AP Memory Technology (Hong Kong) Co. Limited are based on the prices and conditions agreed by both parties.  
Note 2: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AP Memory Technology Corporation  
Total Purchases from or Sales to Related Parties of at Least NT\$100 million or 20% of the Paid-in Capital  
Dec. 31, 2025

Table 3 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Ending Balance of Receivables	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsiary	\$ 615,412	3.32	\$ -	-	\$ 351,994	\$ -
AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	Subsidiary	338,774	7.00	-	-	336,608	-

Note: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AP Memory Technology Corporation  
Information on Investees  
For the Year Ended December 31, 2025

Table 4

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net (Loss) Income of the Investee (Note 2)	Share of (Loss) Profit (Notes 2 and 3)	Note
				December 31, 2025	December 31, 2024	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Notes 1 and 3)			
AP Memory Technology Corporation	AP Memory Corp, USA	Suite 251,BG Plaza,3800 S.W. Cedar Hills Blvd, Beaverton OR. 97005, USA	IC design and development services	\$ 959,321 (USD 32,000,000)	\$ 60,521 (USD 2,000,000)	5,000,000	100%	\$ 918,731	( \$ 51,147) ( USD -1,640,360)	( \$ 51,147)	Subsidiary
	Lyontek Inc.	No. 17, Industry East 2nd Road, East District, Hsinchu City	IC design and sales	75,060	75,060	3,600,000	30%	94,380	37,990	11,397	Associate
	APware Technology Corp.	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands	General investing	939,959 (USD 29,999,846)	50,207 (USD 1,549,846)	12,845	100%	943,615	1,351 (USD 43,350)	1,351	Subsidiary
	ONECENT TECHNOLOGY LTD.	4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	RFID design, development, and sales	64,026 (USD 2,064,994)	64,026 (USD 2,064,994)	7,347,974	27.78%	59,593	( 26,227 ) ( USD -840,754 )	( 8,478 )	Subsidiary
	VIVR Corporation	Suite W 100 North Howard Street, Spokane Washington, 99201, US	IC design, development, and sales	32,140 (USD 1,000,000)	32,140 (USD 1,000,000)	1,000,000	100%	18,583	( 509 ) ( USD -16,332 )	( 509 )	Subsidiary
	CascadeTeq Inc.	8F.-5, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County	IC sales	10,000	10,000	1,000,000	100%	2,599	( 606 )	( 606 )	Subsidiary
	M3 Technology Inc.	9F., No. 36, Aly. 38, Ln. 358, Ruiguang Rd., Neihu Dist., Taipei City	IC design, development, and sales	595,861	500,000	4,987,000	11.41%	868,534	157,242	2,835	Associate
AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited	Rm.19C,Lockhart Ctr.,301-307 Lockhart Rd.,Wan Chai, Hong Kong.	IC sales	275 (USD 10,000)	275 (USD 10,000)	10,000	100%	26,612	16,967 ( USD 544,174 )	16,967	Subsidiary
ONECENT TECHNOLOGY LTD.	Onecent Technology Inc.	4030 MOORPARK AVE, STE 240, SAN JOSE, CA95117, USA	RFID design and development	55,918 (USD 1,720,000)	-	17,200	100%	13,321	( 20,299 ) ( USD -651,031 )	( 20,299 )	Subsidiary
	ONECENT TECHNOLOGY (SINGAPORE) PTE. LTD.	3 FRASER STREET #04-23A DUO TOWER SINGAPORE(189352)	RFID sales	1,122 (USD 37,705)	-	50,000	100%	( 74,472 )	22,012 ( USD 705,953 )	22,012	Subsidiary
	Onecent Technology Co., Ltd.	7F, No. 147, Xianzheng 9th Rd., Zhubei City, Hsinchu County	RFID design, development, and sales	44,320	-	1,500,000	100%	11,326	( 30,595 )	( 30,595 )	Subsidiary

Note 1: Translation was based on the exchange rate on December 31, 2025.

Note 2: Translation was based on the average exchange rate for the year ended December 31, 2025

Note 3: Apart from Lyontek Inc., the amounts were recognized based on the audited financial statements prepared for the same fiscal year.

AP Memory Technology Corporation  
Information on Investment in Mainland China  
For the Year Ended December 31, 2025

Table 5

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 1)	Net Income of the Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Note 3 and 5)	Carrying Amount as of December 31, 2025 (Note 4 and 5)	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outward	Inward						
AP Memory Technology (Hangzhou) Co. Limited	IC design, development, and sales	\$ 58,009 (USD 2,000,000)	Note 2	\$ 58,009 (USD 2,000,000)	\$ -	\$ -	\$ 58,009 (USD 2,000,000)	\$ 215,701 (RMB 49,780,911)	100%	\$ 213,344	\$ 372,560	\$ -
Shanghai Smardust Technology Co., Ltd.	RFID design, development, and sales	\$ 320 (USD 10,000)	Note 7	-	-	-	320 (USD 10,000)	24 (RMB 4,526)	19.84%	( 72 )	12,509	-

Accumulated Investment in Mainland China as of December 31, 2025 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$58,009 (USD2,000,000)	\$58,009 (USD2,002,788)	\$ 7,345,558 (Note 6)

Note 1: The calculation is based on the original investment costs.

Note 2: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation.

Note 3: Translation was based on the average exchange rate of 2025.

Note 4: Translation was based on the exchange rate on December 31, 2025.

Note 5: The calculation is based on the parent company's (Taiwan) audited financial statements prepared for the same fiscal year.

Note 6: The calculation is made based on 60% of the Company's net value on December 31, 2025, in accordance with Letter No. 09704604680 issued by the Ministry of Economic Affairs.

Note 7: Reinvesting in Shanghai Smardust Technology Co., Ltd. through the third-region company OCKY.

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AP Memory Technology Corporation  
Statement of Cash and Cash Equivalents  
Dec. 31, 2025

Table 1 (In Thousands of New Taiwan Dollars,  
Unless Specified Otherwise)

Item	Summary	Amount
Cash on hand and petty cash		<u>\$ 30</u>
Demand deposits with banks		
Demand Deposits (New Taiwan Dollar)		35,252
Demand Deposits (Foreign Currency)	US\$13,755 thousand @31.43	<u>432,323</u>
		<u>467,575</u>
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits with banks		
Demand deposits (New Taiwan Dollar)		150,000
Demand deposits (foreign currency)	US\$96,303 thousand @31.43	<u>3,026,804</u>
		<u>3,176,804</u>
Total		<u>\$ 3,644,409</u>

AP Memory Technology Corporation  
Statement of accounts receivables  
Dec. 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

Item	Amount
Accounts receivable - non-related parties	
Customer A	\$ 75,101
Customer B	72,289
Customer C	68,426
Customer D	51,223
Customer E	41,575
Others (Note)	90,322
Less: Allowance for doubtful accounts	-
Net accounts receivable - non-related parties	398,936
Accounts receivable - related parties (Note 28)	958,506
Net accounts receivable	\$1,357,442

Note: The balance of each account does not exceed 5% of the total balance of this category.

AP Memory Technology Corporation

Statement of Inventories

Dec. 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Raw materials	\$ 516,669	\$ 516,669
Work in progress	551,999	1,145,809
Finished goods	<u>372,119</u>	<u>662,231</u>
	1,440,787	<u>\$ 2,324,709</u>
Less: Allowance for price decline in inventories	( <u>345,123</u> )	
Total	<u>\$ 1,095,664</u>	

AP Memory Technology Corporation  
Statement of Changes in Financial Assets Measured at FVTPL - Non-Current  
For the year ended on Dec. 31, 2025

Table 4 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Beginning Balance		Increases during the Period		Decreases during the Period		Ending Balance		Guarantees or Collateral Provided	Note
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value		
Foreign unlisted (non-OTC) shares										
Hai Ning Chang Meng Technology Partnership (limited partnership)	-	\$ 493,938	-	\$ 106,997	-	\$ 600,935	-	\$ -	None	Note
Domestic unlisted (non-OTC) shares										
GeneASIC Technologies Corporation	500,000	-	-	-	-	-	500,000	-	None	
		<u>\$ 493,938</u>		<u>\$ 106,997</u>		<u>\$ 600,935</u>		<u>\$ -</u>		

Note: The increase for the year is attributable to the adjustment in fair value of \$106,996 thousand; The decrease for the year is due to the withdrawal of Hai Ning Chang Meng Technology Partnership.

AP Memory Technology Corporation  
Statement of Changes in Investments Accounted for Using the Equity Method  
Dec. 31, 2025

Table 5

(In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increases (Decreases) during the Year		Changes in Equity Interests (Note 4)	Share of Profit or Loss of Subsidiaries Accounted for Using the Equity Method	Exchange Differences on Translating Foreign Operations	Ending Balance		Year-End Percentage of Ownership	Equity Interest	Guarantees or Collateral Provided	Note
	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Amount				
Evaluated Using the Equity Method													
AP Memory Corp, USA	2,000,000	\$ 24,690	3,000,000	\$ 898,800	\$ 3,688	( \$ 51,147 )	\$ 42,700	5,000,000	\$ 918,731	100%	\$ 918,731	None	Note 3
AP Memory Technology (Hangzhou) Limited Co.	-	169,669	-	( 19,048 )	708	213,344	7,887	-	372,560	100%	372,560	None	Notes 1 and 2
Lyontek Inc.	3,600,000	94,863	-	( 11,880 )	-	11,397	-	3,600,000	94,380	30%	305,900	None	Note 2
ONECENT TECHNOLOGY LTD.	7,347,974	70,422	-	-	363	( 8,478 )	( 2,714 )	7,347,974	59,593	27.78%	37,809	None	Notes 3 and 4
VIVR Corporation	1,000,000	19,717	-	-	-	( 509 )	( 625 )	1,000,000	18,583	100%	18,583	None	
CascadeTeq Inc.	1,000,000	3,205	-	-	-	( 606 )	-	1,000,000	2,599	100%	2,599	None	
APware Technology Corp.	10,000	50,142	2,845	889,752	-	1,351	2,370	12,845	943,615	100%	943,615	None	Note 3
M3 Technology Inc.	4,000,000	709,180	987,000	85,947	70,701	2,835	( 129 )	4,987,000	868,534	11.41%	1,653,778	None	Notes 2 and 3
		<u>\$ 1,141,888</u>		<u>\$ 1,843,571</u>	<u>\$ 75,460</u>	<u>\$ 168,187</u>	<u>\$ 49,489</u>		<u>\$ 3,278,595</u>		<u>\$ 4,253,575</u>		

Note 1: Direct investment by AP Memory Technology Corporation in AP Memory Technology (Hangzhou) Limited Co., approved by the Investment Review Committee of the Ministry of Economic Affairs.

Note 2: The decrease for the year is due to the cash dividends received from Lyontek Inc. and M3 Technology Inc. for the year, amounting to NT\$11,880 thousand and NT\$9,914 respectively. AP Memory Technology (Hangzhou) decreased NT\$19,048 thousands due to unrealized sales profit.

Note 3: The increase for the year is due to the capital invested of AP Memory Corp, USA, APware Technology Corp. and M3 Technology Inc. with NT\$898,800 thousands, NT\$889,752 thousands and NT\$95,861 thousands respectively.

Note 4: Capital changes arising from granting employee stock options and non-subscription based on shareholding ratio.

AP Memory Technology Corporation  
Statement of Accounts Payable  
Dec. 31, 2025

Table 6

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Non-related parties	
Supplier A	\$ 395,949
Supplier B	53,915
Others (Note)	<u>54,634</u>
 Total	 <u>\$ 504,498</u>

Note: The balance of each account does not exceed 5% of the total balance of this category.

AP Memory Technology Corporation  
Statement of Operating Revenue  
For the year ended on Dec. 31, 2025

Table 7

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Operating revenue	
Integrated circuits	\$ 4,976,360
Service revenue	351,126
Licensing revenue	62,380
Other revenue	<u>13,522</u>
	5,403,388
 Sales returns and allowances	 ( <u>60,949</u> )
 Net operating revenue	 <u>\$ 5,342,439</u>

AP Memory Technology Corporation  
Statement of Operating Cost  
For the year ended on Dec. 31, 2025

Table 8

(In Thousands of New Taiwan Dollars)

Item	Amount
Operating costs	
Consumption of raw materials	
Add: Beginning inventory of raw materials	\$ 758,498
Purchases during the year	2,430,292
Less: Ending inventory of raw materials	( 516,669)
Other	( <u>4,333</u> )
	2,667,788
Manufacturing expenses	579,262
Add: Beginning work-in-process	314,985
Other	8,006
Less: Ending work-in-process	( 551,999)
Add: Beginning finished goods	436,418
Purchases during the year	130,651
Other	( 185,146)
Less: R&D usage	( 39,000)
Ending finished goods	( <u>372,119</u> )
	2,988,846
Add: Price decline and obsolescence in inventories	34,622
Unrealized sales profit	19,048
Inventory scrap losses	<u>18,755</u>
Operating costs	<u>\$ 3,061,271</u>

AP Memory Technology Corporation  
Statement of Manufacturing Expense  
For the year ended on Dec. 31, 2025

Table 9

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Outsourced processing fees	\$ 477,484
Indirect labor	58,313
Photomasks and probe cards fees	17,501
Other (Note)	<u>25,964</u>
	<u>\$ 579,262</u>

Note: Each item's balance does not exceed 5% of the total manufacturing expense.

AP Memory Technology Corporation  
Statement of Operating Expense  
For the year ended on Dec. 31, 2025

Table 10

(In Thousands of New Taiwan Dollars)

Item	Marketing expenses	Administrative expenses	Administrative expenses	Total
Salaries	\$ 40,163	\$ 124,444	\$ 270,859	\$ 435,466
Commissioned research fees	11,923	-	85,091	97,014
Photomasks and probe cards fees	-	-	94,308	94,308
Director compensation	-	11,215	-	11,215
Commission	7,757	-	-	7,757
Inventory transferred	8,894	-	39,438	48,332
Computer software expenses	148	7,233	46,951	54,332
Other (Note)	<u>22,657</u>	<u>51,244</u>	<u>126,374</u>	<u>200,275</u>
	<u>\$ 91,542</u>	<u>\$ 194,136</u>	<u>\$ 663,021</u>	<u>\$ 948,699</u>

Note: Each item's balance does not exceed 5% of the total operating expenses.

AP Memory Technology Corporation

Summary statement of current period employee benefits, depreciation and amortization expenses by function

For the Years Ended December 31, 2025, and December 31, 2024

Table 11

(In Thousands of New Taiwan Dollars)

	2025			2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit expenses						
Salary expenses	\$ 58,313	\$ 435,466	\$ 493,779	\$ 48,880	\$ 379,806	\$ 428,686
Health and labor insurance fees	3,256	21,203	24,459	2,785	18,995	21,780
Pension expenses	1,830	11,695	13,525	1,561	10,441	12,002
Director compensation	-	11,215	11,215	-	12,939	12,939
Other employee benefit expenses	<u>3,554</u>	<u>22,747</u>	<u>26,301</u>	<u>2,668</u>	<u>17,975</u>	<u>20,643</u>
	<u>\$ 66,953</u>	<u>\$ 502,326</u>	<u>\$ 569,279</u>	<u>\$ 55,894</u>	<u>\$ 440,156</u>	<u>\$ 496,050</u>
Depreciation expenses	<u>\$ 25,443</u>	<u>\$ 17,474</u>	<u>\$ 42,917</u>	<u>\$ 28,882</u>	<u>\$ 18,188</u>	<u>\$ 47,070</u>
Amortization expenses	<u>\$ 75</u>	<u>\$ 23,361</u>	<u>\$ 23,436</u>	<u>\$ 179</u>	<u>\$ 23,398</u>	<u>\$ 23,577</u>

Notes:

- The number of employees for this year and the previous year were 195 and 177, among two years, the number of directors who do not concurrently serve as employees is 6 and 5, respectively.
- For companies listed on the TWSE or traded OTC at the TPEX, the following information shall be disclosed:
  - The average employee benefit expense in 2025 was NT\$2,953 thousand ("Total employee benefit expenses for the year - Total director compensation" / "Number of employees for the year - Number of directors not serving as employees").  
The average employee benefit expense in 2024 was NT\$2,809 thousand ("Total employee benefit expenses for the previous year - Total director compensation" / "Number of employees for the previous year - Number of directors not serving as employees").
  - The average employee salary expense in 2025 was NT\$2,613 thousand (Total salary expenses for the year / "Number of employees for the year - Number of directors not serving as employees").  
The average employee salary expense in 2024 was NT\$2,492 thousand (Total salary expenses for the previous year / "Number of employees for the previous year - Number of directors not serving as employees").
  - The change in average salary expense is a decrease of 4.9% ("This year's average salary expense - Last year's average salary expense" / Last year's average salary expense).
  - This year, the Audit Committee has taken over the role previously held by the supervisors, and as a result, there is no compensation for supervisors.
  - The performance assessment and compensation of directors, Audit Committee members, and managers refer to the usual levels in the industry, considering individual performance, company performance, and the reasonableness related to future risks.