

AP Memory Technology
Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF ASSOCIATES

The entities that are required to be included in the combined financial statements of AP Memory Technology Corporation as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements of associates is included in the consolidated financial statements of parent and subsidiary companies. Consequently, AP Memory Technology Corporation and its subsidiaries do not prepare a separate set of combined financial statements of associates.

Company: AP Memory Technology Corporation

Person in charge: Chen Wen-liang

Date: February 26, 2026

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 and its subsidiaries, which comprise the Consolidated Statement of Financial Position as of December 31, 2025 and December 31, 2024, the Consolidated Statement of Comprehensive Income from January 1 to December 31, 2025 and from January 1 to December 31, 2024, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated 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), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of AP Memory Technology Corporation and its subsidiaries as of December 31, 2025 and 2024 and of the financial performance, changes in equity and cash flows of AP Memory Technology Corporation and its subsidiaries 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 and its subsidiaries 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 audit of the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for 2025. Such matter has been considered in the process of examining the consolidated 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 Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for 2025:

Authenticity of Sales Revenue from Specific Customers

In the fiscal year 2025, the 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.

Others

AP Memory Technology Corporation has prepared parent company only financial statements for the years 2025 and 2024, and the accountant has issued unqualified audit reports for reference.

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

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of AP Memory Technology Corporation and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 and its subsidiaries.
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 and its subsidiaries 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AP Memory Technology Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated 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 consolidated financial information of AP Memory Technology Corporation and its subsidiaries to express an opinion on the Consolidated 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 and its subsidiaries.

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 Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

AP Memory Technology Corporation and Subsidiaries
Consolidated Balance Sheets
For the Years Ended December 31, 2025, and December 31, 2024

(In Thousands of New Taiwan Dollars)

| Assets | Dec. 31, 2025 | | Dec. 31, 2024 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| Current assets | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 7,263,192 | 49 | \$ 4,188,544 | 32 |
| Financial assets measured at amortized cost - current (Notes 4, 9 and 32) | 3,755,814 | 25 | 4,752,325 | 37 |
| Accounts receivable (Notes 4, 10 and 23) | 588,490 | 4 | 517,992 | 4 |
| Other receivables (Notes 4 and 10) | 99,341 | 1 | 60,026 | - |
| Current income tax assets (Note 4) | 455 | - | - | - |
| Inventories (Notes 4, 5 and 11) | 1,144,751 | 8 | 1,203,177 | 9 |
| Other current assets (Note 18) | <u>87,169</u> | <u>1</u> | <u>64,511</u> | <u>1</u> |
| Total current assets | <u>12,939,212</u> | <u>88</u> | <u>10,786,575</u> | <u>83</u> |
| Non-current assets | | | | |
| Financial assets measured at FVTPL - non-current (Notes 4, 5, 7 and 30) | 86,433 | 1 | 543,115 | 4 |
| Financial assets measured at amortized cost - non-current (Notes 4, 5, 8 and 30) | 157,150 | 1 | - | - |
| Investments accounted for using the equity method (Notes 4 and 13) | 962,914 | 6 | 874,465 | 7 |
| Property, plant and equipment (Notes 4, 14 and 28) | 57,193 | - | 66,155 | 1 |
| Right-of-use assets (Notes 4 and 15) | 32,797 | - | 24,975 | - |
| Goodwill (Notes 16 and 28) | 95,241 | 1 | - | - |
| Other intangible assets (Notes 4, 17 and 28) | 86,423 | 1 | 64,422 | - |
| Deferred income tax assets (Notes 4 and 25) | 126,287 | 1 | 84,588 | 1 |
| Refundable deposits (Note 33) | 6,112 | - | 447,766 | 3 |
| Other non-current assets (Note 18) | <u>190,510</u> | <u>1</u> | <u>116,227</u> | <u>1</u> |
| Total non-current assets | <u>1,801,060</u> | <u>12</u> | <u>2,221,713</u> | <u>17</u> |
| TOTAL ASSETS | <u>\$ 14,740,272</u> | <u>100</u> | <u>\$ 13,008,288</u> | <u>100</u> |
| Liabilities and Equity | | | | |
| Current liabilities | | | | |
| Short-term loans (Note 19) | \$ 200,000 | 1 | \$ 100,000 | 1 |
| Contract liabilities (Notes 4 and 23) | 939,560 | 6 | 158,961 | 1 |
| Accounts payable | 505,258 | 3 | 230,869 | 2 |
| Other payables (Note 20) | 229,476 | 2 | 172,397 | 1 |
| Income tax payable (Note 4) | 371,747 | 3 | 284,309 | 2 |
| Lease liabilities - current (Notes 4 and 15) | 21,268 | - | 11,889 | - |
| Other current liabilities (Note 20) | <u>20,274</u> | <u>-</u> | <u>6,594</u> | <u>-</u> |
| Total current liabilities | <u>2,287,583</u> | <u>15</u> | <u>965,019</u> | <u>7</u> |
| Non-current liabilities | | | | |
| Financial liabilities measured at FVTPL - non-current (Notes 4, 5, 7 and 30) | 8,266 | - | - | - |
| Deferred income tax liabilities (Notes 4 and 25) | 67,177 | 1 | 115,533 | 1 |
| Lease liabilities - non-current (Notes 4 and 15) | 11,200 | - | 12,342 | - |
| Deposits received | 2,000 | - | 2,000 | - |
| Other payable - non-current (Note 20) | <u>-</u> | <u>-</u> | <u>6,337</u> | <u>-</u> |
| Total non-current liabilities | <u>88,643</u> | <u>1</u> | <u>136,212</u> | <u>1</u> |
| TOTAL LIABILITIES | <u>2,376,226</u> | <u>16</u> | <u>1,101,231</u> | <u>8</u> |
| Equity (Notes 4, 12, 22, 27 and 28) | | | | |
| Share capital | | | | |
| Share capital of common stock | 813,538 | 6 | 811,739 | 6 |
| Share capital collected in advance | <u>224</u> | <u>-</u> | <u>369</u> | <u>-</u> |
| Total share capital | <u>813,762</u> | <u>6</u> | <u>812,108</u> | <u>6</u> |
| Capital surplus | <u>6,531,614</u> | <u>44</u> | <u>6,367,692</u> | <u>49</u> |
| Retained earnings | | | | |
| Legal reserve | 1,063,199 | 7 | 905,376 | 7 |
| Special reserve | - | - | 343 | - |
| Undistributed earnings | <u>3,776,349</u> | <u>26</u> | <u>3,813,354</u> | <u>30</u> |
| Total retained earnings | <u>4,839,548</u> | <u>33</u> | <u>4,719,073</u> | <u>37</u> |
| Other equity | <u>57,673</u> | <u>-</u> | <u>8,184</u> | <u>-</u> |
| Equity attributable to owners of the Company | <u>12,242,597</u> | <u>83</u> | <u>11,907,057</u> | <u>92</u> |
| NON-CONTROLLING INTERESTS | <u>121,449</u> | <u>1</u> | <u>-</u> | <u>-</u> |
| TOTAL EQUITY | <u>12,364,046</u> | <u>84</u> | <u>11,907,057</u> | <u>92</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 14,740,272</u> | <u>100</u> | <u>\$ 13,008,288</u> | <u>100</u> |

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

AP Memory Technology Corporation and Subsidiaries
Consolidated 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, 23 and 31) | \$ 5,666,498 | 100 | \$ 4,192,378 | 100 |
| Cost of revenue (Notes 11 and 24) | <u>3,032,837</u> | <u>53</u> | <u>2,046,805</u> | <u>49</u> |
| Gross profit | <u>2,633,661</u> | <u>47</u> | <u>2,145,573</u> | <u>51</u> |
| Operating expenses (Notes 4, 10 and 24) | | | | |
| Selling and marketing expenses | 127,150 | 2 | 107,947 | 2 |
| General and administrative | 228,944 | 4 | 193,319 | 5 |
| R&D expenses | 879,117 | 16 | 780,593 | 19 |
| Expected credit losses (reversal) | (<u>741</u>) | <u>-</u> | <u>624</u> | <u>-</u> |
| Total operating expenses | <u>1,234,470</u> | <u>22</u> | <u>1,082,483</u> | <u>26</u> |
| Income from operations | <u>1,399,191</u> | <u>25</u> | <u>1,063,090</u> | <u>25</u> |
| Non-operating income and expense | | | | |
| Other income | 10,873 | - | 3,846 | - |
| Shares of the profit or loss of associates recognized for using the equity method (Note 13) | 12,715 | - | 774 | - |
| Interest income (Note 4) | 348,526 | 6 | 408,711 | 10 |
| Interest expense (Note 4) | (2,514) | - | (2,059) | - |
| Loss on disposal of property, plant and equipment (Note 4) | - | - | (21,028) | - |
| Gain on financial assets measured at FVTPL (Notes 4, 13 and 30) | 107,066 | 2 | 66,802 | 2 |
| Loss on disposal of investment (Note 13) | (2,328) | - | - | - |
| Gain (loss) on foreign exchange - net value (Notes 4, 24 and 34) | (<u>355,087</u>) | (<u>6</u>) | <u>512,739</u> | <u>12</u> |
| Total non-operating income and expenses | <u>119,251</u> | <u>2</u> | <u>969,785</u> | <u>24</u> |
| Net income before tax | 1,518,442 | 27 | 2,032,875 | 49 |
| Income tax expense (Notes 4 and 25) | (<u>278,556</u>) | (<u>5</u>) | (<u>454,643</u>) | (<u>11</u>) |

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| | 2025 | | 2024 | |
|-------------------------------------|---------------------|-----------|---------------------|-----------|
| | Amount | % | Amount | % |
| Net income | \$ <u>1,239,886</u> | <u>22</u> | \$ <u>1,578,232</u> | <u>38</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>47,008</u> | <u>1</u> | <u>8,527</u> | <u>-</u> |
| Other comprehensive income | | | | |
| (net of income tax) | <u>47,008</u> | <u>1</u> | <u>8,527</u> | <u>-</u> |
| Total comprehensive income | \$ <u>1,286,894</u> | <u>23</u> | \$ <u>1,586,759</u> | <u>38</u> |
| NET INCOME ATTRIBUTE TO: | | | | |
| Owners of the Company | 1,257,655 | 22 | 1,578,232 | 38 |
| Non-controlling interests | (<u>17,769</u>) | <u>-</u> | <u>-</u> | <u>-</u> |
| | \$ <u>1,239,886</u> | <u>22</u> | \$ <u>1,578,232</u> | <u>38</u> |
| TOTAL COMPREHENSIVE INCOME | | | | |
| ATTRIBUTE TO: | | | | |
| Owners of the Company | 1,307,144 | 23 | 1,586,759 | 38 |
| Non-controlling interests | (<u>20,250</u>) | <u>-</u> | <u>-</u> | <u>-</u> |
| | \$ <u>1,286,894</u> | <u>23</u> | \$ <u>1,586,759</u> | <u>38</u> |
| Earnings per share (Note 26) | | | | |
| 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 consolidated financial statements.

AP Memory Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025, and December 31, 2024

(In Thousands of New Taiwan Dollars)

| | Equity attributable to owners of the parent company | | | | | | | | | | | |
|--|---|------------------|------------|---|------------------------------------|-----------------|----------------------------|---------------|---|--|--------------|---------------|
| | Ordinary Shares (Notes 4, 22 and 27) | | | Capital Surplus (Notes 4, 22 and 27) | Retained Earnings (Notes 4 and 22) | | | | Other Equity (Note 4) | Non-controlling interests (Note 28) | Total Equity | |
| | Amount | Advance Receipts | Total | | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | Exchange Differences on Translation of the Financial Statements of Foreign Operations | | | |
| BALANCE AT JANUARY 1, 2024 | \$ 810,020 | \$ 1,739 | \$ 811,759 | \$ 6,234,430 | \$ 760,879 | \$ 450 | \$ 3,514,619 | \$ 4,275,948 | (\$ 343) | \$ 11,321,794 | \$ - | \$ 11,321,794 |
| Appropriation of the 2023 earnings | | | | | | | | | | | | |
| 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) | - | (1,135,107) |
| Equity-method associates – value change | - | - | - | 48,746 | - | - | - | - | - | 48,746 | - | 48,746 |
| Recognition of employee share options | - | - | - | 60,508 | - | - | - | - | - | 60,508 | - | 60,508 |
| Net income, 2024 | - | - | - | - | - | - | 1,578,232 | 1,578,232 | - | 1,578,232 | - | 1,578,232 |
| Other comprehensive income, 2024 | - | - | - | - | - | - | - | - | 8,527 | 8,527 | - | 8,527 |
| Total comprehensive income, 2024 | - | - | - | - | - | - | 1,578,232 | 1,578,232 | 8,527 | 1,586,759 | - | 1,586,759 |
| Employee option ordinary share issuance | 1,719 | (1,370) | 349 | 24,008 | - | - | - | - | - | 24,357 | - | 24,357 |
| BALANCE AT DECEMBER 31, 2025 | \$ 811,739 | \$ 369 | \$ 812,108 | \$ 6,367,692 | \$ 905,376 | \$ 343 | \$ 3,813,354 | \$ 4,719,073 | \$ 8,184 | \$ 11,907,057 | \$ - | \$ 11,907,057 |
| Appropriation of the 2024 earnings | | | | | | | | | | | | |
| 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) | - | (1,137,180) |
| Changes in ownership interests in subsidiaries | - | - | - | (205) | - | - | - | - | - | (205) | - | (205) |
| Equity-method associates – value change | - | - | - | 73,426 | - | - | - | - | - | 73,426 | - | 73,426 |
| Recognition of employee share options | - | - | - | 61,561 | - | - | - | - | - | 61,561 | 1,988 | 63,549 |
| Net income, 2025 | - | - | - | - | - | - | 1,257,655 | 1,257,655 | - | 1,257,655 | (17,769) | 1,239,886 |
| Other comprehensive income, 2025 | - | - | - | - | - | - | - | - | 49,489 | 49,489 | (2,481) | 47,008 |
| Total comprehensive income, 2025 | - | - | - | - | - | - | 1,257,655 | 1,257,655 | 49,489 | 1,307,144 | (20,250) | 1,286,894 |
| Employee option ordinary share issuance | 1,799 | (145) | 1,654 | 29,140 | - | - | - | - | - | 30,794 | - | 30,794 |
| Non-controlling interests | - | - | - | - | - | - | - | - | - | - | 139,711 | 139,711 |
| BALANCE AT DECEMBER 31, 2025 | \$ 813,538 | \$ 224 | \$ 813,762 | \$ 6,531,614 | \$ 1,063,199 | \$ - | \$ 3,776,349 | \$ 4,839,548 | \$ 57,673 | \$ 12,242,597 | \$ 121,449 | \$ 12,364,046 |

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

AP Memory Technology Corporation and Subsidiaries

Consolidated 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 | \$ 1,518,442 | \$ 2,032,875 |
| Adjustments | | |
| Depreciation expense | 55,107 | 52,908 |
| Amortization expense | 39,196 | 37,432 |
| Expected credit losses (reversal) | (741) | 624 |
| Gain on financial assets measured at FVTPL | (107,066) | (66,802) |
| Interest expenses | 2,514 | 2,059 |
| Interest income | (348,526) | (408,711) |
| Share-based compensation cost | 63,549 | 60,509 |
| Share of gain or loss from associates recognized for using the equity method | (12,715) | (774) |
| Loss on disposal or retirement of property, plant and equipment | - | 21,028 |
| Loss on disposal of investment | 2,328 | - |
| Inventory devaluation and obsolescence losses | 35,259 | 105,252 |
| Unrealized loss (gain) on foreign exchange | 181,276 | (8,191) |
| Net changes in operating assets and liabilities | | |
| Accounts receivable | (72,029) | 66,595 |
| Other receivables | (19,660) | (899) |
| Inventories | 23,167 | (457,099) |
| Other assets | (63,782) | 22,203 |
| Refundable deposits | 441,758 | 11,759 |
| Contract liabilities | 756,077 | 90,133 |
| Accounts payable | 275,069 | (33,767) |
| Other payables | 25,008 | (11,180) |
| Other current liabilities | <u>13,564</u> | <u>(3,623)</u> |
| Cash generated from operations | 2,807,795 | 1,512,331 |
| Interest received | 328,871 | 397,340 |
| Interest paid | (2,480) | (2,256) |
| Income tax paid | <u>(281,628)</u> | <u>(395,695)</u> |
| Net cash generated by operating activities | <u>2,852,558</u> | <u>1,511,720</u> |

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| | 2025 | 2024 |
|---|---------------------|---------------------|
| Cash flows from investing activities | | |
| Acquisition of financial assets measured at FVTOCI | (\$ 157,150) | \$ - |
| Acquisition of financial assets measured at FVTPL | (117,256) | (\$ 529,177) |
| 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 | 6,622 |
| Acquisition of long-term equity investments accounted for using the equity method | (95,861) | (30,256) |
| Proceeds from acquisition of subsidiary | 86,038 | - |
| Purchase of property, plant and equipment | (6,779) | (32,811) |
| Disposal of property, plant and equipment | - | 14,000 |
| Acquisition of intangible assets | (15,406) | (24,466) |
| Increase in equipment prepayment | (33,075) | - |
| Dividends received from associates | 21,794 | 23,758 |
| Net cash generated(used) by investing activities | <u>1,359,820</u> | <u>(4,841,665)</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 the principal portion of lease liabilities | (19,372) | (28,562) |
| Issuance of cash dividends | (1,137,180) | (1,135,085) |
| Stock options exercised by employees | 30,794 | 24,357 |
| Change in non-controlling interests | 17,984 | - |
| Net cash used by financing activities | <u>(1,007,774)</u> | <u>(1,353,290)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(129,956)</u> | <u>7,563</u> |
| Net increase (decrease) in cash and cash equivalents | 3,074,648 | (4,675,672) |
| Cash and cash equivalents, beginning of year | <u>4,188,544</u> | <u>8,864,216</u> |
| Cash and cash equivalents, end of year | <u>\$ 7,263,192</u> | <u>\$ 4,188,544</u> |

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

AP Memory Technology Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2025 and 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 consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. The Authorization of Financial Statements

The consolidated 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 and entities controlled by the Company (collectively, the “Consolidated Company”).

(2) FSC-approved IFRSs applicable in 2026

| <u>New, Revised or Amended Standards and Interpretations</u> | <u>Effective Date Issued by IASB</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 Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group 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 Group 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 Group is able to restate without the benefit of hindsight, it may choose the comparative period to be restated.

As of the date of approval and issuance of this consolidated financial report, the Group has assessed that the amendments to the aforementioned standards and interpretations are not expected to have a material impact on the financial position or 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 Group 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 Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’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 consolidated 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 consolidated 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.

(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) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries), and the consolidated statement of comprehensive income includes the operating income or loss of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

When changes in the Consolidated Company's ownership interests in a subsidiary do not result in the loss of control, they are treated as equity transactions. The carrying amounts of the Consolidated Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Upon the loss of control of a subsidiary, the gain or loss on disposal is the difference between (1) the fair value of the consideration received and the fair value of any remaining investment in the former subsidiary at the date control is lost, and (2) the aggregate of the carrying amounts of the assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary at the date control is lost. The accounting treatment for all amounts previously recognized in other comprehensive income relating to that subsidiary is the same as if the Consolidated Company had directly disposed of the related assets or liabilities.

The remaining investment in the former subsidiary is initially recognized at fair value on the date control is lost.

See Note 12, Table 5 and Table 6 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(5) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that represent a present ownership interest in the acquiree and entitle the holders to a proportionate share of the acquiree's net assets upon liquidation are measured at fair value. Other non-controlling interests are also measured at fair value.

(6) Foreign Currencies

When preparing 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 consolidated 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 Consolidated Company disposes of its entire interest in a foreign operation, all related cumulative exchange differences are reclassified to profit or loss.

(7) 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. The Consolidated Company derecognizes inventory as obsolete only when it is confirmed that the inventory can no longer be sold.

(8) Investments in Associates

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

The Consolidated 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 Consolidated Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Furthermore, changes in the Consolidated

Company's share of the equity of associates are recognized in proportion to the shareholding.

The excess of the cost of acquisition over the Consolidated 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 Consolidated 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 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 Consolidated 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 immediately recognized in profit or loss. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

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

(9) 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 Consolidated 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.

(10) Goodwill

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating unit") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the amount of goodwill associated with the operation is included in the carrying amount of the operation in determining the gain or loss on disposal.

(11) 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 Consolidated 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. Acquired in a merger

Intangible assets acquired in a merger are recognized at their fair value on the acquisition date and are accounted for separately from goodwill. The subsequent measurement of these intangible assets is the same as that of separately acquired intangible assets.

3. 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.

(12) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Excluding Goodwill)

At each balance sheet date, the Consolidated 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 Consolidated 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.

(13) Financial Instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Consolidated 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 Consolidated 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 Consolidated 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 30.

B. Financial assets measured at amortized cost

The Consolidated 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.

- c. Equity investments measured at fair value through other comprehensive income.

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

at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings. Dividends on these investments in equity instruments are recognized in profit or loss when the Consolidated Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of Financial Assets

The Consolidated 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 Consolidated 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.

(3) Derecognition of Financial Assets

The Consolidated 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.

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

2. Equity Instruments

Debts and equity instruments issued by the Consolidated 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 Consolidated 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.

(14) Revenue Recognition

The Consolidated 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 Consolidated 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 Consolidated 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.

(15) Lease

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

The Consolidated 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 consolidated 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 Consolidated 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 balance sheet.

(16) 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.

(17) Share-based Payment Arrangements

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 Consolidated 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.

(18) Income Tax

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

1. Current income tax

The Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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.

Determination of control over subsidiaries

As described in Note 12, the Consolidated Company holds less than half of the voting rights in certain companies. Management, after considering the written agreements among the shareholders of those companies, believes that the voting rights held by the Consolidated Company are sufficient to direct the relevant activities, and therefore concludes that the Consolidated Company has control over those companies.

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 Consolidated 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 Consolidated 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 Consolidated 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, 8 and 30.

6. Cash and cash dividends

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|---|----------------------|----------------------|
| Petty cash and cash on hand | \$ 72 | \$ 57 |
| Bank checks and demand deposits | 916,028 | 610,821 |
| Cash equivalents (with investments which matures within three months) | | |
| Time deposits | <u>6,347,092</u> | <u>3,577,666</u> |
| | <u>\$ 7,263,192</u> | <u>\$ 4,188,544</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> |
|---------------|----------------------|----------------------|
| Bank deposits | 0.000%~3.900% | 0.001%~1.150% |
| Time deposits | 0.600%~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 | | |
| PowerLattice Technologies Incorporated(1) | \$ 86,433 | - |
| Hai Ning Chang Meng Technology Partnership (limited partnership) (2) | - | \$ 493,938 |
| GeneASIC Technologies Corporation (3) | - | - |
| – Simple agreement for future equity | | |
| PowerLattice Technologies Incorporated(1) | - | 49,177 |
| | <u>\$ 86,433</u> | <u>\$ 543,115</u> |
| <u>Financial liabilities - non-current</u> | | |
| liabilities designated at fair value through profit or loss(4) | <u>\$ 8,266</u> | <u>\$ -</u> |

- (1) In July 2024 and March 2025, the Consolidated Company signed simple agreements for future equity with PowerLattice Technologies Incorporated (referred to as "PowerLattice") for US\$1,500 thousand and US\$1,250 thousand. After the capital increase of PowerLattice in May 2025, the investment was converted into equivalent shares. As of December 31, 2025, the Consolidated Company held 4.765% of PowerLattice's issued shares.
- (2) In August 2019, the Consolidated 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 Consolidated 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 Consolidated Company in the amount of RMB 13,800 thousand. After completing the withdrawal registration, the remaining amount of RMB 131,100 thousand was returned.

- (3) In August 2020, the Group acquired 500 thousand ordinary shares of GeneASIC Technologies Corporation (hereinafter referred to as GeneASIC) at the price of NT\$500 thousand. The Consolidated 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.
- (4) In March 1, 2024, the Consolidated Company reached a written agreement with other shareholders of ONECENT TECHNOLOGY LTD., acquiring more than half of the voting rights and thereby gaining control over the company. Previously, ONECENT TECHNOLOGY LTD. had entered into an equity subscription agreement with a third party. Due to the uncertainty regarding the number of shares that can be subscribed under the agreement, the company has recognized it as a financial liability measured at fair value through profit or loss. As of December 31, 2025, no equity conversion occurred.
- (5) In November 2023, the Consolidated 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 Consolidated 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 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 at fair value through other comprehensive income

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|--------------------|----------------------|----------------------|
| <u>Non-current</u> | | |
| Equity instrument | | |
| <u>– Unlisted</u> | | |
| HamminX Ltd. | <u>\$ 157,150</u> | <u>\$ -</u> |

In September 2025, the Consolidated Company acquired 2,500,000 preferred shares of HamminX Ltd. (hereinafter referred to as 'HamminX') for USD 5 million. As the investment is for medium- to long-term strategic purposes, it has been designated as financial asset at fair value through other comprehensive income.

9. 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> |

For the information of pledged financial assets measured at amortized cost, please see Note 32.

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 | \$ 588,490 | \$ 547,921 |
| Less: Provision for loss | <u>-</u> | <u>(29,929)</u> |
| | <u>\$ 588,490</u> | <u>\$ 517,992</u> |
| <u>Other receivables</u> | | |
| Interest receivable | \$ 59,471 | \$ 39,881 |
| Tax refunds | 39,070 | 19,543 |
| Others | <u>800</u> | <u>602</u> |
| | <u>\$ 99,341</u> | <u>\$ 60,026</u> |

Accounts receivable

To mitigate credit risk, the Consolidated 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 Consolidated 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 Consolidated Company's management believes that the credit risk of the Consolidated Company has been significantly reduced.

The Consolidated 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 Consolidated 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 accounts receivable for different customer groups.

If there is evidence indicating that a counterparty is experiencing significant financial difficulty and the Consolidated 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 Consolidated 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 360 days past due</u> | <u>Total</u> |
|---|---------------------|---------------------------|----------------------------|----------------------------|-----------------------------|------------------------------|-------------------------------|------------------|
| Total carrying amount | \$577,418 | \$ 11,072 | \$ - | \$ - | \$ - | \$ - | \$ - | \$588,490 |
| Provision for loss (expected credit loss in the duration) | - | - | - | - | - | - | - | - |
| Amortized cost | <u>\$577,418</u> | <u>\$ 11,072</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$588,490</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 360 days past due</u> | <u>Total</u> |
|---|---------------------|---------------------------|----------------------------|----------------------------|-----------------------------|------------------------------|-------------------------------|------------------|
| Total carrying amount | \$484,993 | \$ 32,999 | \$ - | \$ - | \$ - | \$ - | \$ 29,929 | \$547,921 |
| Provision for loss (expected credit loss in the duration) | - | - | - | - | - | - | (29,929) | (29,929) |
| Amortized cost | <u>\$484,993</u> | <u>\$ 32,999</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$517,992</u> |

Changes in loss provision of accounts receivable are as follows:

| | <u>2025</u> | <u>2024</u> |
|------------------------------|----------------|------------------|
| Beginning balance | \$ 29,929 | \$ 28,628 |
| Impairment losses (reversal) | (741) | 624 |
| Write-off in this year | (28,537) | - |
| Net exchange differences | (<u>651</u>) | <u>677</u> |
| Ending balance | <u>\$ -</u> | <u>\$ 29,929</u> |

11. Inventories

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|------------------|----------------------|----------------------|
| Finished good | \$ 282,277 | \$ 357,953 |
| Work-in-progress | 502,046 | 265,254 |
| Raw materials | <u>360,428</u> | <u>579,970</u> |
| | <u>\$ 1,144,751</u> | <u>\$ 1,203,177</u> |

The nature of operating costs is as follows:

| | <u>2025</u> | <u>2024</u> |
|------------------------------|---------------------|---------------------|
| Cost of inventories sold | \$ 2,997,578 | \$ 1,941,553 |
| Inventory devaluation losses | <u>35,259</u> | <u>105,252</u> |
| | <u>\$ 3,032,837</u> | <u>\$ 2,046,805</u> |

12. Subsidiaries

A. Subsidiaries listed in the consolidated financial statements

The consolidated financial statements were prepared based on the information of the following companies:

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | |
|-------------|--|-------------------------------------|-----------------------------|---------------|------|
| | | | Dec. 31, 2025 | Dec. 31, 2024 | Note |
| The Company | AP Memory Corp, USA (hereinafter referred to as "AP-USA") | IC design and development | 100% | 100% | (1) |
| The Company | AP Memory Technology (Hangzhou) Limited Co. (hereinafter referred to as "AP Hangzhou") | IC design, development, and sales | 100% | 100% | (2) |
| The Company | APware Technology Corp. (hereinafter referred to as "APware") | General investing | 100% | 100% | (3) |
| The Company | VIVR Corporation (hereinafter referred to as "VIVR") | IC design, development, and sales | 100% | 100% | (4) |
| The Company | CascadeTeq Inc. (hereinafter referred to as "CascadeTeq") | IC sales | 100% | 100% | (5) |
| AP Hangzhou | AP Memory Technology (Hong Kong) Co. Limited (hereinafter referred to as "AP Hong Kong") | IC sales | 100% | 100% | (6) |
| The Company | Onecent Technology Ltd. (hereinafter referred to as "OCKY") | RFID design, development, and sales | 27.78% | - | (7) |
| OCKY | Onecent Technology (Singapore)Pte. Ltd. (hereinafter referred to as "OCSG") | RFID sales | 100% | - | (8) |
| OCKY | Onecent Technology Inc. (hereinafter referred to as "OCUS") | RFID design and development | 100% | - | (9) |
| OCKY | Onecent Technology Co., Ltd. (hereinafter referred to as "Onecent") | RFID design, development, and sales | 100% | - | (10) |
| OCKY | Shanghai Smardust Technology Co., Ltd. (hereinafter referred to as "Smardust") | RFID design, development, and sales | 71.43% | - | (11) |

- (1) Established in the state of Oregon in the United States in February 2012, AP-USA mainly engages in the research and development of integrated circuits (ICs). As of February 26, 2026, the Company already contributed US\$32,000 thousand of capital thereto.
- (2) AP 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) AP Hangzhou established AP Hong Kong, a company primarily engages in the sale of ICs in October 2019 in Hong Kong. As of February 26, 2026, AP Hong Kong's paid-in capital amounted to US\$10 thousand.
- (7) OCKY was originally an affiliate of the Consolidated Company; please refer to Note 13 for relevant information. To accommodate future operational planning, the Consolidated Company entered into a concerted action agreement with another shareholder of OCKY on March 1, 2025, with the Consolidated Company taking

the lead. As a result, the Consolidated 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 Consolidated Company decreased from 27.88% to 27.78%. As of February 26, 2026, the company's paid-in capital amounted to US\$26 thousand.

- (8) To align with future operational planning, OCKY established OCSG in Singapore in January 2021, primarily engaged in the sales of radio frequency identification (RFID) systems. As of February 26, 2026, the company's paid-in capital amounted to US\$38 thousand.
- (9) To meet future product development needs, OCKY established OCUS in California, USA, in April 2023, primarily engaged in the design and development of RFID systems. As of February 26, 2026, the company's paid-in capital amounted to US\$1,720 thousand.
- (10) To align with future product development and operational planning, OCKY established Onecent in April 2024, primarily engaged in the design, development, and sales of RFID systems. In March and July 2025, OCKY injected US\$305 thousand and US\$1,000 thousand into the company. As of February 26, 2026, its paid-in capital amounted to US\$1,459 thousand.
- (11) Smardust was established in Shanghai in August 2024, primarily engaged in the design, development, and sales of RFID systems. In the second quarter of 2025, Smardust carried out a cash capital increase. As OCKY did not participate in the capital injection, its shareholding ratio declined to 71.43%. As of February 26, 2026, the company's paid-in capital amounted to US\$14 thousand.

B. Information on subsidiaries with significant non-controlling interests.

| Subsidiary Name | Ownership and voting rights held by non-controlling interests. | |
|-----------------|--|-------------------|
| | December 31, 2025 | December 31, 2024 |
| OCKY | 72.22% | - |

Main business locations and country of company registration please refer to table 5.

| Subsidiary Name | Profit or loss allocated to non-controlling interests. | Non-controlling interests |
|-----------------|--|---------------------------|
| | For the Ten Months Ended December 31, 2025 | December 31, 2025 |
| OCKY | (\$ 17,769) | \$ 121,449 |

The aggregated financial information of the following subsidiaries is prepared based on amounts before the elimination of intercompany transactions.

OCKY and its subsidiaries.

| | <u>December 31, 2025</u> |
|--|---|
| Current assets | \$ 53,197 |
| Non-current assets | 143,888 |
| Current liabilities | (7,494) |
| Non-current liabilities | (8,549) |
| Equity | <u>\$181,042</u> |
| Equity attributable to: | |
| Owner of the company | \$ 59,593 |
| Non-controlling interests of OCKY | <u>121,449</u> |
| | <u>\$181,042</u> |
| | <u>For the Ten Months Ended December 31, 2025</u> |
| Operating revenue | <u>\$ 33,680</u> |
| Net income | (\$ 24,730) |
| Other comprehensive income | (3,460) |
| Total comprehensive income | <u>(\$ 28,190)</u> |
| Net income attributable to: | |
| Owner of the company | (\$ 6,961) |
| Non-controlling interests of OCKY | <u>(17,769)</u> |
| | <u>(\$ 24,730)</u> |
| Total comprehensive income attributable to: | |
| Owner of the company | (\$ 7,940) |
| Non-controlling interests of OCKY | <u>(20,250)</u> |
| | <u>(\$ 28,190)</u> |
| | <u>For the Ten Months Ended December 31, 2025</u> |
| Cash flows | |
| Operating activities | (\$ 56,351) |
| Investing activities | (1,269) |
| financing activities | 23,120 |
| Exchange rate fluctuations | <u>(1,923)</u> |
| Net cash outflows | <u>(\$ 36,423)</u> |
| Dividends paid to non-controlling interests. | |
| OCKY | <u>\$ -5</u> |

13. Investments accounted for using the equity method

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|---|----------------------|----------------------|
| <u>Investments in associates</u> | | |
| Significant associates(1) | | |
| M3 Technology | \$ 868,534 | \$ 709,180 |
| Non-significant associates(2) | | |
| Lyontek Inc. (hereinafter referred to as “Lyontek”) | 94,380 | 94,863 |
| ONECENT TECHNOLOGY LTD. (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> |

As stated in Note 7, The Consolidated 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 Consolidated 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 Consolidated Company held 11.41% of M3 Technology’s outstanding shares.

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

| | Dec. 31, 2025 | Dec. 31, 2024 |
|---|----------------------|----------------------|
| 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> |
| | | |
| | 2025 | 2024 |
| 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> |

(2) Aggregate information of individually non-significant associates:

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

| | 2025 | 2024 |
|--|------------------|-----------------|
| Shares owned by the Consolidated 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> |

1. Lyontek

In October 2016, the Consolidated 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.

2. OCKY

The Consolidated Company made investments of NT\$238 thousand in May 2022, NT\$33,533 thousand in August 2022 and NT\$30,256 thousand in Jun 2024, cumulatively acquiring 7,348 thousand common shares of OCKY, representing a

27.88% ownership interest. As of March 1, 2025, the Consolidated Company gained control over OCKY and included it in the consolidated financial statements. Please refer to Notes 12, 16 and 28 for further 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 financial report which have not been audited. however, the Consolidated Company's management believes that the unaudited financial reports of the said investee company do not have a material impact.

14. Property, plant and equipment

| | Machinery | Computers and Communication Equipment | Office Equipment | Leasehold Improvements | Total |
|---|-------------------|---|---------------------|---------------------------|-------------------|
| <u>Cost</u> | | | | | |
| Balance on Jan. 1, 2025 | \$ 214,379 | \$ 22,203 | \$ 5,079 | \$ 20,471 | \$ 262,132 |
| Acquisitions through business combinations (Note28) | 3,482 | 85 | 22 | - | 3,589 |
| Addition | 17,824 | 1,568 | 227 | 3,320 | 22,939 |
| Disposal | (739) | 648 | (57) | - | (148) |
| Net exchange differences | (64) | (39) | 11 | 28 | (64) |
| Balance, Dec. 31, 2025 | <u>\$ 234,882</u> | <u>\$ 24,465</u> | <u>\$ 5,282</u> | <u>\$ 23,819</u> | <u>\$ 288,448</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Balance on Jan. 1, 2025 | \$ 158,015 | \$ 15,175 | \$ 4,961 | \$ 17,826 | \$ 195,977 |
| Depreciation expense | 30,009 | 3,801 | 90 | 1451 | 35,351 |
| Disposal | (739) | 648 | (57) | - | (148) |
| Net exchange differences | 105 | (44) | 3 | 11 | 75 |
| Balance, Dec. 31, 2025 | <u>\$ 187,390</u> | <u>\$ 19,580</u> | <u>\$ 4,997</u> | <u>\$ 19,288</u> | <u>\$ 231,255</u> |
| Carrying amount, Dec. 31, 2025 | <u>\$ 47,492</u> | <u>\$ 4,885</u> | <u>\$ 285</u> | <u>\$ 4,531</u> | <u>\$ 57,193</u> |
| <u>Cost</u> | | | | | |
| Balance on Jan. 1, 2024 | \$ 209,162 | \$ 16,997 | \$ 4,915 | \$ 17,875 | \$ 248,949 |
| Addition | 24,027 | 5,767 | 90 | 2,538 | 32,422 |
| Disposal | (88,526) | (675) | - | - | (89,201) |
| Internal transfers | 69,553 | - | - | - | 69,553 |
| Net exchange differences | 163 | 114 | 74 | 58 | 409 |
| Balance, Dec. 31, 2024 | <u>214,379</u> | <u>22,203</u> | <u>5,079</u> | <u>20,471</u> | <u>262,132</u> |
| <u>Accumulated depreciation</u> | | | | | |
| Balance on Jan. 1, 2024 | \$ 140,822 | \$ 12,173 | \$ 4,653 | \$ 14,863 | \$ 172,511 |
| Depreciation expense | 28,907 | 3,593 | 234 | 2,912 | 35,646 |
| Disposal | (53,498) | (675) | - | - | (54,173) |
| Internal transfer | 41,732 | - | - | - | 41,732 |
| Net exchange differences | 52 | 84 | 74 | 51 | 261 |
| Balance, Dec. 31, 2024 | <u>158,015</u> | <u>15,175</u> | <u>4,961</u> | <u>17,826</u> | <u>195,977</u> |
| Carrying amount, Dec. 31, 2024 | <u>\$ 56,364</u> | <u>\$ 7,028</u> | <u>\$ 118</u> | <u>\$ 2,645</u> | <u>\$ 66,155</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 |

15. 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>\$ 32,797</u> | <u>\$ 24,975</u> |
| | <u>2025</u> | <u>2024</u> |
| Addition of right-of-use assets | <u>\$ 24,312</u> | <u>\$ 16,788</u> |
| Depreciation expense of right-of-use assets | | |
| Buildings | \$ 19,756 | \$ 16,682 |
| Machinery | <u>-</u> | <u>580</u> |
| | <u>\$ 19,756</u> | <u>\$ 17,262</u> |

(2) Lease liabilities

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|--------------------------------------|----------------------|----------------------|
| Carrying amount of lease liabilities | | |
| Current | <u>\$ 21,268</u> | <u>\$ 11,889</u> |
| Non-current | <u>\$ 11,200</u> | <u>\$ 12,342</u> |

The discount rate range for lease liabilities is as follows:

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|-----------|----------------------|----------------------|
| Buildings | 2.15%~6.50% | 2.15% ~6.50% |

(3) Other leasing information

| | <u>2025</u> | <u>2024</u> |
|---|--------------------|--------------------|
| Short-term lease expenses | <u>\$ 4,585</u> | <u>\$ 4,427</u> |
| Total amount of cash (outflow) from lease | <u>(\$ 24,906)</u> | <u>(\$ 33,593)</u> |

The Consolidated 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.

16. Goodwill (2024: None)

| | <u>2025</u> |
|--|------------------|
| <u>Cost</u> | |
| Beginning balance | \$ - |
| Business combinations acquired during the period (Note 28) | <u>95,241</u> |
| Ending balance | <u>\$ 95,241</u> |

Starting from March 1, 2025, the Consolidated Company gained control over OCKY and included it in the consolidated financial statements. The Consolidated Company recognized OCKY at fair value as of the date of consolidation. In the third quarter of 2025, the Consolidated Company obtained the valuation report, which indicated that the fair value of OCKY's intangible assets at the acquisition date was RMB 46,572 thousand. The Consolidated Company has adjusted the initial recognition and provisional amounts from the acquisition date and restated comparative information accordingly. During 2025, a disposal loss of RMB 2,328 thousand was recognized. After remeasurement, the fair value of the equity held was RMB 63,985 thousand.

Retroactive adjustments to balance sheet items are as follows:

| | <u>Acquisition Date</u> |
|---------------------------|-------------------------|
| Goodwill adjustment | (\$ 89,730) |
| Intangible assets | <u>\$ 46,572</u> |
| Non-controlling interests | (<u>\$ 42,426</u>) |

Retroactive adjustments to income statements items are as follows:

| | <u>2025</u> |
|---------------------------------|---------------|
| Loss on disposal of investments | <u>\$ 732</u> |

17. Other intangible assets

| | <u>Computer Software</u> | <u>Technical Authorization</u> | <u>Technical Expertise</u> | <u>Total</u> |
|--|--------------------------|--------------------------------|----------------------------|-------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2025 | \$ 83,081 | \$ 60,800 | \$ - | \$ 143,881 |
| Acquisition through business combinations (Note28) | | - | 46,572 | 46,572 |
| Addition | 15,406 | - | - | 15,406 |
| Decrease | (8,364) | - | - | (8,364) |
| Net exchange differences | (<u>1,059</u>) | - | - | (<u>1,059</u>) |
| Balance at December 31, 2025 | <u>\$ 89,064</u> | <u>\$ 60,800</u> | <u>\$ 46,572</u> | <u>\$ 196,436</u> |

| | Computer Software | Technical Authorization | Technical Expertise | Total |
|---------------------------------|----------------------|----------------------------|------------------------|-------------------|
| <u>Accumulated amortization</u> | | | | |
| Balance at January 1, 2025 | \$ 57,503 | \$ 21,956 | \$ - | \$ 79,459 |
| Amortization expense | 15,347 | 20,267 | 3,582 | 39,196 |
| Decrease | (8,364) | - | - | (8,364) |
| Net exchange differences | (278) | - | - | (278) |
| Balance at December 31, 2025 | <u>\$ 64,208</u> | <u>\$ 42,223</u> | <u>\$ 3,582</u> | <u>\$ 110,013</u> |
| Book value at December 31, 2025 | <u>\$ 24,856</u> | <u>\$ 18,577</u> | <u>\$ 42,990</u> | <u>\$ 86,423</u> |
| <u>Cost</u> | | | | |
| Balance at January 1, 2024 | \$ 86,227 | \$ 60,800 | \$ - | \$ 147,027 |
| Increase | 24,466 | - | - | 24,466 |
| Decrease | (29,473) | - | - | (29,473) |
| Net exchange difference | 1,861 | - | - | 1,861 |
| Balance at December 31, 2024 | <u>\$ 83,081</u> | <u>\$ 60,800</u> | <u>\$ -</u> | <u>\$ 143,881</u> |
| <u>Accumulated amortization</u> | | | | |
| Balance at January 1, 2024 | \$ 68,975 | \$ 1,689 | \$ - | \$ 70,664 |
| Amortization expense | 17,165 | 20,267 | - | 37,432 |
| Decrease | (29,473) | - | - | (29,473) |
| Net exchange differences | 836 | - | - | 836 |
| Balance at December 31, 2024 | <u>\$ 57,503</u> | <u>\$ 21,956</u> | <u>\$ -</u> | <u>\$ 79,459</u> |
| Book value at December 31, 2024 | <u>\$ 25,578</u> | <u>\$ 38,844</u> | <u>\$ -</u> | <u>\$ 64,422</u> |

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

| | |
|-------------------------|--------------|
| Computer software | 1 to 3 years |
| Technical Authorization | 3 years |
| Technical Expertise | 10.8 years |

18. Other assets

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|--------------------------------------|----------------------|----------------------|
| <u>Current</u> | | |
| Prepayments | \$ 45,576 | \$ 50,341 |
| Payment on behalf of | 39,705 | - |
| Prepayments for purchases | 1,177 | - |
| Offsets against business tax payable | 711 | 130 |
| Masks and probe cards | - | 14,040 |
| | <u>\$ 87,169</u> | <u>\$ 64,511</u> |
| <u>Non-current</u> | | |
| Masks and probe cards | \$ 156,974 | \$ 109,885 |
| Equipment prepayments | 33,075 | - |
| Prepaid bonuses | 461 | 6,342 |
| | <u>\$ 190,510</u> | <u>\$ 116,227</u> |

19. 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.

20. Other liabilities

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|-----------------------------------|----------------------|----------------------|
| <u>Current</u> | | |
| Other payables | | |
| Salaries and bonuses payable | \$ 71,701 | \$ 53,170 |
| Compensation of employees payable | 58,907 | 45,049 |
| Others | <u>98,868</u> | <u>74,178</u> |
| | <u>\$ 229,476</u> | <u>\$ 172,397</u> |
| Other liabilities | | |
| Receipts under custody | \$ 12,624 | \$ 6,564 |
| Others | <u>7,650</u> | <u>30</u> |
| | <u>\$ 20,274</u> | <u>\$ 6,594</u> |
| <u>Non-current</u> | | |
| Other payables | | |
| Computer software payable | <u>\$ -</u> | <u>\$ 6,337</u> |

21. Post-Employment Benefit Plans

Defined contribution plan

The retirement pension scheme applicable to the Company within the Consolidated 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.

The employees of The Company's subsidiaries in China, Singapore and the United States are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the subsidiaries with respect to the retirement benefit plan is to make the specified contributions.

22. Equity

(1) Share Capital

1. Common shares

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|---|----------------------|----------------------|
| Number of shares authorized (in thousands) | <u>200,000</u> | <u>200,000</u> |
| Shares capital authorized | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>162,708</u> | <u>162,348</u> |
| Shares capital issued | <u>\$ 813,538</u> | <u>\$ 811,739</u> |
| Advance receipts for ordinary shares | <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 offset a deficit, distributed as cash dividends, or transferred to share 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 | <u>467</u> | <u>467</u> |
| | <u>6,231,100</u> | <u>6,188,617</u> |
| <u>May be used to offset a deficit only (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 |
| Stock options | <u>143</u> | <u>-</u> |
| | <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 24(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:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|---------------------|---------------------|
| 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, 2025 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.

23. Revenue

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|---------------------|---------------------|
| Revenue from contracts with customers | | |
| Merchandise sales revenue | \$ 5,153,005 | \$ 3,872,334 |
| Service revenue | 430,206 | 245,587 |
| Licensing revenue | 62,380 | 48,061 |
| Other income | <u>20,907</u> | <u>26,396</u> |
| | <u>\$ 5,666,498</u> | <u>\$ 4,192,378</u> |

(1) Description of customer contracts

Refer to Note 4(14) for details.

(2) Contract balances

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> | <u>Jan. 1, 2024</u> |
|-------------------------------|----------------------|----------------------|---------------------|
| Accounts receivable (Note 10) | <u>\$ 588,490</u> | <u>\$ 517,992</u> | <u>\$ 567,535</u> |
| Contract liabilities | | | |
| Merchandise sales | \$ 938,921 | \$ 158,961 | \$ 68,828 |
| Customer loyalty programs | <u>639</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 939,560</u> | <u>\$ 158,961</u> | <u>\$ 68,828</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>\$ 158,961</u> | <u>\$ 68,828</u> |

24. Net income

(1) Depreciation and amortization

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | \$ 35,351 | \$ 35,646 |
| Right-of-use assets | 19,756 | 17,262 |
| Other intangible assets | <u>39,196</u> | <u>37,432</u> |
| | <u>\$ 94,303</u> | <u>\$ 90,340</u> |

| | <u>2025</u> | <u>2024</u> |
|---|------------------|------------------|
| An analysis of depreciation by function | | |
| Cost of goods sold | \$ 29,537 | \$ 28,882 |
| Operating expenses | <u>25,570</u> | <u>24,026</u> |
| | <u>\$ 55,107</u> | <u>\$ 52,908</u> |
| An analysis of Amortization by function | | |
| Cost of goods sold | \$ 75 | \$ 179 |
| Operating expenses | <u>39,121</u> | <u>37,253</u> |
| | <u>\$ 39,196</u> | <u>\$ 37,432</u> |

(2) Employee benefit expenses

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------|-------------------|-------------------|
| Post-employment benefits | | |
| Defined contribution plan (Note 21) | <u>\$ 24,922</u> | <u>\$ 20,406</u> |
| Share-based payment | | |
| Equity settlement | <u>63,549</u> | <u>60,508</u> |
| Other employee benefits | | |
| Salary expense | 616,146 | 513,306 |
| Labor and health insurance | 39,784 | 34,372 |
| Other personnel expenses | <u>36,132</u> | <u>29,896</u> |
| | <u>692,062</u> | <u>577,574</u> |
| Total employee benefit expenses | <u>\$ 780,533</u> | <u>\$ 658,488</u> |
| Summarized by function | | |
| Cost of goods sold | \$ 66,953 | \$ 55,894 |
| Operating expense | <u>713,580</u> | <u>602,594</u> |
| | <u>\$ 780,533</u> | <u>\$ 658,488</u> |

(3) Compensation to employees and directors

According to the Company's Articles of Incorporation, the Company accrues employees' compensation and board directors' remuneration at the rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of 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 consolidated 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 consolidated 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 | \$ 817,229 | \$ 877,215 |
| Total losses on foreign exchange | (1,172,316) | (364,476) |
| Net income (losses) | (\$ 355,087) | \$ 512,739 |

25. 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 | (\$ 379,988) | (\$ 403,523) |
| Additional tax on undistributed earnings | (14,179) | (8,274) |
| Investment tax credits | 34,809 | 40,866 |
| Adjustment from previous years | (8,598) | (71,856) |
| | (367,956) | (442,787) |
| Deferred income tax | | |
| Generated in the fiscal year | \$ 89,400 | (\$ 11,856) |
| Income tax expense recognized in profit or losses | (\$ 278,556) | (\$ 454,643) |

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

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Income before income tax | <u>\$ 1,518,442</u> | <u>\$ 2,032,875</u> |
| Income tax expenses at statutory rate | (\$ 340,472) | (\$ 406,684) |
| Unrecognizable expense for tax purposes | - | (8,695) |
| Unrecognizable income for tax purposes | 27,545 | - |
| Estimated investment tax credits | 34,809 | 40,866 |
| Income tax adjustments of previous years | (8,598) | (71,856) |
| Unrecognized temporary differences | 22,339 | - |
| Tax on undistributed Earnings | (14,179) | (8,274) |
| Income tax expense recognized in profit or losses | <u>(\$ 278,556)</u> | <u>(\$ 454,643)</u> |

(2) Deferred income tax assets and liabilities

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

2025

| | Beginning balance | Recognized in profit or losses | Exchange differences | Ending balance |
|--|----------------------|--------------------------------------|-------------------------|-------------------|
| <u>Deferred income tax assets</u> | | | | |
| Temporary differences | | | | |
| Allowances for losses on market price decline and obsolete and slow-moving inventories | \$ 62,100 | \$ 7,017 | \$ 3 | \$ 69,120 |
| 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 |
| Lease liabilities | - | 975 | 37 | 1,012 |
| Contract liabilities | - | 128 | - | 128 |
| Bad debts expenses | 482 | - | - | 482 |
| | <u>84,588</u> | <u>23,561</u> | <u>40</u> | <u>108,189</u> |
| Loss carryforward | - | <u>17,442</u> | <u>656</u> | <u>18,098</u> |
| | <u>\$ 84,588</u> | <u>\$ 41,003</u> | <u>\$ 696</u> | <u>\$ 126,287</u> |

| | Beginning balance | Recognized in profit or losses | Exchange differences | Ending balance |
|---|----------------------|--------------------------------------|-------------------------|-------------------|
| <u>Deferred income tax liabilities</u> | | | | |
| Temporary differences | | | | |
| Financial assets measured at FVTPL | \$ 92,782 | (\$ 92,782) | \$ - | \$ - |
| Foreign exchange gain | 2,310 | 624 | - | 2,934 |
| Right-of-usage assets | - | 1,092 | 41 | 1,133 |
| Profit on foreign investments accounted for using the equity method | 20,441 | 42,669 | - | 63,110 |
| | <u>\$ 115,533</u> | <u>(\$ 48,397)</u> | <u>\$ 41</u> | <u>\$ 67,177</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) Information on unused loss carryforwards

As of December 31, 2025, information on loss carryforwards is as follows:

| <u>Unutilized balance of loss carryforward</u> | <u>Final year of carryforward utilization</u> |
|--|---|
| \$ 14,481 | 2025 |
| 44,259 | 2026 |
| 83,096 | 2027 |
| 9,759 | 2028 |
| <u>\$151,595</u> | |

(4) Income tax assessments

The Company's and subsidiary CascadeTeq'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.

26. 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 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.

25. Share-based payment agreement

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.

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\$62,006 thousand and NT\$60,509 thousand, respectively.

Subsidiary Stock Option Plan

OCKY provides a stock option program for its employees and external consultants. As of the acquisition date by the Consolidated Company, the outstanding stock options remained effective and were not replaced by any other stock option plans.

The stock option plan of OCKY as of December 31, 2025, is presented as follows:

| <u>Grant date</u> | <u>2025.01</u> | <u>2023.10</u> | <u>2022.10</u> | <u>2021.10</u> | <u>2021.10</u> | <u>2021.08</u> | <u>2021.03</u> |
|-----------------------------|--|--|---|--|--|--|--|
| Grant unit | 675,800 | 760,000 | 100,000 | 400,000 | 200,000 | 400,000 | 100,000 |
| Exercise price (US\$) | US\$0.25 | US\$0.4 | US\$0.001 | US\$0.001 | US\$0.001 | US\$0.001 | US\$0.001 |
| Share per unit | 1 ordinary share | 1 ordinary share | 1 ordinary share | 1 ordinary share | 1 ordinary share | 1 ordinary share | 1 ordinary share |
| Valuation model | binomial pricing model | binomial pricing model | binomial pricing model | binomial pricing model | binomial pricing model | binomial pricing model | binomial pricing model |
| Granted to | Employees and external consultants | Employees and external consultants | External consultants | Employees and external consultants | External consultants | Employees and external consultants | External consultants |
| Vesting conditions (Note 3) | 1 years 25% 2 years 25% 3 years 25% 4 years 25% | 1 years 25% 2 years 25% 3 years 25% 4 years 25% | 1 years 40% 2 years 30% 3 years 30% | 1 years 20% 2 years 20% 3 years 25% 4 years 35% | 1 years 15% 2 years 20% 3 years 30% 4 years 35% | 1 years 15% 2 years 20% 3 years 30% 4 years 35% | 1 years 25% 2 years 25% 3 years 25% 4 years 25% |
| Duration (years) | 10 | 6 | 7 | 7 | 7 | 7 | 7 |
| Fair value on grant date | US\$0.1207-0.1371 | US\$0.1702-0.1890 | US\$0.39904-0.39910 | US\$0.09900-0.09904 | US\$0.09901-0.09905 | US\$0.09901-0.09904 | US\$0.09901-0.9905 |

Information about outstanding employee share options was as follows

| | <u>December 31, 2025</u> |
|---|--------------------------|
| Range of exercise prices (NTD) | \$0.001- \$0.4 |
| Weighted average remaining contractual term (years) | 2.18 ~ 9.01 years |

The compensation cost recognized by OCKY from March 1, 2025 (the consolidation date) to December 31, 2025, amounted to \$1,543 thousand.

28. Business Consolidation

a. 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> |

For a detailed explanation of the Consolidated Company's acquisition of control over OCKY, please refer to Note 12.

b. Assets acquired and liabilities assumed as of the acquisition date

| | OCKY and its subsidiaries |
|-------------------------------------|------------------------------|
| Current assets | |
| Cash and cash equivalent | \$ 86,038 |
| Prepayment | 84 |
| Non-current assets | |
| Plant, property and equipment | 3,589 |
| Intangible assets | 46,572 |
| Right of usage | 3,264 |
| Refundable deposit | 104 |
| Current liabilities | |
| Contract liabilities | (32,820) |
| Account payables and other payables | (9,719) |
| Lease liabilities - current | (1,674) |
| Other current liabilities | (116) |
| Non-current liabilities | |
| Lease liabilities – non-current | (<u>1,618</u>) |
| | <u>\$ 93,704</u> |

c. Non-controlling interests

The non-controlling interest in OCKY (72.12% ownership interest) was measured at its fair value of NT\$124,960 thousand as of the acquisition date. This fair value was estimated using the income approach, with the following key assumptions:

1. A discount rate of 15.1%;
2. A long-term sustainable growth rate of 2%; and
3. Adjustments based on factors considered by market participants, including the lack of market liquidity of the stock.

d. Goodwill due to acquisition

| | OCKY and its subsidiaries |
|--|------------------------------|
| Acquisition price | \$ 63,985 |
| Add: Non-controlling interests (72.12% ownerships of OCKY) | 124,960 |
| Less: Fair value of acquired identifiable net assets. | (<u>93,704</u>) |
| Goodwill arising from the acquisition. | <u>\$ 95,241</u> |

e. Net cash inflow from the acquisition of a subsidiary

| | OCKY and its subsidiaries |
|-------------------------------------|------------------------------|
| Consideration paid in cash. | \$ - |
| Cash and cash equivalents acquired. | (<u>86,038</u>) |
| | <u>(\$ 86,038)</u> |

f. Impact of business consolidation on operating results

Operating results from the acquired company since the acquisition date are as follows.

| | |
|-------------------|--|
| | <u>OCKY and other subsidiaries</u> |
| Operating revenue | <u>\$ 32,680</u> |
| Net loss | <u>\$ 21,147</u> |

Had the acquisition of OCKY taken place on January 1, 2025, the pro forma consolidated revenue for 2025, would have been \$5,666,863 thousand, and the pro forma net income would have been \$1,235,100 thousand. These amounts do not reflect the actual revenue and operating results that the consolidated company could have generated had the business combination been completed at the beginning of the acquisition year and should not be used as a forecast of future operating results.

29. Capital Risk Management

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

The Consolidated Company is not subject to any external capital requirements.

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

30. Financial Instruments

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

The main management of the Consolidated Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value in the consolidated 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 measured at FVTPL</u> | | | | |
| Equity instruments | \$ - | \$ - | \$ 86,433 | \$ 86,433 |
| <u>Financial assets measured at FVTOCI</u> | | | | |
| Equity instruments | \$ - | \$ - | \$ 157,150 | \$ 157,150 |
| <u>Financial liabilities measured at FVTPL</u> | | | | |
| Liabilities designated at FVTPL | \$ - | \$ - | \$ 8,266 | \$ 8,266 |

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 | \$ - | \$ - | \$ 543,115 | \$ 543,115 |

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>Measured at Fair Value through Other Comprehensive Income</u> |
|--|--|--|
| | <u>Equity Instrument</u> | <u>Equity Instrument</u> |
| Beginning balance | \$ 543,115 | \$ - |
| Add in current year | 37,256 | 157,150 |
| Recognized in profit or losses | 106,997 | - |
| Disposal in this year | (600,935) | - |
| Ending balance | <u>\$ 86,433</u> | <u>\$ 157,150</u> |
| Unrealized gains recognizing in the current year related to the assets held at the end of year | <u>\$ -</u> | <u>\$ -</u> |

2024

| Financial Assets | Measured at Fair Value through Profit or Loss |
|--|--|
| <u>Financial Assets</u> | <u>Equity Instruments</u> |
| Beginning balance | \$373,267 |
| Add in current year | 47,475 |
| Recognized in profit or losses | <u>122,373</u> |
| Ending balance | <u>\$543,115</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 Instrument</u> | <u>Valuation Technique and Inputs</u> |
|--|---|
| Unlisted company stock - domestic and foreign | <p>a) Fair values are estimated using the market approach, with reference to the company's valuation of similar companies and recent financing activities.</p> <p>b) Fair values are estimated using asset-based approach, with reference to the total market value of the individual assets and liabilities of the investee company.</p> |
| Simple agreement for future equity | Measure its fair value based on the transaction price and potential future scenarios. |
| Derivative instrument – stock warrants. | Using the income approach to evaluate the enterprise value and assessing the fair value of the warrants based on this valuation. |

(3) Categories of financial instruments

| | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
|---|----------------------|----------------------|
| <u>Financial assets</u> | | |
| Equity instruments investment measured at fair value through profit or loss | \$ 86,433 | \$ 543,115 |
| Measured at amortized cost (Note 1) | 11,673,879 | 9,947,110 |
| Equity instruments investment measured at fair value through other comprehensive income | 157,150 | - |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at fair value through profit or loss | 8,266 | - |
| Measured at amortized cost (Note 2) | 936,734 | 511,603 |

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, debt instrument investments, accounts receivable, 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, and deposits received.

(4) Financial Risk Management Objectives and Policies

The primary financial instruments of the Consolidated 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 Consolidated Company provides services to business units, overseeing and managing financial risks related to the operations of the Consolidated 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 Consolidated 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 consolidated 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

Several subsidiaries of the Company are involved in transactions of sales and purchases denominated in foreign currencies, thereby exposing the Consolidated Company to exchange rate fluctuation risks.

Refer to Note 34 for the carrying amounts of monetary assets and liabilities denominated in non-functional currencies at the balance sheet date.

Sensitivity Analysis

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

The table below details a sensitivity analysis for the Consolidated Company when the exchange rate of the functional currency 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 |
| Gain or loss (i) | \$ 340,482 | \$ 416,918 |

(i) Mainly arising from the Consolidated Company's USD-denominated bank 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 consolidated Company's financial assets 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 | \$10,102,906 | \$ 8,329,991 |
| – Financial liabilities | 232,468 | 124,231 |
| Cash flow interest rate risk | | |
| – Financial assets | 915,578 | 610,102 |

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 Consolidated Company's net income before tax by NT\$4,578 thousand and NT\$3,051 thousand for 2025 and 2024, respectively, mainly due to the Consolidated Company's floating rate deposits.

(3) Other price risk

The price risk of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income for the Consolidated Company in 2025 and 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 Consolidated Company for 2025 and 2024 would respectively increase/decrease by NT\$4,322 thousand and NT\$27,156 thousand, due to the change in fair value of financial assets measured at fair value through profit or loss. the other comprehensive income before tax of the Consolidated Company for 2025 would increase/decrease by NT\$7,858 thousand, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk of financial loss to the Consolidated 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 Consolidated Company mainly arises from the carrying amounts of financial assets recognized on the consolidated balance sheet.

The policy adopted by the Consolidated Company involves transacting with creditworthy parties and obtaining adequate collateral, where necessary, to mitigate the financial loss from defaults. The Consolidated Company uses publicly available financial information and its transaction history to rate its major customers. The Consolidated 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 Consolidated 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 | <u>68,426</u> |
| | <u>\$ 215,816</u> |
| | <u>Dec. 31, 2024</u> |
| Customer A | \$ 94,154 |
| Customer C | <u>93,748</u> |
| | <u>\$ 187,902</u> |

To mitigate credit risk, the management of the Consolidated 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 Consolidated Company reviews the recoverability of receivables to ensure that appropriate impairment losses are recognized for irrecoverable amounts. Based on this, the management of the Consolidated Company believes that the credit risk has been significantly reduced.

3. Liquidity Risk

The objective of managing liquidity risk is to ensure that the Consolidated Company has sufficient liquidity to meet its operational needs over the next 12 months. The Consolidated 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 Consolidated Company. Refer to the explanation below for the unused borrowing facilities of the Consolidated Company.

(1) Liquidity and interest rate risk table

The table below details the remaining contractual maturity analysis of non-derivative financial liabilities of the Consolidated Company with agreed repayment periods, based on the earliest date the Consolidated 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 liabilities</u> | | | | | |
| No interest-bearing liabilities | - | \$ 730,684 | \$ 4,050 | \$ - | \$ - |
| Lease liabilities | 2.97 | 6,712 | 15,155 | 11,779 | - |
| Fixed rate instruments | 1.92 | <u>200,642</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 938,038</u> | <u>\$ 19,205</u> | <u>\$ 11,779</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 liabilities</u> | | | | | |
| No interest-bearing liabilities | - | \$ 380,821 | \$ 22,445 | \$ 6,337 | \$ - |
| Lease liabilities | 2.83 | 3,726 | 8,664 | 12,582 | - |
| Fixed rate instruments | 1.95 | <u>100,182</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 484,729</u> | <u>\$ 31,109</u> | <u>\$ 18,919</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>697,510</u> |
| | <u>\$ 957,150</u> | <u>\$ 797,510</u> |

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

31. Related Party Transactions

The transactions, account balances, income, and expenses between the company and its subsidiaries (the related parties of the Company) have been fully eliminated during the consolidation process, and therefore, they are not disclosed in this note.

Other than the part disclosed in other notes, transactions between the consolidated 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 |

(2) Net revenue

| <u>Items</u> | <u>Related party category</u> | <u>2025</u> | <u>2024</u> |
|---------------|-------------------------------|-----------------|-----------------|
| Sales revenue | Associate | <u>\$ 5,468</u> | <u>\$ 5,650</u> |

Transactions with related parties for sales are processed at prices agreed upon by both parties, with payment periods comparable to those of general customers.

(3) Key management personnel compensation

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

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

32. 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> |

33. Significant Contingent Liabilities and Unrecognized Commitments

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

Significant Commitments

The Consolidated 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 Consolidated 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.

34. 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 Consolidated 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

| | Foreign Currency | Exchange Rate | Book Amount |
|------------------------------|------------------|------------------|---------------------|
| <u>Financial Assets</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | \$ 239,569 | 31.430 (USD:TWD) | \$ 7,529,622 |
| USD | 5,104 | 6.9907 (USD:RMB) | <u>160,404</u> |
| | | | <u>\$ 7,690,026</u> |
| | | | |
| <u>Financial Liabilities</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | 17,205 | 31.430 (USD:TWD) | \$ 540,776 |
| USD | 10,806 | 6.9907 (USD:RMB) | <u>339,643</u> |
| | | | <u>\$ 880,419</u> |

Dec. 31, 2024

| | Foreign Currency | Exchange Rate | Book Amount |
|---|------------------|------------------|---------------------|
| <u>Financial Assets</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | \$ 263,338 | 32.785 (USD:TWD) | \$ 8,633,498 |
| USD | 3,147 | 7.321 (USD:RMB) | <u>103,172</u> |
| | | | <u>\$ 8,736,670</u> |
| | | | |
| <u>Non-monetary Items</u> | | | |
| Equity instruments measured at fair value through profit or loss | | | |
| RMB | 110,303 | 4.478 (RMB:TWD) | \$ 493,938 |
| USD | 1,500 | 32.785 (USD:RMB) | <u>49,177</u> |
| | | | <u>\$ 543,115</u> |
| | | | |
| <u>Financial Liabilities</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | 8,337 | 32.785 (USD:TWD) | \$ 273,298 |
| USD | 3,813 | 7.321 (USD:RMB) | <u>125,013</u> |
| | | | <u>\$ 398,311</u> |

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

| Foreign Currency | 2025 | | 2024 | |
|---------------------|------------------|-----------------------------|------------------|-----------------------------|
| | Exchange Rate | Net Exchange (Loss)/Gain | Exchange Rate | Net Exchange (Loss)/Gain |
| USD | 31.180 (USD:TWD) | (\$ 367,078) | 32.112 (USD:TWD) | \$ 521,717 |
| USD | 7.196 (USD:RMB) | 5,461 | 7.210 (USD:RMB) | (9,010) |
| Other | | 6,530 | | 32 |
| | | <u>(\$ 355,087)</u> | | <u>\$ 512,739</u> |

35. SEPARATELY DISCLOSED ITEMS

(1) Information on major transactions

1. Financings provided: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held (excluding the part of investment subsidiaries):
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.
6. Other: Business relationships and significant transaction details and amounts between the parent company and its subsidiaries, and among the subsidiaries themselves: Table 4.

(2) Detailed information of investment: Table 5.

(3) Information on investment in mainland China:

1. Information on investment in mainland China 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 6.
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: Table 4.
- (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: Table 4.

36. Operating Segments Information

The information provided to the chief operating decision-maker for resource allocation and performance assessment focuses on the types of products or services delivered or provided. The reportable segments of the Consolidated Company are as follows:

IOT Business Unit - Design, sales, and licensing of customized memory solutions.

AI Business Unit - Design, sales, and licensing of heterogeneous integrated chip solutions.

Starting from 2025, operational executives use the consolidated company's financial information to allocate resources and assess performance. According to IFRS 8 "Operating Segments," the consolidated company is managed, and resources are allocated as a single operating segment. Additionally, the revenue from this operational activity accounts for over 90% of the total consolidated revenue. Therefore, from 2025 onward, the consolidated company is not required to disclose operating segment financial information.

(1) Segment revenue and operating results

The revenue and operating results of the Consolidated Company's continuing operations by reportable segment are as follows:

2024

| | <u>IOT</u> | <u>AI</u> | <u>Total</u> |
|-----------------------------------|---------------------|-------------------|---------------------|
| Segment revenue | \$ 3,337,549 | \$ 854,829 | \$ 4,192,378 |
| Operating costs | (1,671,704) | (375,101) | (2,046,805) |
| Segment net profit | <u>\$ 1,665,845</u> | <u>\$ 479,728</u> | 2,145,573 |
| Operating expenses | | | (1,082,483) |
| Operating income | | | 1,063,090 |
| Non-operating income and expenses | | | <u>969,785</u> |
| Net income before tax | | | <u>\$ 2,032,785</u> |

(2) Major products and services revenue

Please refer to Note 23.

(3) Geographical information

Revenue from external customers by the geographical location of the customers and non-current assets by the geographical area of the assets are presented as follows:

| | <u>Revenue from External Customers</u> | | <u>Non-current Assets</u> | |
|-----------|--|---------------------|---------------------------|----------------------|
| | <u>2025</u> | <u>2024</u> | <u>Dec. 31, 2025</u> | <u>Dec. 31, 2024</u> |
| China | \$ 4,420,000 | \$ 3,244,929 | \$ 60,228 | \$ 50,470 |
| Taiwan | 683,203 | 586,343 | 280,473 | 647,852 |
| America | 374,326 | 178,165 | 26,676 | 21,223 |
| Singapore | 150,068 | 138,799 | - | - |
| Europe | 25,896 | 11,810 | - | - |
| Others | <u>13,005</u> | <u>32,332</u> | <u>5,658</u> | <u>-</u> |
| | <u>\$ 5,666,498</u> | <u>\$ 4,192,378</u> | <u>\$ 373,035</u> | <u>\$ 719,545</u> |

Non-current assets exclude financial assets measured at FVTPL, financial assets measured at FVTOCI, investments accounted for using the equity method, goodwill and deferred income tax assets.

(4) Major customer information

Revenue from a single customer that accounts for 10% or more of the total revenue of the Consolidated Company is as follows:

| | |
|------------|---------------------|
| | <u>2025</u> |
| Customer C | \$ 703,911 |
| Customer F | <u>641,306</u> |
| | <u>\$ 1,345,217</u> |
| | <u>2024</u> |
| Customer C | <u>\$ 644,723</u> |

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

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

Table 1

| 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 FVOCI - non-current | 2,500,000 | 157,150 | 13.51% | 157,150 | |

Note : Refer to Tables 5 and 6 for information about subsidiaries and associates.

AP Memory Technology Corporation and Subsidiaries
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: All amounts have been eliminated while preparing the consolidated financial statements.

Note 3: 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 and Subsidiaries
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 (Note 1) | 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-subsidiary | \$ 615,412 | 3.32 | \$ - | - | \$ 351,994 | \$ - |
| AP Memory Technology Corporation | AP Memory Technology (Hangzhou) Co. Limited | Subsidiary | 338,774 | 7.00 | - | - | 336,608 | - |

Note 1: All amounts have been eliminated while preparing the consolidated financial statements.

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 and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
For the Year Ended December 31, 2025

Table 4

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

| Number (Note 1) | Company Name | Counterparty | Flow of Transaction (Note 2) | Transaction Details | | | |
|--------------------|---|---|------------------------------------|-----------------------------------|-----------------|-------------------|---|
| | | | | Account | Amount (Note 4) | Transaction Terms | Percentage of Transaction Amount to Consolidated Operating Revenue or Total Assets (Note 3) |
| 0 | AP Memory Technology Corporation | AP Memory Corp, USA | (a) | Research and development expenses | \$ 16,964 | Note 5 | 0.30% |
| 0 | AP Memory Technology Corporation | AP Memory Technology (Hangzhou) Co. Limited | (a) | Operating revenue | 1,622,939 | Note 5 | 28.64% |
| 0 | AP Memory Technology Corporation | AP Memory Technology (Hangzhou) Co. Limited | (a) | Trade receivables | 338,774 | Note 5 | 2.30% |
| 0 | AP Memory Technology Corporation | AP Memory Technology (Hangzhou) Co. Limited | (a) | Other receivables | 1,743 | Note 5 | 0.01% |
| 0 | AP Memory Technology Corporation | AP Memory Technology (Hong Kong) Co. Limited | (a) | Operating revenue | 1,377,586 | Note 5 | 24.31% |
| 0 | AP Memory Technology Corporation | AP Memory Technology (Hong Kong) Co. Limited | (a) | Trade receivables | 615,412 | Note 5 | 4.18% |
| 0 | AP Memory Technology Corporation | CascadeTeq Inc. | (a) | Operating revenue | 20,743 | Note 5 | 0.37% |
| 0 | AP Memory Technology Corporation | CascadeTeq Inc. | (a) | Trade receivables | 2,001 | Note 5 | 0.01% |
| 0 | AP Memory Technology Corporation | Shanghai Smardust Technology Co., Ltd. | (a) | Operating revenue | 5,062 | Note 5 | 0.09% |
| 0 | AP Memory Technology Corporation | Shanghai Smardust Technology Co., Ltd. | (a) | Trade receivables | 2,319 | Note 5 | 0.02% |
| 1 | AP Memory Technology (Hangzhou) Co. Limited | AP Memory Technology (Hong Kong) Co. Limited | (c) | Service revenue | 145,575 | Note 5 | 2.57% |
| 1 | AP Memory Technology (Hangzhou) Co. Limited | AP Memory Technology (Hong Kong) Co. Limited. | (c) | Trade receivables | 70,310 | Note 5 | 0.48% |

Note 1: The transactions between the parent company and subsidiaries should be identified in the numbering column. The parent company and subsidiaries are numbered as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered in an order starting from 1.

Note 2: The directional flow of the transactions are represented by the following numerals:

- a. From parent company to subsidiary.
- b. From subsidiary to parent company.
- c. Between subsidiaries.

Note 3: The accounts in the consolidated balance sheets and those in the consolidated statements of comprehensive income were based on the Company's consolidated total assets and total gross sales, respectively.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

Note 5: For the intercompany transactions, prices and terms were based on mutual agreements.

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

Table 5

(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 twelve months 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 and Subsidiaries
Information on Investment in Mainland China
For the Year Ended December 31, 2025

Table 6

(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 8 | - | - | - | - | 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) | \$58,098 (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: Related transactions were eliminated upon consolidation.

Note 8: Reinvesting in Shanghai Smardust Technology Co., Ltd. through the third-region company OCKY.