

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
CALIN Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2025 are stated as follows:

1. Valuation of Inventory Impairment

Description

As of December 31, 2025, inventories of CALIN Corporation represented approximately 17% of total assets. Inventories are susceptible to fluctuations in market demand and rapid technological changes, which may result in obsolescence and excess stock and, consequently, inventory write-downs. The Company's accounting policy for inventory write-downs is based primarily on inventory aging information and requires significant management judgment in assessing expected sales, obsolescence, and product quality. Accordingly, inventories are measured at the lower of cost and net realizable value, and provisions are recognized, as necessary. Therefore, the valuation of inventories was a key audit matter in our audit of the accompanying financial statements.

How our audit addressed the matter

Our main audit procedures included (i) reviewing the inventory aging report and analyzing period-over-period movements in aging; (ii) evaluating the reasonableness of management's policy for recognizing inventory write-downs and obsolescence; (iii) testing, on a sample basis, the recorded inventory balance; (iv) obtaining recent raw material quotations and/or estimated selling prices to verify the determination of net realizable value; and (v) assessing the appropriateness of the inventory valuation basis and the adequacy of the allowance for obsolete and damaged inventories.

2 Sales Revenue Recognition

Description

Sales revenue is a key indicator of a company's financial and operating performance. For the year ended December 31, 2025, CALIN Corporation recognized sales revenue of NTD 1,020,255 thousand. As the Company conducts business globally, including in the Americas, China, and Europe, the timing of revenue recognition depends on the specific terms of each contract or order.

Accordingly, sales revenue recognition was a key audit matter in our audit of the accompanying financial statements.

How our audit addressed the matter

Our main audit procedures included (i) obtaining an understanding of, and evaluating the design and implementation of, key internal controls over the sales and collection cycle; (ii) testing, on a sample basis, revenue transactions to assess whether revenue was recognized in accordance with the relevant contractual terms; (iii) analyzing changes in sales to the top ten customers and investigating significant or unusual fluctuations; (iv) performing analytical procedures on sales revenue and accounts receivable, including assessing the reasonableness of days sales outstanding; and (v) performing cut-off testing by selecting sales transactions around the period end, inspecting supporting documents to assess the appropriateness of the revenue recognition period, and evaluating whether significant returns or exchanges occurred after year end.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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



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

The engagement partners responsible for the audits resulting in this independent auditors' report are Yang, Chen Yu and Shao, Chao Pin.

CROWE (TW) CPAs
Taichung, Taiwan (Republic of China)

March 11, 2026

Notice to Readers

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

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

CALIN Corporation

BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

| ASSETS | NOTES | December 31, 2025 | | December 31, 2024 | |
|--|-----------|---------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6(1) | \$ 940,169 | 36 | \$ 1,229,411 | 41 |
| Notes receivable, net | 6(2) | 268 | - | 1,412 | - |
| Accounts receivable, net | 6(2) | 180,019 | 7 | 207,583 | 7 |
| Other receivables | | 3,076 | - | 4,833 | - |
| Current income tax assets | 6(24) | 8,344 | - | 6,496 | - |
| Inventories, net | 6(3) | 445,439 | 17 | 444,525 | 15 |
| Other financial assets - current | 8 | 16,910 | 1 | 8,637 | - |
| Prepayments and other current assets | | 20,993 | 1 | 20,072 | 1 |
| Total current assets | | 1,615,218 | 62 | 1,922,969 | 64 |
| NONCURRENT ASSETS | | | | | |
| Financial assets at fair value through other comprehensive income - noncurrent | 6(4) | 328 | - | 328 | - |
| Property, plant and equipment | 6(5) - 8 | 844,309 | 33 | 923,176 | 31 |
| Right-of-use assets | 6(6) | 4,150 | - | 4,527 | - |
| Investment properties | 6(7) | 55,226 | 2 | 56,477 | 2 |
| Intangible assets | 6(8) | 11,706 | - | 16,275 | 1 |
| Deferred income tax assets | 6(24) | 59,849 | 2 | 59,068 | 2 |
| Prepayments for equipment | | 22,980 | 1 | 12,663 | - |
| Other noncurrent assets | 6(12) | 1,009 | - | 1,385 | - |
| Total noncurrent assets | | 999,557 | 38 | 1,073,899 | 36 |
| TOTAL | | \$ 2,614,775 | 100 | \$ 2,996,868 | 100 |
| LIABILITIES AND EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Contract liabilities | 6(18) | \$ 29,140 | 1 | \$ 24,112 | 1 |
| Notes payable | | 634 | - | 12,686 | - |
| Accounts payable | | 127,353 | 5 | 88,918 | 3 |
| Other payables | 6(9) | 85,156 | 3 | 91,949 | 3 |
| Lease liabilities - current | 6(6) | 2,236 | - | 1,743 | - |
| Long-term liabilities - current portion | 6(10) - 8 | 56,344 | 2 | 140,542 | 5 |
| Other current liabilities | | 5,090 | - | 3,372 | - |
| Total current liabilities | | 305,953 | 11 | 363,322 | 12 |
| NONCURRENT LIABILITIES | | | | | |
| Long term loans | 6(10) - 8 | 67,018 | 3 | 123,362 | 4 |
| Deferred income tax liabilities | 6(24) | 565 | - | 1,529 | - |
| Lease liabilities - noncurrent | 6(6) | 2,046 | - | 2,924 | - |
| Other noncurrent liabilities | | 1,766 | - | 1,803 | - |
| Total noncurrent liabilities | | 71,395 | 3 | 129,618 | 4 |
| Total liabilities | | 377,348 | 14 | 492,940 | 16 |
| EQUITIES | | | | | |
| Common stock | 6(13) | 1,413,510 | 54 | 1,404,080 | 48 |
| Capital surplus | 6(14) | 1,141,940 | 44 | 1,204,682 | 40 |
| Retained earnings | 6(15) | | | | |
| Legal capital reserve | | | - | - | - |
| Special capital reserve | | 2,811 | - | 2,811 | - |
| Unappropriated earnings (accumulated deficit) | | (260,628) | (10) | (78,518) | (3) |
| Others | 6(16) | (30,524) | (1) | (29,127) | (1) |
| Treasury stock | 6(17) | (29,682) | (1) | - | - |
| Total equity | | 2,237,427 | 86 | 2,503,928 | 84 |
| TOTAL | | \$ 2,614,775 | 100 | \$ 2,996,868 | 100 |

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

CALIN Corporation

STATEMENTS OF COMPREHENSIVE INCOME

FOR YEARS ENDED DECEMBER 31, 2025 AND 2024

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

| | NOTES | 2025 | | 2024 | |
|---|----------|--------------|-------|--------------|------|
| | | Amount | % | Amount | % |
| NET REVENUE | 6(18) | \$ 1,020,255 | 100 | \$ 1,128,847 | 100 |
| COST OF REVENUE | 6(3)(19) | (1,103,300) | (108) | (1,111,148) | (98) |
| GROSS PROFIT (LOSS) | | (83,045) | (8) | 17,699 | 2 |
| OPERATING EXPENSES | 6(19) | | | | |
| Marketing | | (18,252) | (2) | (15,734) | (1) |
| General and administrative | | (80,120) | (8) | (76,527) | (7) |
| Research and development | | (89,412) | (9) | (68,892) | (6) |
| Total operating expenses | | (187,784) | (19) | (161,153) | (14) |
| OPERATING PROFIT (LOSS) | | (270,829) | (27) | (143,454) | (12) |
| NONOPERATING INCOME AND EXPENSES | | | | | |
| Interest income | 6(20) | 18,295 | 2 | 36,448 | 4 |
| Other income | 6(21) | 12,864 | 1 | 8,608 | 1 |
| Other gains and losses | 6(22) | (19,684) | (2) | 54,705 | 5 |
| Finance costs | 6(23) | (3,084) | - | (5,993) | (1) |
| Total nonoperating income and expenses | | 8,391 | 1 | 93,768 | 9 |
| INCOME(LOSS) BEFORE INCOME TAX | | (262,438) | (26) | (49,686) | (3) |
| INCOME TAX EXPENSE | 6(24) | 1,758 | - | (28,969) | (3) |
| NET INCOME (LOSS) | | (260,680) | (26) | (78,655) | (6) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | 6(25) | | | | |
| Remeasurement of defined benefit plans | | 65 | - | 171 | - |
| Income tax benefit (expense) related to items that will not be reclassified | | (13) | - | (34) | - |
| Other comprehensive income (loss) for the year, net of income tax | | 52 | - | 137 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | \$ (260,628) | (26) | \$ (78,518) | (6) |
| LOSS PER SHARE (IN DOLLARS) | | | | | |
| Basic | 6(26) | \$ (1.88) | | \$ (0.57) | |
| Diluted | | \$ (1.88) | | \$ (0.57) | |

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

CALIN Corporation

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

| | Capital Stocks | | Retained Earnings | | | | Others | | | Treasury Stock | Total Equity |
|--|----------------|-----------------|-----------------------|-------------------------|--|--------------|---|--|-------------|----------------|--------------|
| | Common Stocks | Capital Surplus | Legal Capital Reserve | Special Capital Reserve | Unappropriated Earnings (Accumulated Deficits) | Total | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Unearned compensation on employee share-based payments | Total | | |
| BALANCE, JANUARY 1, 2024 | \$ 1,406,900 | \$ 1,571,188 | \$ 603 | \$ 2,811 | \$ (383,336) | \$ (379,922) | \$ (2,942) | \$ (51,003) | \$ (53,945) | \$ (35,161) | \$ 2,509,060 |
| Offset of accumulated deficits against capital surplus and legal reserve | - | (382,733) | (603) | - | 383,336 | 382,733 | - | - | - | - | - |
| Expiration of employee share-based payment | (2,820) | (5,791) | - | - | - | - | - | - | - | - | (8,611) |
| Compensation cost of employee share-based payments | - | - | - | - | - | - | - | 24,818 | 24,818 | - | 24,818 |
| Reissuance of treasury stock options to employees | - | 22,018 | - | - | - | - | - | - | - | 35,161 | 57,179 |
| Net loss in 2024 | - | - | - | - | (78,655) | (78,655) | - | - | - | - | (78,655) |
| Other comprehensive income (loss) in 2024 | - | - | - | - | 137 | 137 | - | - | - | - | 137 |
| BALANCE, DECEMBER 31, 2025 | 1,404,080 | 1,204,682 | - | 2,811 | (78,518) | (75,707) | (2,942) | (26,185) | (29,127) | \$ - | 2,503,928 |
| Offset of accumulated deficits against capital surplus and legal reserve | - | (78,518) | - | - | 78,518 | 78,518 | - | - | - | - | - |
| Issuance of employee share-based payments | 10,000 | 16,880 | - | - | - | - | - | (26,880) | (26,880) | - | - |
| Expiration of employee share-based payment | (570) | (1,123) | - | - | - | - | - | - | - | - | (1,693) |
| Compensation cost of employee share-based payments | - | - | - | - | - | - | - | 25,483 | 25,483 | - | 25,483 |
| Donations from shareholders | - | 19 | - | - | - | - | - | - | - | - | 19 |
| Purchase of treasury stock | - | - | - | - | - | - | - | - | - | (29,682) | (29,682) |
| Net loss in 2025 | - | - | - | - | (260,680) | (260,680) | - | - | - | - | (260,680) |
| Other comprehensive income (loss) in 2025 | - | - | - | - | 52 | 52 | - | - | - | - | 52 |
| BALANCE, DECEMBER 31, 2025 | \$ 1,413,510 | \$ 1,141,940 | \$ - | \$ 2,811 | \$ (260,628) | \$ (257,817) | \$ (2,942) | \$ (27,582) | \$ (30,524) | \$ (29,682) | \$ 2,237,427 |

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

CALIN Corporation

STATEMENTS OF CASH FLOWS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|--|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss before income tax | \$ (262,438) | \$ (49,686) |
| Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 127,689 | 140,270 |
| Amortization | 6,873 | 5,824 |
| Interest expense | 3,084 | 5,993 |
| Interest income | (18,295) | (36,448) |
| Compensation cost from share-based payments | 23,790 | 38,225 |
| Gain on disposal of property, plant and equipment | (447) | - |
| Others | (478) | (1,004) |
| Net changes in operating assets and liabilities | | |
| Notes receivable | 1,144 | (205) |
| Accounts receivable | 27,564 | (11,394) |
| Other receivables | 1,418 | 67 |
| Inventories | (19,198) | 9,788 |
| Other financial assets - current | (8,273) | (7,437) |
| Prepayments and other current assets | (3,225) | (8,918) |
| Contract liabilities | 5,028 | 17,068 |
| Notes payable | (2,339) | 3,301 |
| Accounts payable | 38,435 | (20,365) |
| Other payables | (3,648) | 8,492 |
| Other current liabilities | 2,159 | 281 |
| Net defined benefit liability and asset | 6 | (1,068) |
| Cash provided from (used in) operations | (81,151) | 92,784 |
| Interest received | 18,634 | 37,054 |
| Income taxes refunded (paid) | (1,848) | (3,179) |
| Interest paid | (2,697) | (5,057) |
| Net cash provided by (used in) operating activities | (67,062) | 121,602 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (27,002) | (49,075) |
| Proceeds from disposal of property, plant and equipment | 447 | - |
| Decrease (increase) in refundable deposits | 435 | (181) |
| Acquisition of intangible assets | (3,097) | (145) |
| Increase in prepayment for equipment | (20,030) | (838) |
| Net cash used in investing activities | (49,247) | (50,239) |

(Continued)

CALIN Corporation

STATEMENTS OF CASH FLOWS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|--|-------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term loans | \$ - | \$ 10,640 |
| Repayment of long-term loans | (141,020) | (145,707) |
| Repayments of the principal portion of lease liabilities | (2,250) | (2,196) |
| Purchase of treasury stock | (29,682) | - |
| Reissuance of treasury stock options to employees | - | 35,161 |
| Others | 19 | - |
| Net cash provided by (used in) financing activities | <u>(172,933)</u> | <u>(102,102)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (289,242) | (30,739) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,229,411 | 1,260,150 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 940,169</u> | <u>\$ 1,229,411</u> |

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

(Concluded)

CALIN Corporation

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. ORGANIZATION AND OPERATIONS

CALIN Corporation (the “Company”) was incorporated on December 26, 2002. The Company’s registered address is No. 24, Jianguo Road, Tanzi District, Taichung City, Taiwan. The Company is principally engaged in the manufacture and surface treatment of optical instruments, electronic components, industrial plastic products, molds, and motor vehicle parts.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 20, 2012.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying financial statements were approved and authorized for issue by the Board of Directors on March 11, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2025 are as follows:

| New, Revised or Amended Standards and Interpretations | Effective Date Announced by IASB |
|--|---|
| Amendments to IAS 21, “Lack of Exchangeability” | January 1, 2025 (Note) |

(1) **Amendments to IAS 21, “Lack of Exchangeability”**

The amendments define exchangeability and provide application guidance on how an entity should determine the spot exchange rate at the measurement date when a currency lacks exchangeability. Additionally, the amendments require entities to disclose more useful information in their financial statements when a currency cannot be exchanged for another currency.

Based on the Company's assessment, the application of the New IFRSs above will not have significant impact on the Company's financial position and financial performance.

3.2 IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC:

A summary of the new standards and amendments issued by the IASB that are effective from 2026 is as follows:

| New IFRSs | Effective Date Announced by IASB |
|---|-------------------------------------|
| Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity" | January 1, 2026 |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| Annual Improvements to IFRS Accounting Standards – Volume 11 | January 1, 2026 |

Except for the following, the Company has assessed that the standards and interpretations have no significant impact on the financial position and financial performance of the Company.

- (1) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

The IASB issued the amendments to:

- (i) Clarifies and provides additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. The scope includes contractual terms that may alter cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments with nonrecourse features, and contractually linked instruments.
- (ii) Introduce new disclosure requirements for certain instruments with contractual terms that may alter cash flow (e.g., instruments with features linked to the achievement of environmental, social, and governance (ESG) targets). These disclosures include a qualitative description of the nature of the contingent event, quantitative information on the potential changes in contractual cash flows resulting from these contractual terms, and the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to these contractual terms
- (iii) Clarifies the recognition and derecognition dates of certain financial assets and liabilities and introduces a new exception for the derecognition of a financial

liability (or part of a financial liability) settled through an electronic payment system. Under this exception, an entity is permitted to derecognize a financial liability before the settlement date if, and only if, the entity has initiated a payment instruction and the following conditions are met:

- (a) The entity does not have the practical ability to revoke, stop, or cancel the payment instruction;
 - (b) The entity no longer has the practical ability to access the cash used for settlement as a result of the payment instruction; and
 - (c) The settlement risk associated with the electronic payment system is not significant.
- (iv) Update the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVTOCI). The entity shall disclose the fair value of each class of investment but is no longer required to disclose the fair value of each individual investment. Additionally, the amendments require the entity to disclose the fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains or losses related to investments derecognized during the reporting period; the fair value gains or losses related to investments held at the end of the reporting period; and any transfers of cumulative gains or losses within equity during the reporting period related to investments derecognized during that period.
- (2) Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”
The amendments apply to contracts that expose an entity to variability in electricity generation due to uncontrollable natural conditions (such as the weather). These amendments include:
- (i) Clarifying the application of the ‘own use’ requirements for contracts to buy or sell nature-dependent electricity:
When a contract requires an entity to purchase and take delivery of electricity as it is generated, and the design and operation of the electricity market in which the contract is transacted require the entity to sell any unused electricity within a specified time frame, the entity shall consider reasonable and supportable information regarding its past, current, and expected future electricity transactions within a reasonable period not exceeding 12 months.
An entity applying these amendments to own-use contracts involving nature-dependent electricity shall disclose the following:
 - A. The variability in the underlying amount of electricity and the risk that the entity may be required to purchase electricity during a delivery interval in which it cannot use the electricity;
 - B. Unrecognized contractual commitments, including the expected future cash flows from purchasing electricity under these contracts; and
 - C. The impact of these contracts on the entity’s financial performance for the

reporting period.

- (ii) Clarifying the application of hedge accounting for contracts involving nature-dependent electricity as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that aligns with the variable amount of nature-dependent electricity expected to be delivered by the generation facility referenced in the hedging instrument. Additionally, when a contract involving nature-dependent electricity is designated as a hedging instrument in a cash flow hedge relationship, and its cash flows are conditional on the occurrence of a forecast transaction, which forecast transaction is presumed to be highly probable.

For entities that designate contracts involving nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed by risk category in accordance with IFRS 7.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

| New IFRSs | Effective Date Announced by IASB |
|--|-------------------------------------|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 18 "Presentation and Disclosure in Financial Statements" | January 1, 2027(Note) |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures" | January 1, 2027 |
| Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency" | January 1, 2027 |

Note :On September 25, 2025, the FSC announced that IFRS 18 will become effective on January 1, 2028. Domestic entities may elect to early adopt IFRS 18 upon the FSC's endorsement of IFRS 18.

Except for the following, the Company has assessed that the standards and interpretations have no significant impact on the financial position and financial performance of the Company.

- (1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address an existing inconsistency between IFRS 10 and IAS 28. The recognition of a gain or loss arising from the sale or contribution of assets between an investor and its associate or joint venture depends on the nature of the assets transferred:

- (i) If the assets sold or contributed constitute a business, the full gain or loss is recognized;

(ii) If the assets sold or contributed do not constitute a business, the gain or loss is recognized only to the extent of the investor's interest that is not attributable to related parties in the associate or joint venture.

(2) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18, Presentation and Disclosure in Financial Statements, replaces IAS 1. The standard introduces a structured format for the statement of profit or loss, disclosure requirements for management-defined performance measures, and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

(3) Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency" IAS 21

The amendment requires that, when translating amounts (including comparative amounts) from the functional currency of a non-hyperinflationary economy into the presentation currency of a hyperinflationary economy, all amounts be translated using the closing exchange rate as at the date of the most recent statement of financial position. The amendment also provides an exception: when both the functional currency and the presentation currency are currencies of hyperinflationary economies, and the foreign operation is of an entity whose functional currency is that of a non-hyperinflationary economy, comparative amounts are not required to be retranslated.

In addition, new disclosure requirements are introduced, including disclosures of the translation method applied and aggregated financial information about foreign operations to which the method applies.

As of the issuance date of these financial statements, the Company is still evaluating the impact of the above standards and interpretations on its financial position and financial performance. The related impact will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are adopted in the preparation of the accompanying financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

This financial report is prepared in accordance with the Financial Reporting Preparation Standards for Securities Issuers and the IFRSs approved and issued by the FSC.

4.2 Basis of Preparation

A. Except for the following items, the accompanying financial report have been prepared on a historical cost basis.

(a) Financial assets and liabilities at fair value through profit or loss (including derivative financial instruments).

- (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

4.3 Foreign Currencies

- A. Items included in the financial statements are measured using the functional currency of the Company. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.
- B. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.

4.4 Classification of Current and Noncurrent Assets and Liabilities

- A. Assets that meet one of the following criteria are classified as current assets:
- (a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the end of reporting period.
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those intended to be exchanged or used to settle liabilities more than twelve months after the end of reporting period.

The Company classifies all assets that do not meet the above criteria as non-current.

- B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date Terms of a liabilities that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above conditions as non-current.

4.5 Cash and cash equivalents

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

4.6 Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party of the contractual provisions of the instruments.

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

A. Financial assets

- (a) Measurement categories

All regular way purchases or sales of financial assets are recognized and using trade date accounting.

Financial assets are classified as financial assets at FVTPL, financial assets at amortized cost and investment in equity instruments at FVTOCI.

- i. Investment in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate equity investments as at FVTOCI. Designation as 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.

Equity investments 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, it will be transferred to retained earnings.

Dividends on these equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- (i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- (ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(b) Impairment of financial assets

- i. The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, and contract assets.
- ii. The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e., ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.
- iii. Expected credit losses reflect the weighted average of credit losses with the

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

- iv. The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) **Derecognition of financial assets**

The Company derecognizes a financial asset when one of the following conditions is met:

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flow from the financial assets which have been transferred and the Company has substantially transferred all risks and rewards of ownership of the financial asset.
- iii. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of financial asset and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of 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 that 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 that had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

B. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

(a) **Subsequent measurement**

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- i. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss

on initial recognition. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term. Derivatives are also categorized as financial liabilities held for trading unless they are financial guarantee contracts or designated and effective hedging derivatives. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (i) They are hybrid (combined) contracts containing at least an embedded derivative and the host contract is an asset not within the scope of IFRS 9; or
 - (ii) They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
 - (iii) They are managed, and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- ii. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.
 - iii. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability are presented in profit or loss. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

(b) Derecognition of financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.7 Inventories

Inventories include raw materials, work in progress and finished goods. Inventories are recognized at cost. Inventories are recorded at standard cost ordinarily and stated at the lower of cost or net realizable at the end of each reporting period. Any differences at the end of the reporting period are allocated to cost of sales and ending inventory in proportion. If the actual level of production is lower than normal capacity, the unallocated fixed overhead is recognized as cost of sales. The item-by-item approach is used in applying the lower of cost and net realizable value, except for the same category homogeneous inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Loss for market price decline is stated at cost of goods sold.

4.8 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation and include land held for a currently undetermined future use. Investment properties also included right-of-use assets that meet the definition of investment property.

Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The Company depreciates investment property on a straight-line basis over 40 years.

Investment property that is being constructed or developed is measured at cost less accumulated impairment loss. The cost of an investment property includes professional fees, borrowing costs eligible for capitalization. The properties shall start to depreciate as they achieve their expected condition for providing services.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss.

4.9 Property, Plant and Equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such items and the cost of those items are recognized in profit or loss.
- B. Subsequent costs are included in the carrying amount of asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are recognized in profit or loss as incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which have changed significantly, any change is accounted for as a change in accounting estimates under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

| | |
|-----------------|------------|
| Buildings | 3~50 years |
| Machinery | 2~10 years |
| Molds | 2~3 years |
| Other equipment | 2~15 years |

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Company evaluates a contract to determine whether it is or contains a lease component. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

A. The Company as lessee

Except for payments for low-value asset leases and short-term leases which are

recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are presented as a single line item in the statement of financial position.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the ownership of the underlying assets is transferred to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company shall use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the assessment of an option to purchase the underlying asset, amounts expected to be paid by the lessee under residual value guarantees or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company shall remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Lease liabilities are presented separately in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

B. The Company as lessor

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

4.11 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: trademarks and patents - the patent term or the contract term; computer software 2 to 5 years. Patent rights are amortized on a straight-line basis over 2 to 10 years. The estimated useful life and amortization methods are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the carrying amount of asset exceeds its recoverable amount. The recoverable amount is the higher of a fair value of asset less costs to sell or value in use. When the indication of impairment loss recognized in prior years for an asset no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.13 Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an

amount of pension benefits that employee will receive on retirement for their services with the Company in current or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.

ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amount can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance the sheet date shall be discounted to their present value.

4.14 Capital Stock and Treasury Stock

A. Capital stock

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or share options are recorded as a deduction in equity.

B. Treasury Stock

The Company's repurchased stocks are recognized as treasury stock (a contra-equity account) based on their repurchase price (including all directly accountable costs). Gains on disposal of treasury stock should be recognized under "capital reserve - treasury stock transactions"; losses on disposal of treasury stock should be offset against existing capital reserves arising from similar types of treasury stock. If there is

insufficient capital reserve to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury stock should be calculated using the weighted-average method for the purpose of repurchased stock.

Upon retirement, treasury stock is derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury stock in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury stocks in excess of the carrying value is credited to capital surplus from the same class of treasury stock transactions.

4.15 Share-based payment

- A. The share-based payment agreement with equity settlement is measured at the fair value of the equity instruments granted on the grant date for the employee services obtained, and is recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments should reflect the effects of both market vesting conditions and non-vesting conditions. The recognized compensation cost is adjusted for the expected number of awards that will meet the service conditions and non-market vesting conditions, until the final recognition amount is based on the number of awards vested on the vesting date.
- B. For a cash-settled share-based payment arrangement, the fair value of the liability incurred is recognized as compensation cost and liability over the vesting period, and is remeasured at each the end of the financial reporting period and settlement date based on the fair value of the equity instruments granted, with any changes recognized in profit or loss for the period.
- C. The Company issues new shares with restricted employee rights, and the grant date is the date when the Company notifies the employees of the subscription price and the number of shares they can subscribe to. The grant date for the reissue of treasury stock to employees is the date when the Company confirms the number of shares transferred to the employees.

4.16 Income Tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.
- B. Current income tax includes the expected income tax payable or refundable based on the taxable income (loss) for the year, and any adjustments to the income tax payable or refundable for previous years. The amount is measured at the best estimate of the amount expected to be paid or received based on the

statutory tax rate or substantively enacted tax rate at the balance sheet date.

- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.

4.17 Revenue Recognition

The Company recognizes revenue based on the principle of revenue from customer contracts by applying the following steps:

- (a) Identify the contract with the customer;
- (b) Identify the performance obligations in the contract;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to the performance obligations in the contracts; and
- (e) Recognize revenue when the entity satisfies a performance obligation.

The Company identifies performance obligations in contracts with customers, allocates the transaction price to those performance obligations, and recognizes revenue when (or as) the performance obligations are satisfied.

The Company elects not to adjust the transaction price for a significant financing component when the period between the transfer of promised goods or services to the customer and payment is one year or less.

A. Revenue from sale of goods

The Company recognizes revenue from the sale of goods comprising products such as optical components for various optical applications, lenses, and related products. Revenue is recognized when control of the products has transferred because it is the time when the customer has full discretion over the manner of distribution and over the price to sell the goods, has primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivables are recognized concurrently. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company does not recognize sales revenue on materials delivered to processing subcontractors due to the delivery does not transfer control of materials.

B. Revenue from rendering of services

Revenue from services is recognized when services are provided by reference to the stage of completion of the services provided.

4.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

4.19 Government Grants

Government grants are recognized at fair value when the Company will comply with the conditions attached to them and will receive the grants. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to other noncurrent assets are recorded as non-current liabilities. These grants are then amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ASSUMPTIONS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY.

The Company considers critical accounting estimates and reviewing basic assumptions and estimates continually. The impacts of the change in accounting estimate shall be recognized currently when the impacts are related to the current period only. However, the impact shall be

recognized currently and prospectively when the impacts not only effect current period but also the future periods.

In the preparation of these financial statements, the critical accounting judgments the Company has made, and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgments in applying accounting policies

A. Business model assessment of financial assets

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company applies judgement and considers relevant factors such as the measurement of assets performing, the risks affected by the performance and the regulations for related manager's remuneration. The Company monitors the fair value through profit or loss financial assets that are derecognized prior to their maturity to assess whether the purpose of derecognition is consistent with the business model's. If there has been a change in the business model, the Company shall postpone the adjustment of the reclassifications of financial assets in accordance with IFRS 9.

B. Investment property

Some of the properties held by the Company are for earning rent or capital appreciation, and also include properties that have not yet decided on their future use. The other part is for self-use, normal operation, and for producing good. And only when the part held for self-use is insignificant for individual properties, the property is classified as investment property.

5.2 Critical accounting estimation and assumption

A. Estimated impairment of financial assets

The provision for impairment of accounts receivable and debt investments is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for the impairment calculation, based on the Company's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

B. Impairment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

C. Evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, and the Company uses judgements and actuarial assumptions to determine the net realizable value of

inventory at the end of each reporting period. The Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period, and then writes down the cost of inventories to net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

D. Realizability of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. The Company evaluates the realizability of deferred tax assets based on assumptions involving significant accounting judgments and estimates by management, including expected future sales revenue growth and profitability, tax holiday period, available tax credits and tax planning strategies. Any changes in the global economic environment, industry environment and laws may cause significant adjustments to deferred tax assets. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

| Items | December 31, 2025 | December 31, 2024 |
|---------------------------------------|-------------------|---------------------|
| Checking accounts and demand deposits | \$ 697,396 | \$ 923,246 |
| Deposit account | 242,773 | 306,165 |
| Total | <u>\$ 940,169</u> | <u>\$ 1,229,411</u> |

- (1) Bank deposits with medium to long-term original maturity dates that are not intended to be used or pledged are classified as other financial assets - current, and the pledge situation is referred to note 8.
- (2) Please refer to Note 12 for information on the Company's management and measurement policies of credit risk.
- (3) The cash and cash equivalents of the Company are not pledged to others.

6.2 ACCOUNTS RECEIVABLE - NONRELATED PARTIES

| Items | December 31, 2025 | December 31, 2024 |
|-----------------------|-------------------|-------------------|
| Amortized at cost | | |
| Gross carrying amount | \$ 180,019 | \$ 207,583 |

| Items | December 31, 2025 | December 31, 2024 |
|--------------------------|-------------------|-------------------|
| Less: loss allowance | - | - |
| Accounts receivable, net | \$ 180,019 | \$ 207,583 |

- (1) The average credit period for accounts receivable arising from sales of goods is 30 to 90 days after month-end. The Company grants credit days based on the customer's financial condition and historical payment record, and requires customers to make advance payments when necessary, to reduce the risk of financial loss due to default.
- (2) Accounts receivable of the Company are not pledged to others.
- (3) The Company applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. Except for individual customers who have actually incurred credit impairment and have fully provided for impairment loss, the expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. Because the company's historical experience of credit losses shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only sets the expected credit loss rate based on the number of days overdue for receivables.
- (4) The following table detailed the loss allowance of notes and accounts receivable based on the Company's provision matrix.

| <u>December 31, 2025</u> | | | |
|-------------------------------|-----------------------|--------------------------------|----------------|
| Aging terms | Gross carrying amount | Loss allowance (lifetime ECLs) | Amortized cost |
| Neither past due nor impaired | \$ 175,974 | \$ - | \$ 175,974 |
| Past due but not impaired | | | |
| Past due within 30 days | 812 | - | 812 |
| Past due 91-120 days | 861 | - | 861 |
| Past due 121-180 days | 1,779 | - | 1,779 |
| Past due over 180 days | 861 | - | 861 |
| Total | \$ 180,287 | \$ - | \$ 180,287 |

| <u>December 31, 2024</u> | | | |
|-------------------------------|-----------------------|--------------------------------|-------------------|
| Aging terms | Gross carrying amount | Loss allowance (lifetime ECLs) | Amortized cost |
| Neither past due nor impaired | \$ 196,380 | \$ - | \$ 196,380 |
| Past due but not impaired | | | |
| Past due within 30 days | 12,568 | - | 12,568 |
| Past due 31-60 days | 47 | - | 47 |
| Total | <u>\$ 208,995</u> | <u>\$ -</u> | <u>\$ 208,995</u> |

(5) Movements of the loss allowance for notes and accounts receivable

| Items | 2025 | 2024 |
|----------------------|-------------|-------------|
| Balance, January 1 | \$ - | \$ - |
| Balance, December 31 | <u>\$ -</u> | <u>\$ -</u> |

The Company has not held any collateral or other credit enhancements for these accounts receivable.

(6) Please refer to Note 12 for information on the Company's management and measurement policies of credit risk.

6.3 INVENTORIES AND COST OF GOOD SOLD

| Items | December 31, 2025 | December 31, 2024 |
|-----------------|-------------------|-------------------|
| Raw materials | \$ 58,642 | \$ 38,484 |
| Work-in-process | 342,115 | 398,724 |
| Finished goods | 22,961 | 7,317 |
| Merchandise | 21,721 | - |
| Total | <u>\$ 445,439</u> | <u>\$ 444,525</u> |

(1) The cost of inventories is recognized as expense for the period:

| Items | 2025 | 2024 |
|---|------------|-----------|
| Loss on decline (gain on reversal) in market value of inventories | \$ (5,161) | \$ 15,038 |
| Unallocated fixed FOH | 21,184 | 41,332 |
| Loss on inventory disposal | 27,440 | 3,597 |

| Items | 2025 | 2024 |
|---|------------------|------------------|
| Inventory loss (benefit) on physical taking | \$ 149 | \$ - |
| Revenue from sale of scraps | (210) | (37) |
| Total | <u>\$ 43,402</u> | <u>\$ 59,930</u> |

(2) The inventories of the Company are not pledged to others.

6.4 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

| Items | December 31, 2025 | December 31, 2024 |
|----------------------|-------------------|-------------------|
| Equity instruments | | |
| Unlisted stocks | \$ 328 | \$ 328 |
| Valuation adjustment | - | - |
| Total | <u>\$ 328</u> | <u>\$ 328</u> |

(1) The Company invests in unlisted stocks for medium and long-term strategic purposes and expects profit from long-term investments. Management of the Company decided to account the above-mentioned investments in FVTOCI, due to recognizing short term gain or loss with FVTPL would against the medium and long-term investment..

(2) Financial assets at FVTOCI of the Company are not pledged to others.

6.5 PROPERTY, PLANT AND EQUIPMENT

| Items | December 31, 2025 | December 31, 2024 |
|--|--------------------|--------------------|
| Land | \$ 215,740 | \$ 215,740 |
| Buildings | 947,265 | 937,989 |
| Machinery | 2,307,337 | 2,385,734 |
| Molds | 152,107 | 141,955 |
| Other equipment | 46,220 | 45,606 |
| Equipment to be inspected and construction in progress | 59,923 | 74,032 |
| Total cost | <u>3,728,592</u> | <u>3,801,056</u> |
| Less: accumulated depreciation and impairment | <u>(2,884,283)</u> | <u>(2,877,880)</u> |

| Items | December 31, 2025 | December 31, 2024 |
|-------|-------------------|-------------------|
| Total | \$ 844,309 | \$ 923,176 |

| Items | Land | Buildings | Machinery | Molds | Other equipment | Equipment to be inspected and construction in progress | Total |
|---------------------------|------------|------------|--------------|------------|-----------------|--|--------------|
| <u>Cost</u> | | | | | | | |
| Balance, January 1,2025 | \$ 215,740 | \$ 937,989 | \$ 2,385,734 | \$ 141,955 | \$ 45,606 | \$ 74,032 | \$ 3,801,056 |
| Additions | - | 6,067 | 16,013 | 531 | 3,206 | 1,228 | 27,045 |
| Disposals | - | - | (106,538) | (8,663) | (2,592) | - | (117,793) |
| Reclassification | - | 3,209 | 12,128 | 18,284 | - | (15,337) | 18,284 |
| Balance, December 31,2025 | \$ 215,740 | \$ 947,265 | \$ 2,307,337 | \$ 152,107 | \$ 46,220 | \$ 59,923 | \$ 3,728,592 |

| <u>Accumulated depreciation and impairment</u> | | | | | | | |
|--|------|--------------|----------------|--------------|-------------|------|----------------|
| Balance, January 1,2025 | \$ - | \$ (647,214) | \$ (2,068,337) | \$ (138,135) | \$ (24,194) | \$ - | \$ (2,877,880) |
| Depreciation expense | - | (20,878) | (88,917) | (7,591) | (6,810) | - | (124,196) |
| Disposals | - | - | 106,538 | 8,663 | 2,592 | - | 117,793 |
| Balance, December 31,2025 | \$ - | \$ (668,092) | \$ (2,050,716) | \$ (137,063) | \$ (28,412) | \$ - | \$ (2,884,283) |

| Items | Land | Buildings | Machinery | Molds | Other equipment | Equipment to be inspected and construction in progress | Total |
|---------------------------|------------|------------|--------------|------------|-----------------|--|--------------|
| <u>Cost</u> | | | | | | | |
| Balance, January 1,2024 | \$ 215,740 | \$ 923,588 | \$ 2,364,766 | \$ 138,831 | \$ 48,363 | \$ 62,458 | \$ 3,753,746 |
| Additions | - | 7,339 | 18,645 | 3,055 | - | 18,017 | 47,056 |
| Disposals | - | (2,700) | - | - | (3,554) | - | (6,254) |
| Reclassification | - | 9,762 | 2,323 | 69 | 797 | (6,443) | 6,508 |
| Balance, December 31,2024 | \$ 215,740 | \$ 937,989 | \$ 2,385,734 | \$ 141,955 | \$ 45,606 | \$ 74,032 | \$ 3,801,056 |

| <u>Accumulated depreciation and impairment</u> | | | | | | | |
|--|------|--------------|----------------|--------------|-------------|------|----------------|
| Balance, January 1,2024 | \$ - | \$ (627,887) | \$ (1,978,242) | \$ (121,996) | \$ (19,697) | \$ - | \$ (2,747,822) |
| Depreciation expense | - | (22,027) | (90,095) | (16,139) | (8,051) | - | (136,312) |
| Disposals | - | 2,700 | - | - | 3,554 | - | 6,254 |
| Balance, December 31,2024 | \$ - | \$ (647,214) | \$ (2,068,337) | \$ (138,135) | \$ (24,194) | \$ - | \$ (2,877,880) |

- (1) On September 1, 2021, the Company leased part of its self-used land and factory buildings to a third party by operating lease, and reclassified the book value of the property at the time of change of use as investment property. Please refer to Note 6(7).
- (2) Please refer to Note 6(23) for information on interest capitalization.

(3) For information on the property, plant and equipment that the Company provides as collateral, please refer to Note 8.

6.6 LEASE AGREEMENT

(1) Right-of-use assets

| Items | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Land | \$ 5,760 | \$ 5,760 |
| Transportation vehicles | 4,947 | 5,011 |
| Total cost | 10,707 | 10,771 |
| Less: Accumulated depreciation and impairment | (6,557) | (6,244) |
| Total | \$ 4,150 | \$ 4,527 |

| Items | 2025 | 2024 |
|--|------------|----------|
| Additions to right-of-use assets | \$ 1,865 | \$ 1,577 |
| Disposal of right-of-use assets | \$ (1,929) | \$ (540) |
| <u>Depreciation of right-of-use assets</u> | | |
| Land | \$ 589 | \$ 587 |
| Transportation vehicles | 1,653 | 1,602 |
| Total | \$ 2,242 | \$ 2,189 |

(2) Lease liabilities

| Items | December 31, 2025 | December 31, 2024 |
|--------------------------------------|-------------------|-------------------|
| Carrying amount of lease liabilities | | |
| Current | \$ 2,236 | \$ 1,743 |
| Non-current | \$ 2,046 | \$ 2,924 |

Range of discounts rate for lease liabilities was as follows:

| Items | December 31, 2025 | December 31, 2024 |
|-------|-------------------|-------------------|
| Land | 1.43% | 1.43% |

| Items | December 31, 2025 | December 31, 2024 |
|-------------------------|-------------------|-------------------|
| Transportation vehicles | 1.80%~2.00% | 1.12%~1.94% |

Please refer to Note 12 for information on the maturity analysis of the lease liabilities.

(3) Material lease-in activities and terms

A. Land and Buildings

The Company leases land from the Ministry of Economic Affairs Export Processing Zone as office and factory premises. The lease term starts from September 2018. The land lease term for office and factory premises is usually 10 years. Some leases include an option to extend the lease term for the same period as the original contract when the lease term expires. For interest on lease liabilities, please refer to Note 6(23).

(4) Other lease information

| Items | 2025 | 2024 |
|--|----------|----------|
| Expenses relating to short-term leases | \$ 5,696 | \$ 3,441 |
| Total cash outflow for leases | \$ 8,034 | \$ 5,716 |

The Company elected to apply the recognition exemption for short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

6.7 INVESTMENT PROPERTIES

| Items | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Land | \$ 7,363 | \$ 7,363 |
| Buildings | 92,918 | 92,918 |
| Total cost | 100,281 | 100,281 |
| Less: Accumulated depreciation and impairment | (45,055) | (43,804) |
| Total | \$ 55,226 | \$ 56,477 |

| Items | Land | Buildings | Total |
|-------|------|-----------|-------|
|-------|------|-----------|-------|

Cost

| Items | Land | Buildings | Total |
|----------------------------|----------|-----------|------------|
| Balance, January 1, 2025 | \$ 7,363 | \$ 92,918 | \$ 100,281 |
| Balance, December 31, 2025 | \$ 7,363 | \$ 92,918 | \$ 100,281 |

Accumulated depreciation and impairment

| | | | |
|----------------------------|------|-------------|-------------|
| Balance, January 1, 2025 | \$ - | \$ (43,804) | \$ (43,804) |
| Depreciation expense | - | (1,251) | (1,251) |
| Balance, December 31, 2025 | \$ - | \$ (45,055) | \$ (45,055) |

| Items | Land | Buildings | Total |
|----------------------------|----------|-----------|------------|
| <u>Cost</u> | | | |
| Balance, January 1, 2024 | \$ 7,363 | \$ 92,918 | \$ 100,281 |
| Balance, December 31, 2024 | \$ 7,363 | \$ 92,918 | \$ 100,281 |

Accumulated depreciation and impairment

| | | | |
|----------------------------|------|-------------|-------------|
| Balance, January 1, 2024 | \$ - | \$ (42,035) | \$ (42,035) |
| Depreciation expense | - | (1,769) | (1,769) |
| Balance, December 31, 2024 | \$ - | \$ (43,804) | \$ (43,804) |

A. Rental revenue and direct operation expenses from investment properties:

| Items | 2025 | 2024 |
|--|----------|----------|
| Rental revenue from investment properties | \$ 5,740 | \$ 9,840 |
| Direct operating expenses from the investment of properties that generated rental income during the period | \$ 626 | \$ 1,769 |

B. The lease term for buildings under operating leases is 5 years. Certain lease contracts stipulate that the lessee has an option to extend the lease term upon expiration. The lease agreement was terminated in July 2025.

C. As of December 31, 2025 and 2024, the maturity analysis of minimum rental receivable for the operating lease is as follows:

| Items | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Not later than 1 year | \$ - | \$ 9,840 |
| Later than 1 year and not later than 5 years | - | 6,560 |
| Total | \$ - | \$ 16,400 |

D. The fair value of the Company's investment property was \$324,752 thousand on December 31, 2025, and December 31, 2024. The fair value was not assessed by any independent appraiser but was determined by the Company's management based on the trading price of similar properties on the open market.

E. The investment property of the Company is pledged to others, please refer to Note 8.

6.8 INTANGIBLE ASSETS

| Items | December 31, 2025 | December 31, 2024 |
|--------------------------------|-------------------|-------------------|
| Computer software | \$ 17,462 | \$ 20,210 |
| Patents | 10,300 | 8,679 |
| Total | 27,762 | 28,889 |
| Less: Accumulated amortization | (16,056) | (12,614) |
| Intangible assets, net | \$ 11,706 | \$ 16,275 |

| Items | Computer software | Patents | Total |
|---------------------------------|-------------------|------------|-------------|
| <u>Cost</u> | | | |
| Balance, January 1, 2025 | \$ 20,210 | \$ 8,679 | \$ 28,889 |
| Disposals | (2,748) | (683) | (3,431) |
| Reclassification | - | 2,304 | 2,304 |
| Balance, December 31, 2025 | \$ 17,462 | \$ 10,300 | \$ 27,762 |
| <u>Accumulated amortization</u> | | | |
| Balance, January 1, 2025 | \$ (10,316) | \$ (2,298) | \$ (12,614) |
| Amortization expense | (3,561) | (3,312) | (6,873) |
| Disposals | 2,748 | 683 | 3,431 |
| Balance, December 31, 2025 | \$ (11,129) | \$ (4,927) | \$ (16,056) |

| Items | Computer software | Patents | Total |
|---------------------------------|--------------------|-------------------|--------------------|
| <u>Cost</u> | | | |
| Balance, January 1, 2024 | \$ 20,260 | \$ 2,339 | \$ 22,599 |
| Additions | 3,095 | - | 3,095 |
| Disposals | (3,145) | - | (3,145) |
| Reclassification | - | 6,340 | 6,340 |
| Balance, December 31, 2024 | <u>\$ 20,210</u> | <u>\$ 8,679</u> | <u>\$ 28,889</u> |
| <u>Accumulated amortization</u> | | | |
| Balance, January 1, 2024 | \$ (9,267) | \$ (668) | \$ (9,935) |
| Amortization expense | (4,194) | (1,630) | (5,824) |
| Disposals | 3,145 | - | 3,145 |
| Balance, December 31, 2024 | <u>\$ (10,316)</u> | <u>\$ (2,298)</u> | <u>\$ (12,614)</u> |

Intangible assets of the Company are not pledged to others.

6.9 OTHER PAYABLES

| Items | December 31, 2025 | December 31, 2024 |
|------------------------------------|-------------------|-------------------|
| Salaries and bonuses payable | \$ 63,218 | \$ 66,209 |
| Payable for insurance | 6,638 | 6,466 |
| Payable on machinery and equipment | 3,249 | 6,303 |
| Pension liability | 2,619 | 2,644 |
| Others | 9,432 | 10,327 |
| Total | <u>\$ 85,156</u> | <u>\$ 91,949</u> |

6.10 LONG-TERM LOANS AND CURRENT PORTION

| The nature of loans | December 31, 2025 | December 31, 2024 |
|---------------------|-------------------|-------------------|
| Secured loans | \$ 116,733 | \$ 231,087 |
| Unsecured loans | 6,667 | 33,333 |
| Subtotal | <u>123,400</u> | <u>264,420</u> |

| The nature of loans | December 31, 2025 | December 31, 2024 |
|-------------------------------|----------------------|----------------------|
| Less: current portion | \$ (56,344) | \$ (140,542) |
| Discount of government grants | (38) | (516) |
| Total | <u>\$ 67,018</u> | <u>\$ 123,362</u> |
| Interest rates range | <u>1.475%~2.220%</u> | <u>1.475%~2.001%</u> |
| Year to maturity | <u>2026 to 2029</u> | <u>2025 to 2029</u> |

- (1) The repayment method for both secured and unsecured loans of our company is installment repayment.
- (2) The amounts of new bank loans for the Company in 2024 based on the "Guidelines for Accelerated Investment Project Loans for Taiwan-based Enterprises" are \$10,640 thousand respectively, with maturity dates of January 2026. The low-interest loans for each project are recognized and measured based on the market interest rate range of 1.1% to 1.975%, and the difference between the actual repayment preferential interest rate range of 0.6% to 1.475% is accounted for according to the government subsidy. Please refer to Note 6 (11).
- (3) The situation of providing assets as collateral for the above-mentioned loans by our company, please refer to Note 8.

6.11 GOVERNMENT GRANTS

- (1) As of December 31, 2025 and 2024, our company obtained the government preferential interest rate loan balance of \$31,985 thousand and \$140,903 thousand respectively for the " Guidelines for Accelerated Investment Project Loans for Taiwan-based Enterprises ". The loan is used for medium-term operating turnover. The difference between the amount obtained and the fair value of the loan is regarded as a government low-interest loan subsidy. As of December 31, 2025 and 2024, the fair value of the loan was assessed to be \$31,947 thousand and \$140,387 thousand, respectively. The difference was \$38 thousand and \$516 thousand, respectively. The amount is recorded as deferred income (accounted for under other current liabilities and non-current liabilities). The deferred income is transferred to other income in installments during the loan period. The Company recognized other income of \$478 thousand and \$1,004 thousand in 2025 and 2024, respectively.
- (2) The National Development Fund would cease providing the Company related interest subsidies if the Company violated requirements of the project loan due to not using for the construction of plants and relevant facilities, purchasing equipment or using as mid-term working capital. Therefore, the loan interests of the Company will adopt the original agreed interest rate.

6.12 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.
- B. The Company recognized expenses in the statement of comprehensive income were \$15,609 thousand and \$15,994 thousand under the contributions rates specified in the plans in 2025 and 2024, respectively.

(2) Defined benefit plans

- A. According to the regulations, some foreign employees of the company who are staying in Taiwan are subject to the defined benefit plans in accordance with the Labor Standards Law of the R.O.C. starting from July 2023. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company has made monthly contributions equal to 2% of each employee's salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. The Fund is managed by the Government's designated authorities and the Company have no right to influence their investment strategies.
- B. Amounts recognized in the balance sheets are as follows :

| Items | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Present value of defined benefit obligations | \$ 2,897 | \$ 2,191 |
| Fair value of plan assets | (3,099) | (2,334) |
| Net defined benefit assets (Other noncurrent assets) | <u>\$ (202)</u> | <u>\$ (143)</u> |

- C. Movements in net defined benefit liability are as follows :

| Items | 2025 | | |
|--------------------|---|------------------------------|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability(assets) |
| Balance, January 1 | \$ 2,191 | \$ (2,334) | \$ (143) |

| Items | 2025 | | |
|--|---|------------------------------|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability(assets) |
| Service costs | | | |
| Current service cost | \$ 641 | \$ - | \$ 641 |
| Interest expense (revenue) | 35 | (42) | (7) |
| Amounts recognized in profit and loss | 676 | (42) | 634 |
| Remeasurements | | | |
| Return on plan assets(Amounts included in interest income or expense are excluded) | - | (95) | (95) |
| Actuarial (gains) losses - Effect of changes in financial assumptions | 110 | - | 110 |
| Experience adjustment | (80) | - | (80) |
| Amounts recognized in other comprehensive income (losses) | 30 | (95) | (65) |
| Pension fund contribution | - | (628) | (628) |
| Balance, December 31 | \$ 2,897 | \$ (3,099) | \$ (202) |

| Items | 2024 | | |
|--|---|------------------------------|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability(assets) |
| Balance, January 1 | \$ 1,698 | \$ (602) | \$ 1,096 |
| Service costs | | | |
| Current service cost | 618 | - | 618 |
| Interest expense (revenue) | 22 | (8) | 14 |
| Amounts recognized in profit and loss | 640 | (8) | 632 |
| Remeasurements | | | |
| Return on plan assets(Amounts included in interest income or expense are excluded) | - | (24) | (24) |
| Actuarial (gains) losses - | | | |

| Items | 2024 | | |
|---|---|------------------------------|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability(assets) |
| Effect of changes in financial assumptions | \$ (130) | \$ - | \$ (130) |
| Experience adjustment | (17) | - | (17) |
| Amounts recognized in other comprehensive income (losses) | (147) | (24) | (171) |
| Pension fund contribution | - | (1,700) | (1,700) |
| Balance, December 31 | \$ 2,191 | \$ (2,334) | \$ (143) |

The pension costs of the aforementioned defined benefit plans are recognized in profit or loss by the following categories :

| Items | 2025 | 2024 |
|-----------------|--------|--------|
| Operating costs | \$ 634 | \$ 632 |
| Total | \$ 634 | \$ 632 |

Information about fair value of plan assets is as follows:

| Items | 2025 | 2024 |
|---------------------------|----------|----------|
| Cash and cash equivalents | \$ 3,099 | \$ 2,334 |

D. Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(b) Interest risk

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

(c) Salary risk

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

E. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on measurement date were as follows:

| Items | December 31, 2025 | December 31, 2024 |
|-------------------------------|-------------------|-------------------|
| Discount rate | 1.40% | 1.60% |
| Expected salary increase rate | 3.00% | 3.00% |

Reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Items | December 31, 2024 | December 31, 2024 |
|-------------------------------|-------------------|-------------------|
| Discount rate | | |
| Increase 0.25% | \$ (134) | \$ (106) |
| Decrease 0.25% | 144 | 114 |
| Expected salary increase rate | | |
| Increase 0.25% | 140 | 111 |
| Decrease 0.25% | (131) | (103) |

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

F. The Company expects to make a contribution to its defined benefit pension plans next year is \$600 thousand. The weighted average maturity period of the defined benefit obligation is 21 years.

6.13 COMMON STOCKS

(1) As of December 31, 2025, the authorized capital of the Company was \$2,000,000 thousand, divided into 200,000 shares, with a paid-in capital of \$1,413,510 thousand and a par value of \$10 per share. All the shares issued by the Company have been fully paid.

(2) The movements in the number of the Company's common shares outstanding are as follows:

| Items | 2025 | | 2024 | |
|--|---------|--------------|---------|--------------|
| | Shares | Capital | Shares | Capital |
| Balance, January 1 | 140,408 | \$ 1,404,080 | 139,333 | \$ 1,393,330 |
| Issuance of share-based payment-restricted employee rights | 1,000 | 10,000 | - | - |
| Expiring in share-based payment-restricted employee rights | (57) | (570) | (282) | (2,820) |
| Repurchase of treasury stock | (1,056) | (10,560) | - | - |
| Reissuance of treasury stock to employees | - | - | 1,357 | 13,570 |
| Balance, December 31 | 140,295 | \$ 1,402,950 | 140,408 | \$ 1,404,080 |

On June 25, 2024, the Company's shareholders' meeting resolved to issue 1,000 thousand restricted shares for employees. Eligible grantees were limited to the Company's full-time employees who met certain criteria established by the Company. The issuance was approved by the Securities and Futures Bureau of the Financial Supervisory Commission ("FSC").

On November 6, 2024, the Company's board of directors resolved to set the reference date for the capital increase as February 21, 2025. The registration procedures were completed..

The par value of common stock is \$10 per share, and every share has one voting right and the right to gain dividends.

6.14 CAPITAL SURPLUS

| Item | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Additional paid-in capital | \$ 1,055,469 | \$ 1,122,430 |
| Employee options | 941 | 941 |
| Cancellation of employee options | 197 | 197 |
| Share-based payment - restricted employee rights shares | 28,982 | 24,782 |
| Treasury stock transactions | 56,279 | 56,279 |
| Others | 72 | 53 |
| Total | \$ 1,141,940 | \$ 1,204,682 |

- (1) Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from shares of changes in equities and stock options may not be used for any purpose.

6.15 RETAINED EARNINGS AND DIVIDEND POLICY

- (1) In accordance with the dividend policy of the Company's Articles of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its deficits, and set aside a legal capital reserve at 10% of the remaining earnings. Then, if there are any remaining earnings after providing the special reserve, when necessary, according to the regulations of the Securities and Exchange Act Article 41, it will be consolidated with the beginning accumulated unappropriated earnings. Those earnings should be submitted by the Board of Directors to be approved at a shareholders' meeting to distribute dividends to shareholders. If the Company distributes the whole or parts of cash dividends from unappropriated earnings, legal capital reserve or additional paid-in capital, which should be approved by more than half of the directors who are more than two-thirds of the board presented in the board meeting, and report to the shareholders. It should be resolved in the shareholders meeting in advance, if the Company distributes dividends by issuing new shares.

The Company is in the growth stage. Considering the capital expenditures, business expansion needs, and the sound planning to pursue substantial development, the Company's dividend policy will be based on the future capital expenditure budget and funding requirements of the Company, and it should not be less than 10% of its earnings for the dividend distribution. The Company could distribute to the shareholders stock dividends and cash dividends. Among these, the cash dividends should not be less than 30% of the total dividends, provided that the type and rate of these dividends are depended on the actual profits and work capital for the year that will be adjusted by the resolution of shareholders meeting.

- (2) Legal reserve may be used to offset a deficit or to distribute as dividend in cash or in stock for the portion in excess of 25% of the Company's paid-in capital.
- (3) Special reserve

| Items | December 31, 2025 | December 31, 2024 |
|------------------------------------|-------------------|-------------------|
| Provisions on debited other equity | \$ 2,811 | \$ 2,811 |
| Total | <u>\$ 2,811</u> | <u>\$ 2,811</u> |

When the Company distributed the unappropriated earnings, providing special capital reserve in advance from current profits and the undistributed earnings for the prior year should be taken into account, due to the net deduction of other equity for the year. For the accumulated deduction of other equity for the prior year, the Company should not distribute the unappropriated earnings for the prior year provided as a special capital reserve. Subsequently, the Company could distribute the reversal parts of special capital reserve when the deduction of other equity had the reversal.

- (4) The Company held shareholders' meetings on June 25, 2025 and June 25, 2024, at which the shareholders approved the proposals for the appropriation of earnings (losses) for the years 2024 and 2023, respectively. The deficit for 2024 was offset against capital surplus in the amount of \$78,518 thousand. The deficit for 2023 was offset against legal reserve of \$603 thousand and capital surplus of \$382,733 thousand.
- (5) The Company convened a board meeting on March 11, 2026 to approve the proposed appropriation of earnings (losses) for the year 2025. The proposal included offsetting the deficit by utilizing capital surplus of \$260,628 thousand. The proposal is subject to approval by the shareholders' meeting to be held in June 2026.
- (6) Information regarding the shareholders' meeting resolutions on profit or loss appropriation can be accessed through the Market Observation Post System on the TWSE website

6.16 OTHER EQUITY ITEMS

| Items | Unearned employee compensation | Unrealized gain (loss) on valuation of financial assets at FVTOCI | Total |
|---|-----------------------------------|---|--------------------|
| Balance, January 1, 2025 | \$ (26,185) | \$ (2,942) | \$ (29,127) |
| Issuance of restricted shares to employees | (26,880) | - | (26,880) |
| Compensation Cost: Share-based payment - restricted shares to employees | 25,483 | - | 25,483 |
| Balance, December 31, 2025 | <u>\$ (27,582)</u> | <u>\$ (2,942)</u> | <u>\$ (30,524)</u> |
| Balance, January 1, 2024 | \$ (51,003) | \$ (2,942) | \$ (53,945) |

| Items | Unearned employee compensation | Unrealized gain (loss) on valuation of financial assets at FVTOCI | Total |
|---|--------------------------------|---|-------------|
| Compensation Cost: Share-based payment - restricted shares to employees | \$ 24,818 | \$ - | \$ 24,818 |
| Balance, December 31, 2024 | \$ (26,185) | \$ (2,942) | \$ (29,127) |

6.17 Treasury stocks

The reason and change of the number of treasury stocks repurchased:

| Reason of treasury stocks repurchased | In thousand of shares | | | | | |
|---------------------------------------|-----------------------|---------------------|----------------------|--------------------|---------------------|----------------------|
| | 2025 | | | 2024 | | |
| | Balance, January 1 | Increase (Decrease) | Balance, December 31 | Balance, January 1 | Increase (Decrease) | Balance, December 31 |
| Reissuance to employees | - | 1,056 | 1,056 | 1,357 | (1,357) | - |

- (1) On October 31, 2024, the Company reissued 1,357 thousand treasury stocks to its employees.
- (2) On May 14, 2025, the Company's Board of Directors resolved to repurchase 2,000 thousand of the Company's ordinary shares during the period from May 15 to July 14, 2025, at a price range of \$23 to \$35 per share. The Company repurchased a total of 1,056 thousand treasury stocks at prices ranging from \$26.25 to \$29.85 per share, for an aggregate repurchase amount of \$29,682 thousand.
- (3) The Securities and Exchange Act stipulates that the company's repurchase of its outstanding shares shall not exceed 10% of the total number of shares issued by the company, and the total amount of shares purchased shall not exceed the amount of retained earnings plus the premium on issued shares and realized capital surplus.
- (4) The treasury stocks held by the Company shall not be pledged according to the Securities and Exchange Act, and shall not enjoy shareholders' rights before being reissued.
- (5) According to the Securities and Exchange Act, treasury shares repurchased by the Company for the purpose of transfer to employees shall be transferred within five years from the repurchase date. If such shares are not transferred within the prescribed period, they shall be deemed to be unissued shares, and the Company shall complete the registration procedures for the cancellation of such shares.

6.18 OPERATING REVENUE

| Items | 2025 | | 2024 | |
|---------------------------------------|------|-----------|------|-----------|
| Revenue from contracts with customers | | | | |
| Sale of goods | \$ | 1,008,415 | \$ | 1,115,097 |
| Other | | 5,560 | | 3,370 |
| Subtotal | | 1,013,975 | | 1,118,467 |
| Rental revenue | | | | |
| Properties leasing revenue | | 6,280 | | 10,380 |
| Total | \$ | 1,020,255 | \$ | 1,128,847 |

(1) Description of customer contract

Revenue generated from the manufacture and sale of various optical application lenses, mainly for various lens module product users, etc., and it is sold at a contract price.

(2) Disaggregation of revenue from contracts with customers

The analysis of the main product revenue of the Company is as follows:

| Description | 2025 | | | | |
|----------------------------|------------|-----------|------------|------------|--------------|
| | America | Europe | Asia | Taiwan | Total |
| <u>By Products</u> | | | | | |
| Optical application lenses | \$ 214,700 | \$ 84,062 | \$ 534,813 | \$ 174,840 | \$ 1,008,415 |
| Others | - | - | - | 5,560 | 5,560 |
| Total | \$ 214,700 | \$ 84,062 | \$ 534,813 | \$ 180,400 | \$ 1,013,975 |

Revenue Recognition

| | | | | | |
|----------------------------------|------------|-----------|------------|------------|--------------|
| Performance obligation satisfied | \$ 214,700 | \$ 84,062 | \$ 534,813 | \$ 180,400 | \$ 1,013,975 |
| Total | \$ 214,700 | \$ 84,062 | \$ 534,813 | \$ 180,400 | \$ 1,013,975 |

| Description | 2024 | | | | |
|----------------------------|------------|-----------|------------|------------|--------------|
| | America | Europe | Asia | Taiwan | Total |
| <u>By Products</u> | | | | | |
| Optical application lenses | \$ 252,051 | \$ 77,768 | \$ 583,972 | \$ 201,306 | \$ 1,115,097 |
| Others | - | - | - | 3,370 | 3,370 |
| Total | \$ 252,051 | \$ 77,768 | \$ 583,972 | \$ 204,676 | \$ 1,118,467 |

Revenue Recognition

| Description | 2024 | | | | |
|----------------------------------|------------|-----------|------------|------------|--------------|
| | America | Europe | Asia | Taiwan | Total |
| Performance obligation satisfied | \$ 252,051 | \$ 77,768 | \$ 583,972 | \$ 204,676 | \$ 1,118,467 |
| Total | \$ 252,051 | \$ 77,768 | \$ 583,972 | \$ 204,676 | \$ 1,118,467 |

(3) Contracts balance

The Company recognizes contract liabilities arising from contracts with customers as follows:

| Items | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|--------------------------------|-------------------|-------------------|-----------------|
| Contract liabilities - current | \$ 29,140 | \$ 24,112 | \$ 7,044 |

6.19 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

| By nature | 2025 | | | 2024 | | |
|---------------------------|---------------|-------------------|------------|---------------|-------------------|------------|
| | Cost of sales | Operating expense | Total | Cost of sales | Operating expense | Total |
| Personnel | | | | | | |
| Salary | \$ 293,652 | \$ 76,632 | \$ 370,284 | \$ 334,340 | \$ 65,842 | \$ 400,182 |
| Remuneration to directors | - | 1,560 | 1,560 | - | 1,560 | 1,560 |
| Labor insurance | 32,284 | 7,742 | 40,026 | 34,408 | 6,625 | 41,033 |
| Pension | 12,582 | 3,661 | 16,243 | 13,425 | 3,201 | 16,626 |
| Others | 19,803 | 3,989 | 23,792 | 19,092 | 3,180 | 22,272 |
| Depreciation | 120,191 | 7,498 | 127,689 | 133,838 | 6,432 | 140,270 |
| Amortization | 1,000 | 5,873 | 6,873 | 1,744 | 4,080 | 5,824 |
| Total | \$ 479,512 | \$ 106,955 | \$ 586,467 | \$ 536,847 | \$ 90,920 | \$ 627,767 |

- (1) The average numbers of employees of the Company in 2025 and 2024 were 617 and 645, respectively. The numbers of non-employee directors were both 8.
- (2) The average employee benefits expenses were \$738 thousand and \$749 thousand for 2025 and 2024, respectively.
- (3) The average salaries were \$607 thousand and \$628 thousand for 2025 and 2024, respectively. The average salaries of 2025 and 2024 increased by (3.34%) and 10.02%.
- (4) The remuneration policy of the Company (including directors, managers, and employees) is as follows:
 - A. The director's remuneration is under Article 29 of the Articles of Incorporation. If

the Company has pre-tax profits in the current year, it should be not higher than 5% of the profits as director's remuneration. However, if the Company still records accumulated losses, those profits should be retained to offset any cumulative losses.

B. The employee's remuneration is under Article 29 of the Articles of Association. If the Company has pre-tax profits in the current year, it should be not less than 3% of the profits as employee compensation. However, if the Company still records accumulated losses, those profits should be retained to offset any cumulative losses. The Company will reasonably appraise all employees' salaries and contributions on increasing production efficiency with prolonged work efforts and enterprise performance in accordance with the Measures on The Administration of Employee's Remuneration. Besides, the Company will adjust the employee's remuneration annually by operating conditions, salaries level in the labor market, consumer price index, the state of supply and demand of the labor workforce, and the performance evaluation results.

C. The remuneration committee will annually determine the director's and manager's remuneration based on the operational involvement and the contribution value to the Company, and the salaries level by reference to the same industry market. Then, they will submit it to the Board for approval before implementation.

(5) According to the Articles of Incorporation, If the Company has pre-tax profits in the current year, it should be not less than 3% of the profits as employee's compensation and not higher than 5% of the profits as director's remuneration. However, if the Company still records accumulated losses, those profits should be retained to offset any cumulative losses. If there is a change in amounts after the annual financial statements were authorized for issue, the differences are recognized as a change in accounting estimate and adjusted in the next fiscal year.

(6) The Company incurred net losses in both fiscal years 2025 and 2024, therefore, no provision was made for employee compensation or director remuneration.

(7) Information on employees' compensation and directors' remuneration of the Company can be accessed through the Market Observation Post System at TWSE website.

6.20 Interest income

| Items | 2025 | 2024 |
|--------------------------------|-----------|-----------|
| Interest income - bank deposit | \$ 18,292 | \$ 36,434 |
| Others | 3 | 14 |
| Total | \$ 18,295 | \$ 36,448 |

6.21 OTHER INCOME

| Items | 2025 | 2024 |
|----------------------|------------------|-----------------|
| Government subsidies | \$ 12,573 | \$ 8,463 |
| Others | 291 | 145 |
| Total | <u>\$ 12,864</u> | <u>\$ 8,608</u> |

6.22 OTHER GAINS AND LOSSES

| Items | 2025 | 2024 |
|--------------------------------------|--------------------|------------------|
| Foreign exchange gains (losses), net | \$ (20,120) | \$ 55,065 |
| Others | 436 | (360) |
| Total | <u>\$ (19,684)</u> | <u>\$ 54,705</u> |

6.23 FINANCIAL COSTS

| Items | 2025 | 2024 |
|---|--------------------|--------------------|
| Interest expense | | |
| Bank loans | \$ 3,942 | \$ 6,578 |
| Interest on lease liabilities | 88 | 79 |
| Others | 28 | 26 |
| Less: capitalized amount for qualified assets | (974) | (690) |
| Financial costs | <u>\$ 3,084</u> | <u>\$ 5,993</u> |
| Interest capitalization rates | <u>1.96%~2.00%</u> | <u>1.86%~1.97%</u> |

6.24 INCOME TAX

- A. Income tax expense recognized in profit or loss
(1) Components of income tax expense (benefits):

| Items | 2025 | 2024 |
|-----------------------------------|------|------|
| <u>Current income tax expense</u> | | |

| Items | 2025 | 2024 |
|--|-------------------|------------------|
| Current tax expense (benefit) recognized in the current year | \$ - | \$ - |
| Current tax | - | - |
| <u>The origination and reversal of temporary differences</u> | | |
| Deferred tax | (1,758) | 28,969 |
| Income tax expense recognized in profit or loss | <u>\$ (1,758)</u> | <u>\$ 28,969</u> |

B. Income tax expenses (benefits) recognized in other comprehensive income were as follows:

| Items | 2025 | 2024 |
|---|-------------------|------------------|
| Income (loss) before tax | \$ (262,438) | \$ (49,686) |
| Income tax expense at the statutory rate | \$ (52,488) | \$ (9,937) |
| Tax effect of adjusting items: | | |
| Deductible items in determining taxable income | 52,488 | 9,937 |
| Net changes on deferred income tax | (1,758) | 28,969 |
| Income tax expense recognized in profit or loss | <u>\$ (1,758)</u> | <u>\$ 28,969</u> |

C. Income tax assets and liabilities

| Items | December 31, 2025 | December 31, 2024 |
|------------------------|-------------------|-------------------|
| Income tax assets | \$ 8,344 | \$ 6,496 |
| Income tax liabilities | \$ - | \$ - |

D. Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credit:

| Items | 2025 | | | |
|-------------------------------------|-----------|------------------------------------|---|-------------|
| | January 1 | Recognized in (losses) gains | Recognized in other comprehensive income | December 31 |
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Unrealized loss on inventories | \$ 17,084 | \$ (1,032) | \$ - | \$ 16,052 |
| Unrealized exchange gain/loss | 1 | 1,807 | - | 1,808 |
| Unallocated fixed overhead | 2,535 | (519) | - | 2,016 |
| Other | 737 | 525 | - | 1,262 |
| Loss carry forward | 38,711 | - | - | 38,711 |
| Subtotal | 59,068 | 781 | - | 59,849 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Unrealized exchange gain/loss | (1,495) | 977 | - | (518) |
| Net defined benefit liability/asset | (34) | - | (13) | (47) |
| Subtotal | (1,529) | 977 | (13) | (565) |
| Total | \$ 57,539 | \$ 1,758 | \$ (13) | \$ 59,284 |

| Items | 2024 | | | |
|-----------------------------------|-----------|------------------------------------|---|-------------|
| | January 1 | Recognized in (losses) gains | Recognized in other comprehensive income | December 31 |
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Unrealized loss on inventories | \$ 14,076 | \$ 3,008 | \$ - | \$ 17,084 |
| Unrealized exchange gain/loss | 7,987 | (7,987) | - | - |
| Unallocated fixed overhead | 10,987 | (8,452) | - | 2,535 |
| Other | 219 | 519 | - | 738 |
| Loss carry forward | 53,650 | (14,939) | - | 38,711 |
| Subtotal | 86,919 | (27,851) | - | 59,068 |

| Items | 2024 | | | |
|--|-----------|------------------------------------|---|-------------|
| | January 1 | Recognized in (losses) gains | Recognized in other comprehensive income | December 31 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Unrealized exchange gain/loss | \$ (377) | \$ (1,118) | \$ - | \$ (1,495) |
| Net defined benefit liability/asset | - | - | (34) | (34) |
| Subtotal | (377) | (1,118) | (34) | (1,529) |
| Total | \$ 86,542 | \$ (28,969) | \$ (34) | \$ 57,539 |

- E. The income tax rate for the Company is 20%, and the surtax rate applicable to the undistributed earnings is 5%.
- F. The income tax returns of the Company have been examined through 2022 by tax authority.

6.25 OTHER COMPREHENSIVE INCOME (LOSS)

| Items | 2025 | | |
|---|--------------------------------|-------------------------------------|---------------------|
| | INCOME BEFORE INCOME TAX | Income tax (expense) benefits | NET INCOME(LOSS) |
| not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit obligation | \$ 65 | \$ (13) | \$ 52 |
| Subtotal | 65 | (13) | 52 |
| Other comprehensive income (loss) | \$ 65 | \$ (13) | \$ 52 |

| Items | 2024 | | |
|---|--------------------------------|-------------------------------------|---------------------|
| | INCOME BEFORE INCOME TAX | Income tax (expense) benefits | NET INCOME(LOSS) |
| not be reclassified subsequently to profit or loss | | | |

| Items | 2024 | | |
|--|--------------------------------|-------------------------------------|---------------------|
| | INCOME BEFORE INCOME TAX | Income tax (expense) benefits | NET INCOME(LOSS) |
| Remeasurement of defined benefit obligation | \$ 171 | \$ (34) | \$ 137 |
| Subtotal | 171 | (34) | 137 |
| Other comprehensive income (loss) | \$ 171 | \$ (34) | \$ 137 |

6.26 EARNINGS (LOSSES) PER SHARE

| Items | In thousand shares | |
|--|--------------------|-------------|
| | 2025 | 2024 |
| Basic / Diluted earnings (losses) per share | | |
| Net losses attributable to ordinary shareholders of the Company | \$ (260,680) | \$ (78,655) |
| Net losses for calculating basic losses per share | \$ (260,680) | \$ (78,655) |
| Weighted average number of shares outstanding | 138,978 | 137,837 |
| Basic / Diluted (losses) per share (after tax) | \$ (1.88) | \$ (0.57) |

If the Company offered to settle the compensation on bonuses paid to employees in shares or cash at its option, the company assumed that the entire amount of compensation or bonuses would be settled in shares. The resulting potential shares are included in the weighted average number of shares outstanding used in calculating diluted earnings per share if the effect is dilutive. The dilutive effect of potential shares is included in calculating diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

6.27 Reconciliation of liabilities arising from financing activities

| Items | January 1, 2025 | Cash Flows | Non-cash Changes | | December 31, 2025 |
|--|--------------------|---------------------|-------------------------------|-----------------|----------------------|
| | | | Change in Exchange Rate | Others(Note) | |
| Long-term loan (include current portion) | \$ 263,904 | \$ (141,021) | \$ - | \$ 479 | \$ 123,362 |
| Lease liabilities | 4,667 | (2,250) | - | 1,865 | 4,282 |
| Total liabilities arising from financing activities | <u>\$ 268,571</u> | <u>\$ (143,271)</u> | <u>\$ -</u> | <u>\$ 2,344</u> | <u>\$ 127,644</u> |

| Items | January 1, 2024 | Cash Flows | Non-cash Changes | | December 31, 2024 |
|--|--------------------|---------------------|-------------------------------|-----------------|----------------------|
| | | | Change in Exchange Rate | Others(Note) | |
| Long-term loan (include current portion) | \$ 398,031 | \$ (135,067) | \$ - | \$ 940 | \$ 263,904 |
| Lease liabilities | 5,286 | (2,196) | - | 1,577 | 4,667 |
| Total liabilities arising from financing activities | <u>\$ 403,317</u> | <u>\$ (137,263)</u> | <u>\$ -</u> | <u>\$ 2,517</u> | <u>\$ 268,571</u> |

Note : Others include changes in long-term deferred revenue, financial costs of lease liabilities, and lease liabilities write-offs.

6.28 Share-based payment

A. Restricted employee rights shares

On June 25, 2024, the Company decided in the shareholders' meeting to issue 1 million restricted employee rights new shares. The recipients were limited to the full-time employees who met certain criteria of the Company. The issuance was approved by the Financial Supervisory Commission Securities and Futures Bureau and the board of directors. The reference dates for the capital increase were February 21, 2025 respectively. The registration changes were all completed.

Employees who are granted the above-mentioned restricted employee rights shares may obtain the shares granted to them free of charge and shall be entitled to 30%, 30% and 40% of the shares allocated to them, respectively, when they have continuously served in the Company for one year, two years and three years from the date of subscription. After subscribing to the new shares, the employees shall deposit all of them with the trust

custody institution designated by the Company before meeting the vesting conditions. They shall not sell, pledge, transfer, donate, or dispose of those new shares in any other way. During the period of delivery to the trust custody, the voting rights of the shareholders of the shares shall be exercised by the trust custody institution in accordance with the relevant laws and regulations. If any of the granted employees fail to meet the vesting conditions after subscribing to the new shares, their shares shall be recovered and canceled by the Company free of charge.

The relevant information of the restricted employee rights shares of the Company are as follows :

| Items | 2025 | 2024 |
|---------------------------------|----------|----------|
| Shares outstanding, January 1 | \$ 1,202 | \$ 2,000 |
| Shares granted | 1,000 | - |
| Vested shares | (568) | (516) |
| Expiring shares | (57) | (282) |
| Shares outstanding, December 31 | \$ 1,577 | \$ 1,202 |

Measurement parameters of the fair value of restricted employee rights at grant date

The fair value of share-based payment at grant date was measured using the Black-Scholes option-pricing model. Relevant information is as follows :

| Items | 2025 | 2024 |
|-----------------------------|-----------------------------------|------------------------------|
| | Employee share-based payment | Employee share-based payment |
| Fair value at grant date | \$ 43.95 , 43.5 and 38.4 | \$ 43.95 and 43.5 |
| Stock price at grant date | 43.95 , 43.6 and 38.5 | 43.95 and 43.6 |
| Exercisable price | - | - |
| Expected volatility | 0.16279% , 3.34552% and 41.36932% | 0.16279% and 3.34552% |
| Subscription period | 3 years | 3 years |
| Expected dividend yield (%) | - | - |
| Risk-free interest rate | 1.565% , 1.0412% and 1.3829% | 1.565% and 1.0412% |

Expected price volatility is based on the weighted average historical volatility and adjusted the expected changes due to publicly available information. The subscription period is subject to the issuance regulations of the Company. The risk-free interest rate is based on the bank deposit rate. The determination of fair value has not considered the services and non-market performance conditions of the transaction.

B. Treasury stocks reissued to employees

On October 31, 2024, the Company reissued 1,357 thousand treasury stocks to eligible employees, with each share representing one common share. The offer was limited to full-time employees who met certain criteria established by the Company. For more details, see Note 6(17). The subscription period was from October 26, 2024 to October 30, 2024, and the reference date was October 31, 2024.

Measurement parameters of the treasury stock option fair value at grant date

The fair value of share-based payment at grant date was measured using the Black-Scholes option-pricing model. Relevant information is as follows:

| Items | 2024 | |
|-----------------------------|-----------------------------------|-----------------|
| | Treasury stocks sold to employees | |
| Fair value at grant date | \$ | 14.1/24.4 |
| Stock price at grant date | | 42.12/42.21 |
| Exercisable price | | - |
| Expected volatility | | 47.95%/47.95% |
| Subscription period | | 2 days/2days |
| Expected dividend yield (%) | | - |
| Risk-free interest rate | | 1.2491%/1.2491% |

C. Compensation cost

The compensation costs arising from the share-based payment in 2025 and 2024 are as follows:

| Items | 2025 | | 2024 | |
|--|------|--------|------|--------|
| Compensation cost - Employee share-based payment | \$ | 23,790 | \$ | 16,207 |
| Compensation cost - Treasury stocks sold to employee | | - | | 22,018 |
| Total | \$ | 23,790 | \$ | 38,225 |

7. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

| Items | 2025 | | 2024 | |
|------------------------------|------|--------|------|--------|
| Short-term employee benefits | \$ | 19,107 | \$ | 17,129 |
| Post- employment benefits | | 573 | | 488 |
| Share-based payment | | 5,749 | | 8,944 |
| Total | \$ | 25,429 | \$ | 26,561 |

8. PLEDGED ASSETS

The following assets are provided as collaterals for various performance guarantees and short-term or long-term loans.

| Items | December 31, 2025 | December 31, 2024 |
|--------------------------------------|-------------------|-------------------|
| Property, plant and equipment (Note) | \$ 500,463 | \$ 552,387 |
| Other financial assets - current | 16,910 | 8,637 |
| Total | \$ 517,373 | \$ 561,024 |

Note : Includes the amounts from property, plant and equipment reclassified to investment properties.

9. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED

COMMITMENTS:

Significant commitments

(1) Capital expenditures committed but not yet incurred are as follows:

| Items | December 31, 2025 | December 31, 2024 |
|--------------------------------|-------------------|-------------------|
| Property, plant, and equipment | \$ 27,282 | \$ 15,567 |
| Intangible assets | 8,741 | 12,000 |
| Total | \$ 36,023 | \$ 27,567 |

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS:

12.1 Capital risk management

The Company requires an adequate capital structure to enable the expansion and enhancement of its plant and equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to fund its working capital needs, capital asset purchases, development expenditure, and debt service requirements and other business requirements associated with its existing operations over the next 12 months.

12.2 Financial instruments

(1) Financial risks on financial instruments

Financial risk management policies

The Company's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Company's material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

Significant financial risks and degrees of financial risks

A. Market risk

a. Foreign exchange risk

i. The Company's sales, purchase and borrowing activities denominated in foreign currencies are exposed to foreign currency risk. The Company's functional currency is New Taiwan dollars. The main foreign currencies of those thousand transactions are US dollars and JPY, etc. To protect against reductions in value and the volatility of future cash flows results from changes in foreign exchange rates, the Company hedges its foreign exchange risk exposure by using foreign currency loans and derivatives, such as forward exchange agreements. The usage of derivative financial instruments can assist the Company to reduce but not completely eliminate the influence of changes in foreign exchange rates.

ii. Sensitivity analysis of foreign currency risk

| Items | December 31, 2025 | | |
|------------------------------|---------------------|------------------|-----------------------|
| | Foreign Currency | Exchange Rate | New Taiwan Dollars |
| <u>Financial Assets</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | \$ 17,176 | 31.42 | \$ 539,660 |
| JPY | 1,723 | 0.2008 | 346 |
| RMB | 1,247 | 4.496 | 5,606 |
| <u>Financial Liabilities</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | 1,750 | 31.42 | 54,996 |
| JPY | 450 | 0.2008 | 90 |
| RMB | 10,657 | 4.496 | 47,914 |

| Items | December 31, 2024 | | |
|------------------------------|-------------------|---------------|--------------------|
| | Foreign Currency | Exchange Rate | New Taiwan Dollars |
| <u>Financial Assets</u> | | | |
| Monetary Items | | | |
| USD | \$ 15,582 | 32.78 | \$ 510,769 |
| JPY | 401 | 0.2100 | 84 |
| RMB | 675 | 4.478 | 3,024 |
| <u>Financial Liabilities</u> | | | |
| Monetary Items | | | |
| USD | 382 | 32.78 | 12,529 |
| JPY | 3,387 | 0.2100 | 711 |
| RMB | 8,178 | 4.478 | 36,621 |

The Company is mainly exposed to US dollars, JPY and RMB. The sensitivity analysis rate for the Company is 1% increase and decrease in NTD against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1 % change in foreign currency rates. An increase/ decrease in profit before tax would be resulted where the NTD strengthens/ weakens 1% against the relevant currency with all other variables held constant in the amounts of \$4,426 thousand and \$4,640 thousand for the years ended December 31, 2025 and 2024, respectively.

b. Price risk

The Company is exposed to the price risk of funds and unlisted equity securities because these equity investments held by the Company are classified as either financial assets at fair value through profit/loss or financial assets at fair value through other comprehensive income.

The Company mainly invests in equity instruments of unlisted stocks. The prices of equity instruments of unlisted stocks would change due to the uncertainty of the future value.

If the prices of these equity securities had increased/decreased by 1%, the other comprehensive income before tax would have increased/decreased by \$3 thousand for the years ended December 31, 2025 and 2024, respectively, due to the fair value of the financial assets at fair value through other comprehensive income increased/decreased.

c. Interest rate risk

The carrying amounts of interest - bearing financial instruments held by the Company as of the reporting date are as follows:

| Items | Carrying Amounts | |
|-------------------------------|-------------------|-------------------|
| | December 31, 2025 | December 31, 2024 |
| Fair value interest rate risk | | |
| Financial assets | \$ 251,045 | \$ 314,802 |
| Net | \$ 251,045 | \$ 314,802 |
| Cash flow interest rate risk | | |
| Financial assets | \$ 706,034 | \$ 923,246 |
| Financial liabilities | (123,400) | (264,420) |
| Net | \$ 582,634 | \$ 658,826 |

i. Sensitivity analysis for instruments with fair value interest rate risk :

The Company does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Company does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

ii. Sensitivity analysis for instruments with cash flow interest rate risk :

The effective interest rates for the Company's floating interest rate financial instruments are susceptible to the market interest rate, affecting the Company's future cash flows. If the market interest rate increases (decreases) 1%, the profit before tax will increase (decrease) \$5,826 thousand and \$6,588 thousand for the years ended December 31, 2025 and 2024, respectively.

B. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

The Company does not hold any collateral or other credit enhancement to hedge against the credit risk of financial assets.

b. Financial credit risk

The Company's exposure to financial credit risk which is pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company's treasury function. The Company only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

As of December 31, 2025 and 2024, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 35% and 39%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant.

ii. Measurement of expected credit losses

(i) Accounts receivable: The Company applies simplified approach to its accounts receivable. Please refer to Note 6(2) for more information.

(ii) The criteria used to determine whether credit risk has increased significantly: The Company considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

iv. Credit risk of financial assets measured at amortized cost:

Please refer to Note 6(2) for information on the Company's credit exposures associated with notes receivable and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables and other financial assets - current and refundable deposit, have low credit losses. Therefore, the loss allowance for the period was measured at a 12-month expected credit loss. After the assessment, there was no significant impairment.

C. Liquidity risk

a. Liquidity risk management

The Company manages and maintains sufficient cash and cash equivalents to support its operation and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the loan contract terms.

For the year ended December 31, 2025 and 2024, the Company has unutilized bank financing facilities of approximately \$244,155 thousand and \$406,510 thousand, respectively.

b. Maturity analysis for financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities:

| Non-derivative Financial Liabilities | December 31, 2025 | | | | |
|---|-------------------|------------------|--------------|---------------------|-------------------|
| | Within 1 year | 1-5 years | Over 5 years | Contract cash flows | Carrying amounts |
| Notes payable | \$ 634 | \$ - | \$ - | \$ 634 | \$ 634 |
| Accounts payable | 127,353 | - | - | 127,353 | 127,353 |
| Other payables | 11,764 | - | - | 11,764 | 11,764 |
| Long-term loan (include current portion) | 58,113 | 68,423 | - | 126,536 | 123,362 |
| Lease liabilities | 2,291 | 2,068 | - | 4,359 | 4,282 |
| Guarantee deposits | - | 1,765 | - | 1,765 | 1,765 |
| Total | \$ 200,155 | \$ 72,256 | \$ - | \$ 272,411 | \$ 269,160 |

| Non-derivative Financial Liabilities | December 31, 2024 | | | | |
|---|-------------------|-------------------|--------------|---------------------|-------------------|
| | Within 1 year | 1-5 years | Over 5 years | Contract cash flows | Carrying amounts |
| Notes payable | \$ 12,686 | \$ - | \$ - | \$ 12,686 | \$ 12,686 |
| Accounts payable | 88,918 | - | - | 88,918 | 88,918 |
| Other payables | 15,792 | - | - | 15,792 | 15,792 |
| Long-term loan (include current portion) | 144,310 | 126,307 | - | 270,617 | 263,904 |
| Lease liabilities | 1,805 | 2,971 | - | 4,776 | 4,667 |
| Guarantee deposits | - | 1,765 | - | 1,765 | 1,765 |
| Total | \$ 263,511 | \$ 131,043 | \$ - | \$ 394,554 | \$ 387,732 |

The Company does not expect the cash flows on the maturity analysis to occur significantly earlier or with a considerable difference from the actual amounts.

12.3 Category of financial instruments

| Items | December 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| <u>Financial assets</u> | | |
| Financial assets measured at amortized cost (Note 1) | \$ 1,138,711 | \$ 1,449,730 |
| Financial assets at fair value through other comprehensive income | 328 | 328 |

| Items | December 31, 2025 | December 31, 2024 |
|-----------------------------------|-------------------|-------------------|
| <u>Financial liability</u> | | |
| Financial liabilities measured at | | |
| amortized cost (Note 2) | \$ 264,878 | \$ 383,065 |

Note1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivable and refundable deposits.

Note2: The balances included financial liabilities measured at amortized cost, which comprise short-term loan, notes payable, accounts payable, other payables, long-term loan (including current portion) and guarantee deposits received.

12.4 Fair value information of financial instruments

(1) Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.

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

Level 3: Inputs are unobservable inputs that are used to measure fair value to the extent when relevant observable inputs are not available.

(2) Financial instruments that are not measured at fair value.

The fair value of the Company's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loan, accounts payables, long-term loan (including current portion) and other financial liabilities approximate their fair value.

(3) Financial instruments that are measured at fair value:

The financial instruments that are measured at fair value on a recurring basis, the information of fair value is as follows:

| Items | December 31, 2025 | | | |
|-----------------------------|-------------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at | | | | |
| FVTOCI - noncurrent | \$ - | \$ - | \$ 328 | \$ 328 |
| Total | \$ - | \$ - | \$ 328 | \$ 328 |

| Items | December 31, 2024 | | | |
|-----------------------------|-------------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at | | | | |
| FVTOCI - noncurrent | \$ - | \$ - | \$ 328 | \$ 328 |
| Total | \$ - | \$ - | \$ 328 | \$ 328 |

(4) The methods and assumptions the Company used to measure fair value are as follows:

- A. The Company measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
- B. Fair value of equity investment of unlisted stocks without active market was estimated through the market approach that is mainly referenced to the same type of companies' evaluation, quotes from third parties, net assets and state of operation. The significant and unobservable input parameter for assessing the unlisted stocks mainly relates to liquidity discount rate. Since the possible changes of liquidity discount rate may not cause significant influence on financial standing, the quantitative information will not be disclosed.
- C. Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.

(5) Transfer between Level 1 and Level 2 of the fair value hierarchy: none.

(6) Changes in level 3 instruments:

| Items | 2025 | 2024 |
|-----------------------------------|--------|--------|
| <u>Financial assets at FVTOCI</u> | | |
| Beginning Balance | \$ 328 | \$ 328 |
| Ending Balance | \$ 328 | \$ 328 |

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information

- (1) Financings provided to others: None;
- (2) Endorsement and guarantee provided to others: None;
- (3) Marketable securities held at the end of the period(excluding investments in subsidiaries, associates and joint ventures) : Please see Table1 attached;

- (4) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- (5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (6) Information on the derivative instrument transactions: None;
- (7) The business relationship between the parent and the subsidiaries and significant transaction between them: None;

13.2 Information on investees: None;

13.3 Information on investment in Mainland China: None;

14. SEGMENT INFORMATION

14.1 The revenue of the Company's operating segment, profit or loss, assets and liabilities of reportable segments are consistent with the financial statements. Please refer to the balance sheets and statements of comprehensive income.

14.2 Information on geographic area

(1) Sales from external customers

| Areas | 2025 | 2024 |
|---------|---------------------|---------------------|
| America | \$ 214,700 | \$ 252,051 |
| Europe | 84,062 | 77,768 |
| Asia | 534,813 | 583,972 |
| Taiwan | 186,680 | 215,056 |
| Total | <u>\$ 1,020,255</u> | <u>\$ 1,128,847</u> |

(2) Noncurrent assets

| Areas | December 31, 2025 | December 31, 2024 |
|--------|-------------------|---------------------|
| Taiwan | <u>\$ 938,573</u> | <u>\$ 1,013,261</u> |

Noncurrent assets consist of property, plant and equipment, investment properties, right-of-use assets, intangible assets, and other assets, excluding financial instruments, deferred tax assets, and refundable deposits.

14.3 Major customer information

Major customers representing at least 10% of net revenue:

| Client name | 2025 | | 2024 | |
|-------------|------------|-----|------------|-----|
| | Amount | % | Amount | % |
| A Group | \$ 186,655 | 18% | \$ 229,648 | 20% |
| B Group | 114,114 | 11% | 153,703 | 14% |
| C Group | 99,578 | 10% | 102,923 | 9% |
| Total | \$ 400,347 | 39% | \$ 486,274 | 43% |

CALIN CORPORATION
MARKETABLE SECURITIES HELD
DECEMBER 31, 2025

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

| Held Company Name | Marketable Securities Type and Name | Relationship with the Company | Financial Statement Account | DECEMBER 31, 2025 | | | | Remarks |
|-------------------|-------------------------------------|-------------------------------|---|-----------------------------|----------------|-------------------------|------------|---------|
| | | | | Shares/Units (In Thousands) | Carrying Value | Percentage of Ownership | Fair Value | |
| CALIN | REC TECHNOLOGY CORPORATION | — | Financial Assets at Fair Value Through Other Comprehensive Income | 45 | \$ 328 | 0.26% | \$ 539 | |

**THE CONTENTS OF STATEMENTS OF MAJOR
ACCOUNTING ITEMS**

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CALIN Corporation

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

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

Statement 1

| <u>Item</u> | <u>Description</u> | <u>Amount</u> |
|--------------------|--------------------|---------------|
| Cash on hand | | \$ - |
| Cash in banks | | |
| New Taiwan Dollars | | |
| Demand deposits | | 558,528 |
| Time deposits | | 7,437 |
| Foreign currency | | |
| Demand deposits | (USD) | 4,237,543 |
| | (JPY) | 1,722,592 |
| | (CNY) | 1,196,439 |
| Time deposits | (USD) | 7,490,000 |
| Subtotal | | 940,169 |
| Total | | \$ 940,169 |

Note : USD \$1 = NT \$31.42

JPY \$1 = NT \$0.2008

CNY\$1 = NT \$4.496

CALIN Corporation

STATEMENT OF ACCOUNTS RECEIVABLE, NET

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 2

| <u>Client Name</u> | <u>Description</u> | <u>Amount</u> | <u>Remark</u> |
|--|--------------------|-------------------|---------------|
| Accounts receivable - nonrelated parties | | | |
| A Client | Payment for goods | \$ 21,533 | |
| B Client | Payment for goods | 21,467 | |
| C Client | Payment for goods | 20,697 | |
| D Client | Payment for goods | 14,333 | |
| E Client | Payment for goods | 13,894 | |
| F Client | Payment for goods | 12,118 | |
| G Client | Payment for goods | 10,611 | |
| H Client | Payment for goods | 9,789 | |
| I Client | Payment for goods | 9,425 | |
| Others (Note) | Payment for goods | <u>46,152</u> | |
| Subtotal | | 180,019 | |
| Less : loss allowance | | <u>-</u> | |
| Total | | <u>\$ 180,019</u> | |

Note : The amount of individual clients included in others does not exceed 5% of the account balance.

CALIN Corporation

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 3

| Item | Description | Amount | | Remark |
|-----------------|-------------|-------------------|----------------------|--------|
| | | Cost | Net Realizable Value | |
| Raw materials | | \$ 58,642 | \$ 74,889 | |
| Work-in-process | | 342,115 | 433,364 | |
| Finished goods | | 22,961 | 25,201 | |
| Merchandise | | 21,721 | 21,995 | |
| Total | | <u>\$ 445,439</u> | <u>\$ 555,449</u> | |

CALIN Corporation

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 4

| Investees | Balance, January 1, 2025 | | | Addition | | Decrease | | Balance, December 31, 2025 | | | Net Assets Value | Collateral |
|----------------------------|--------------------------|-----------------|--------|----------|--------|----------|--------|----------------------------|-----------------|--------|------------------|------------|
| | Shares | Share holding % | Amount | Shares | Amount | Shares | Amount | Shares | Share holding % | Amount | | |
| REC TECHNOLOGY CORPORATION | 45 | 0.26 | \$ 328 | - | - | - | - | 45 | 0.26 | \$ 328 | \$ 539 | Nil |
| Total | | | \$ 328 | | - | | - | | | \$ 328 | \$ 539 | |

CALIN Corporation
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 5

| <u>Client Name</u> | <u>Description</u> | <u>Amount</u> | <u>Remark</u> |
|--|--------------------|-------------------|---------------|
| Accounts receivable - nonrelated parties | | | |
| A Supplier | Trade payables | \$ 14,470 | |
| B Supplier | Trade payables | 12,831 | |
| C Supplier | Trade payables | 12,759 | |
| D Supplier | Trade payables | 10,510 | |
| E Supplier | Trade payables | 8,687 | |
| F Supplier | Trade payables | 8,565 | |
| G Supplier | Trade payables | 8,006 | |
| H Supplier | Trade payables | 6,601 | |
| I Supplier | Trade payables | 6,529 | |
| Others (Note) | Trade payables | <u>38,395</u> | |
| Subtotal | | <u>\$ 127,353</u> | |

Note : The amount of individual clients included in others does not exceed 5% of the account balance. °

CALIN Corporation

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 6

| Creditor | Description | Amount | Contract Period | Collateral | Remark |
|--|-----------------|-----------|-----------------|------------|--------------|
| Mega International Commercial Bank | Secured loans | \$ 5,751 | 2026.01.15 | Machinery | Note 1 |
| Mega International Commercial Bank | Secured loans | 6,608 | 2027.01.15 | Buildings | Note 1 and 2 |
| Bank of Taiwan | Secured loans | 11,692 | 2027.04.25 | Land | Note 1 |
| Bank of Taiwan | Secured loans | 79,722 | 2029.05.05 | Buildings | Note 1 |
| Bank of Taiwan | Secured loans | 12,960 | 2028.03.15 | Machinery | Note 1 and 2 |
| Bank of Taiwan | Unsecured loans | 6,667 | 2026.03.15 | Nil | Note 1 and 2 |
| Subtotal | | 123,400 | | | |
| Less : Current portion | | (56,344) | | | |
| Less : Discount on subsidies for project loans | | (38) | | | Note 2 |
| Total | | \$ 67,018 | | | |

Note 1 : The range of interest rates is 1.475% ~2.220%

Note 2 : The Company's new bank loans are based on the "Guidelines for Accelerated Investment Project Loans for Taiwan-based Enterprises." The government subsidizes the low-interest loans for the project based on the difference between the market interest rate and the actual repayment preferential interest rate.

CALIN Corporation

STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 7

| Item | QTY (in thousand PCE) | Amount | Remark |
|----------------------------|--------------------------|--------------|--------|
| Sales revenue | | | |
| Optical application lenses | 11,341 thousand PCS | \$ 1,024,496 | |
| Others | | 5,560 | |
| Total sales revenue | | 1,030,056 | |
| Less: Sales returns | | (5,958) | |
| Sales allowances | | (10,123) | |
| Sales revenue, net | | 1,013,975 | |
| Rental revenue | | 6,280 | |
| Net revenue | | \$ 1,020,255 | |

CALIN Corporation

STATEMENT OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 8

| Item | Amount | |
|--|----------|-----------|
| | Subtotal | Total |
| Cost of goods sold | | |
| Balance, beginning of year | \$ - | |
| Add : Purchase | 22,227 | |
| Others | 13,796 | |
| Less : Balance, end of year | (21,721) | |
| Scrapped losses | (125) | |
| Reclassified to expense | (1,780) | |
| Others | (1,360) | |
| | | \$ 11,037 |
| Cost of self-manufactured goods sold | | |
| Raw materials: | | |
| Balance, beginning of year | 38,484 | |
| Add : Purchase | 232,390 | |
| Others | 849 | |
| Less : Balance, end of year | (58,642) | |
| Raw materials sold | (1,906) | |
| Reclassified to expense | (18,814) | |
| Scrapped losses | (4,490) | |
| Loss on physical taking | (67) | |
| Others | (131) | |
| | | 187,673 |
| Direct labor | | 227,732 |
| Manufacturing expenses | | 415,379 |
| Manufacturing cost | | 830,784 |
| Add : Work in process, beginning of year | | 398,724 |
| Purchase | | 223,140 |
| Less : Work in process, end of year | | (342,115) |
| Scrapped losses | | (21,400) |
| Reclassified to expense | | (10,550) |
| Loss on physical taking | | (75) |
| Transferred to equipment | | (18,284) |
| Others | | (3,229) |
| Cost of finished goods | | 1,056,995 |
| Add : Finished goods, beginning of year | | 7,317 |
| Others | | 1,282 |
| Less : Finished goods, end of year | | (22,961) |
| Scrapped losses | | (1,425) |
| Reclassified to expense | | (1,124) |
| Loss on physical taking | | (7) |
| Others | | (1,255) |
| Total cost of goods sold | | 1,049,859 |
| Other cost of goods sold | | |
| Add : Cost of raw materials sold | | 1,906 |

CALIN Corporation

STATEMENT OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 8

| Item | Amount | |
|--------------------------------|----------|--------------|
| | Subtotal | Total |
| Unallocated fixed overhead | | \$ 21,184 |
| Scrapped losses | | 27,440 |
| Loss on physical taking | | 149 |
| Others | | 2,972 |
| Less : Revenue from scraps | | (210) |
| Total other cost of goods sold | | 53,441 |
| Total cost of revenue | | \$ 1,103,300 |

CALIN Corporation

STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 9

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Remark</u> |
|----------------------------|--------------------|-------------------|---------------|
| Depreciation | | \$ 120,191 | |
| Utilities expenses | | 88,011 | |
| Indirect labor | | 69,016 | |
| Consumable expenses | | 39,772 | |
| Insurance expenses | | 34,547 | |
| Others (Note) | | 75,540 | |
| Unallocated fixed overhead | | <u>(11,698)</u> | |
| Total | | <u>\$ 415,379</u> | |

Note : The amount of each item in others does not exceed 5% of the account balance.

CALIN Corporation

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 10

| Item | Marketing | Administrative | R&D | Total |
|-----------------------------------|------------------|------------------|------------------|-------------------|
| Salaries | \$ 9,594 | \$ 36,242 | \$ 36,017 | \$ 81,853 |
| Research and development expenses | - | - | 31,892 | 31,892 |
| Insurance expenses | 1,418 | 4,184 | 3,178 | 8,780 |
| Depreciation | - | 7,219 | 279 | 7,498 |
| Amortization | - | 948 | 4,925 | 5,873 |
| Repairment expense | - | 4,972 | 29 | 5,001 |
| Rental expenses | 988 | 1,462 | 2,264 | 4,714 |
| Freight/Export expenses | 4,153 | 1 | 32 | 4,186 |
| Others (Note) | 2,099 | 25,092 | 10,796 | 37,987 |
| Total | <u>\$ 18,252</u> | <u>\$ 80,120</u> | <u>\$ 89,412</u> | <u>\$ 187,784</u> |

Note : The amount of each item in others does not exceed 5% of the account balance.