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

Ticker: 4979

LUXNET CORPORATION
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS THEN ENDED

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The reader is advised that these parent-company-only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
LuxNet Corporation

Opinion

We have audited the accompanying parent-company-only balance sheets of LuxNet Corporation (the "Company") and its subsidiaries as of December 31, 2025 and 2024, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years ended December 31,2025 and 2024, and notes to the parent-company-only financial statements, including the summary of material accounting policies (together "the parent-company-only financial statements").

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company and its subsidiaries as of December 31, 2025 and 2024, and its parent-company-only financial performance and cash flows for the year then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 parent-company-only Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(To be continued)

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Key Audit Matters

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

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's parent-company-only revenue amounting to NT$ 4,384,846 thousand for the year ended December 31, 2025 is a significant account to the Company's parent-company-only financial statements. The Company has conducted these sale activities in multi-marketplace. Furthermore, varieties of sale terms and conditions enacted in the main sale contracts or sale orders judging and determining the performance obligation and the time of satisfaction. We therefore conclude that there are significant risks with respect to the topic of revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing between determining the performance obligation of revenues recognition and the major sales orders or agreements for their terms and conditions, performing analytical review procedures of sale revenues, executing sale cut-off tests, and reviewing the sales return and sales discount after for the years then ended, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the parent-company-only financial statements.

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Market valuation on Inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT$419,141 thousand, representing 8% of parent-company-only total assets, as of December 31, 2025 is significant to the Company's parent-company-only financial statements. Inventories, including active components for optical communication and modules, are mostly customized products. Considering the rapid changes in communication technology, the calculation of the allowance for inventory market decline and write-off obsolescence involves significant management judgment. With respect to the key audit matter – provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory and analyzing turnover rate of inventory at the end of period, performing observation on the Company and its subsidiaries' inventory physical taking, and looking into the status of inventory utilization. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 5 and 6 to the parent-company-only financial statements.

Responsibilities of Management and Those Charged with Governance for the parent-company-only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

(To be continued)

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the parent-company-only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 internal control of the Company and its subsidiaries.

(To be continued)

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

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

*/s/*Cheng, Ching-Piao

*/s/*Chen, Kuo-Shuai

Ernst & Young
Taiwan, R.O.C.
March 5th, 2026

<u>*Notices to Readers*</u>

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

Parent-Company-Only Balance Sheets

As of December 31, 2025 and 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2025		As of December 31, 2024	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$2,543,737	48	$3,127,743	66
1136	Financial assets measured at amortized cost	4, 6(3)	$600,000	11	-	-
1170	Accounts receivables, net	4, 6(4), 6(16)	559,646	11	400,417	9
1200	Other receivables	4, 6(16)	23,501	-	46,538	1
1220	Current tax assets	4	-	-	60	-
130x	Inventories, net	4, 6(5)	419,141	8	385,381	8
1419	Other prepaid expense		10,275	-	3,461	-
1421	Prepayments		960	-	685	-
1470	Other current assets		11,341	-	7,108	-
11xx	Total current assets		4,168,601	78	3,971,393	84
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	5,657	-	-	-
1550	Investment accounted for using equity method	4, 6(6)	82,339	2	86,779	2
1600	Property, plant and equipment	4, 6(7), 7, 8	1,038,026	19	615,158	13
1755	Right-of-use asset	4, 6(17)	477	-	-	-
1780	Intangible assets	4, 6(8)	3,661	-	1,165	-
1900	Other non-current assets	4, 6(9), 6(10)	29,977	1	70,671	1
15xx	Total non-current assets		1,160,137	22	773,773	16
1xxx	Total Assets		$ 5,328,738	100	$ 4,745,166	100

(The accompanying notes are an integral part of the Parent-Company-Only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2025 and 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2025		As of December 31, 2024	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2130	Contract liabilities	4, 6(15)	$ 2,344	-	$ 466	-
2170	Accounts payable		429,401	8	451,625	9
2200	Other payables	4, 6(11)	175,801	4	139,532	3
2220	Other payables - related parties	7	3,585	-	-	-
2230	Current income tax liabilities	4,6(21)	10,830	-	6,393	-
2281	Lease liability	4,6(17)	160	-	-	-
2365	Refund liability		44	-	-	-
2399	Other current liabilities		2,862	-	2,933	-
21xx	Total current liabilities		625,027	12	600,949	12
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(12)	-	-	3,000	-
2530	Bonds payable	4,6(13)	724,034	13	743,094	16
2581	Lease liability	4,6(17)	318	-	-	-
25xx	Total non-current liabilities		724,352	13	746,094	16
2xxx	Total liabilities		1,349,379	25	1,347,043	28
31xx	Equity attributable to shareholders of the parent	4, 6(14)				
3100	Capital					
3110	Common stock		1,408,398	26	1,408,398	30
3130	Certificates of Bond-to-Stock Conversion		2,165	-	-	-
3200	Capital surplus		1,210,248	23	1,174,245	25
3300	Retained earnings					
3310	Legal reserve		108,438	2	55,089	1
3320	Special reserve		59,656	1	14,599	-
3350	Unappropriated earnings		1,254,549	24	805,447	17
3400	Other components of equity		(64,095)	(1)	(59,655)	(1)
3xxx	Total equity		3,979,359	75	3,398,123	72
3x2x	Total liabilities and equity		$5,328,738	100	$4,745,166	100

(The accompanying notes are an integral part of the Parent-Company-Only financial statements.)

LUXNET CORPORATION

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

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

Code	Items	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(15), 7	$4,384,846	100	$3,451,043	100
5000	Operating costs	6(5)	(3,464,207)	(79)	(2,819,255)	(82)
5900	Gross profit		920,639	21	631,788	18
6000	Operating expenses	7				
6100	Sales and marketing		(9,577)	-	(7,513)	-
6200	General and administrative		(109,914)	(3)	(91,191)	(3)
6300	Research and development		(64,022)	(1)	(48,190)	(1)
6450	Expected credit gains (losses)	6(16)	95	-	(275)	-
	Total operating expenses		(183,418)	(4)	(147,169)	(4)
6900	Operating income		737,221	17	484,619	14
7000	Non-operating incomes and expenses	6(19), 7				
7100	Interest income		54,122	1	30,576	1
7010	Other incomes		740	-	3,132	-
7020	Other gains and losses		5,067	-	27,115	1
7050	Finance costs		(18,959)	-	(1,593)	-
	Total non-operating incomes and expenses		40,970	1	59,230	2
7900	Income before income tax		778,191	18	543,849	16
7950	Income tax expense	4, 6(21)	(13,946)	(1)	(10,596)	(1)
8200	Net income		764,245	17	533,253	15
8300	Other comprehensive income (loss)	6(20)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		809	-	245	-
8320	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(4,440)	-	(45,057)	(1)
8300	Total other comprehensive income (loss), net of tax		(3,631)	-	(44,812)	(1)
8500	Total comprehensive income (loss)		760,614	17	488,441	14
9750	Earnings per share-basic (in NTD)	4, 6(22)	$5.43		$3.79	
9850	Earnings per share-diluted (in NTD)	4, 6(22)	$5.31		$3.79	

(The accompanying notes are an integral part of the Parent-Company-Only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent							
					Retained Earnings			Others	
		Common Stock	Certificates of Bond-to-Stock Conversion	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized gain(loss) on equity instrument investment measured at fair value through other comprehensive income	Total Equity
Code	Items	3100	3130	3200	3310	3320	3350	3420	3XXX
A1	Balance as of January 1, 2024	$1,408,398	$-	$1,099,148	$10,943	$20,088	$512,007	$(14,598)	$3,035,986
	Appropriation and distribution of 2023 earnings								
B1	Legal Reserve				44,146		(44,146)		-
B3	Reversal of special reserve					(5,489)	5,489		-
B5	Cash dividends of ordinary shares						(201,401)		(201,401)
C5	Equity component of convertible bonds issued by the Company			75,097					75,097
D1	Net income for 2024						533,253		533,253
D3	Other comprehensive income (loss), net of tax, for 2024						245	(45,057)	(44,812)
D5	Total comprehensive income (loss)	-	-	-	-	-	533,498	(45,057)	488,441
Z1	Balance as of December 31, 2024	1,408,398	-	1,174,245	55,089	14,599	805,447	(59,655)	3,398,123
	Appropriation and distribution of 2024 earnings								
B1	Legal Reserve				53,349		(53,349)		-
B3	Special reserve					45,057	(45,057)		-
B5	Cash dividends of ordinary shares						(217,546)		(217,546)
D1	Net income for 2025						764,245		764,245
D3	Other comprehensive income (loss), net of tax, for 2025						809	(4,440)	(3,631)
D5	Total comprehensive income (loss)	-	-	-	-	-	765,054	(4,440)	760,614
I1	Conversion of convertible bonds		2,165	36,003					38,168
Z1	Balance as of December 31, 2025	$1,408,398	$2,165	$1,210,248	$108,438	$59,656	$1,254,549	$(64,095)	$3,979,359

(The accompanying notes are an integral part of the Parent-Company-Only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2025	2024	Code	Items	2025	2024
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	$778,191	$543,849	B00040	Acquisition of financial assets at amortized cost	(600,000)	-
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(444,656)	(88,910)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	-	1,715
A20100	Depreciation (including right-of-use assets)	66,525	68,112	B03700	Decrease (increase) in refundable deposits	(900)	-
A20200	Amortization	3,907	3,933	B04500	Acquisition of intangible assets	(2,070)	(2,294)
A20300	Expected credit losses (gains)	(95)	275	B06800	Decrease (increase) in other non-current assets	(142)	(4,306)
A20400	Net gain of financial assets at fair value through P/L	(8,507)	820	BBBB	Net cash provided by (used in) investing activities	(1,047,768)	(93,795)
A20900	Interest expense	18,959	1,593				
A21200	Interest income	(54,122)	(30,576)				
A22500	Loss (gain) on disposal of property, plant and equipment	4,905	13,340	CCCC	Cash flows from financing activities:		
A23800	Impairment loss (reversal gain) on non-financial assets	(4,905)	(11,594)	C01200	Issuance of corporate bonds	-	824,156
A29900	Other - loss (reversal gain) related to inventories	14,258	(17,821)	C04020	Cash payments for the principal portion of the lease liability	(14)	-
A30000	Changes in operating assets and liabilities:			C04500	Cash dividends paid	(217,512)	(201,388)
A31150	Accounts receivables	(159,134)	(100,218)	CCCC	Net cash provided by (used in) financing activities	(217,526)	622,768
A31180	Other receivables	25,423	(19,435)				
A31200	Inventories	(48,018)	192,387				
A31230	Prepayments	(7,089)	1,309	EEEE	Increase (decrease) in cash and cash equivalents	(584,006)	1,295,477
A31240	Other current assets	(4,233)	(4,747)	E00100	Cash and cash equivalents at beginning of period	3,127,743	1,832,266
A32125	Contract liabilities	1,878	(5,789)	E00200	Cash and cash equivalents at end of period	$2,543,737	$3,127,743
A32150	Accounts payable	(22,224)	89,204				
A32180	Other payables	29,845	17,008				
A32190	Other payables - related parties	3,585	(820)				
A32230	Other current liabilities	(71)	233				
A32240	Net defined benefit liabilities	(121)	(120)				
A32990	Refund liability	44	-				
A33000	Cash generated from (used in) operations	639,001	740,943				
A33100	Interest received	51,736	28,982				
A33300	Interest paid	-	(28)				
A33500	Income tax paid	(9,449)	(3,393)				
AAAA	Net cash provided by (used in) operating activities	681,288	766,504				

(The accompanying notes are an integral part of the Parent-Company-Only financial statements.)

1. HISTORY AND ORGANIZATION

LuxNet Corporation (referred to "the Company") was incorporated on November 15, 2001, and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is No. 6, Hejiang Road, Zhongli, Taoyuan.

The major business activities of Company and subsidiaries (together referred to as "the Company") were the manufacturing, processing and sale of electronic components and active components for optical communication and the retail sale of electronic materials.

The Company's common shares were publicly listed on the Taipei Exchange ("TPEx") on December 12, 2011.

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on March 5th, 2026.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2025. The adoption of these new standards and amendments had no material impact on the Company.

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

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 17 "Insurance Contracts"	January 1 , 2023
B	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1 , 2026
C	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1 , 2026
D	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1 , 2026

A. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

B. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

a. Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.

b. Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

c. Clarify the treatment of non-recourse assets and contractually linked instruments.

d. Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

C. Annual Improvements to IFRS Accounting Standards – Volume 11

a. Amendments to IFRS 1

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

b. Amendments to IFRS 7

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

c. Amendments to Guidance on implementing IFRS 7

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

d. Amendments to IFRS 9

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

e. Amendments to IFRS 10

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

f. Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

D. Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

a. Clarify the application of the ‘own-use’ requirements.

b. Permit hedge accounting if these contracts are used as hedging instruments.

c. Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

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

(3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
B	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
C	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
D	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

A. IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

a. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

b.Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

c.Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

C. Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

D. Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS29)

The amendments include:

a.Clarify that when the entity's functional currency is that of a non hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.

b.In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.

c.When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

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

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

(3) Foreign currency transactions

The Company’s parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle.
B. The Company holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

A. Financial instruments: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a.the Company’s business model for managing the financial assets and ;
b.the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>
The financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables, etc., on the balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.
Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

The financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ;
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.
Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and

c. the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired.
b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled; For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.
Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or

b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or losses including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or

B.In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – At actual purchase cost, using the weighted average method.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(10) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3 to 50 years
Machinery and equipment	1 to 10 years
Office equipment	3 to 10 years
Other equipment	3 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates 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. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements’ comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Company intangible assets is as follows:

	Cost of Computer Software
Useful life	1 to 5 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset’s recoverable amount is the higher of an asset’s net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (company of units), then to the other assets of the unit (company of units) pro rata on the basis of the carrying amount of each asset in the unit (company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Revenue recognition

The Company revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is active components for optical communication and modules and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Company sale of goods is from 30 to 105 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as account receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(15) Post-employment benefits

All regular employees of the Company are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company’s parent-company-only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(16) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company and its subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit (loss) ; and the time of the transaction, there was no equivalent taxable and deductible temporary difference.

B. In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent-company-only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Accounts receivables - estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6(16) for more details.

(3) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(6) for more details.

(4) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6(10) for more details.

(5) Property, Plant and Equipment Impairment Assessment

During the asset impairment assessment process, the Company must rely on subjective judgments, including identifying the recoverable amount of the cash generating unit and determining the recoverable amount of the cash generating unit based on asset usage model and industry characteristics. The estimated changes brought about may cause significant impairment or reversal of recognized impairment losses in the future. Please refer to Note 6(7) for more details.

(6) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Cash on hand	$47	$41
Saving	359,380	223,131
Time deposit(Note)	1,814,300	2,742,609
cash equivalents -Investments in bonds with resale agreements	220,010	81,962
cash equivalents - Investments in bills with resale agreements	150,000	80,000
Total	$2,543,737	$3,127,743

Note：It refers to contracts that mature within three months and can be readily convertible to known amounts of cash with values subject to an insignificant risk of changes.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets at fair value through profit or losse

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not designated as hedging relationships.		
Embedded derivative financial instrument –redemption, put options	$5,657	$-
Current	$-	$-
Non-current	5,657	-
Total	$5,657	$-

No financial assets at fair value through profit or loss was pledged as collateral.

(3) Financial assets at amortized cost

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Time deposits with maturity over three months	$600,000	$-
Current	$600,000	$-
Non-current	-	-
Total	$600,000	$-

The Company classified certain financial assets as financial assets at amortized cost. Please refer to Note 12 for more details on credit risk.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Accounts receivable

A. Accounts receivable, net

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Accounts receivable arising from operating activities	$607,256	$448,122
Less: loss allowance	(47,610)	(47,705)
Total	$559,646	$400,417

Accounts receivable are generally on 30～105 days terms. The total carrying amount were NT$ 607,256 thousand and NT$448,122 thousand as of December 31, 2025 and 2024, respectively. Please refer to Note 6(16) for more details on loss allowance of accounts receivable for the years ended December 31, 2025 and 2024, respectively. Please refer to Note 12 for more details on credit risk.

B. Account receivables were not pledged.

(5) Inventories

A. Details of inventories:

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Raw material	$196,847	$109,868
Work in process	104,658	135,984
Finished goods	117,636	139,529
Total	$419,141	$385,381

B. The cost of inventories recognized in expenses amount to NT$3,464,207 thousand and NT$ 2,819,255 thousand for the years ended December 31, 2025 and 2024, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following loss (gains) were included in cost of sale:

	For the year ended December 31,	
Item	2025	2024
Loss (Gain) from inventory market decline and write-off obsolescence	$3,158	$(30,495)
Loss from disposed	10,585	12,674
Inventory deficit	515	
Gains on sale of scrap	(1,126)	(386)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	21,303	91,037
Total	$34,435	$72,830

The Company recognized gains on reversal of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed of or had recovered in net realizable value for the years ended December 31, 2025 and 2024.

C. The inventories were not pledged.

(6) Investments accounted for under the equity method

	As of			
	Dec. 31, 2025		Dec. 31, 2024	
Investee Companies	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Toplight Corporation	$82,339	100%	$86,779	100%

A. Investments in subsidiaries were presented in the parent-company-only financial statements under investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

B. The Company's investments accounted for under the equity method were not pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Property, plant and equipment

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Owner occupied property, plant and equipment	$1,038,026	$615,158

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Equipment awaiting inspection	Total
Cost:							
As of Jan. 1, 2025	$247,696	$367,278	$1,326,543	$5,239	$548	$20,592	$1,967,896
Additions	-	-	-	-	-	489,379	489,379
Disposals	-	-	(43,059)	-	-	-	(43,059)
Reclassification	135,025	115,360	125,091	6,276	-	(381,752)	-
As of Dec. 31, 2025	$382,721	$482,638	$1,408,575	$11,515	$548	$128,219	$2,414,216
Cost:							
As of Jan. 1, 2024	$247,696	$362,779	$1,389,941	$5,239	$548	$3,881	$2,010,084
Additions	-	-	-	-	-	32,476	32,476
Disposals	-	-	(74,664)	-	-	-	(74,664)
Reclassification	-	4,499	11,266	-	-	(15,765)	-
As of Dec. 31, 2024	$247,696	$362,278	$1,326,543	$5,239	$548	$20,592	$1,967,896
Depreciation and impairment:							
As of Jan. 1, 2025	$-	$137,138	$1,209,959	$5,239	$402	$-	$1,352,738
Depreciation	-	13,460	52,355	550	146	-	66,511
Reversal of impairment loss	-	-	(4,905)	-	-	-	(4,905)
Disposal	-	-	(38,154)	-	-	-	(38,154)
As of Dec. 31, 2025	$-	$150,598	$1,219,255	$5,789	$548	$-	$1,376,190
As of Jan. 1, 2024	$-	$130,509	$1,219,862	$5,239	$219	$-	$1,355,829
Depreciation	-	6,629	61,300	-	183	-	68,112
Reversal of impairment loss	-	-	(11,594)	-	-	-	(11,594)
Disposal	-	-	(59,609)	-	-	-	(59,609)
As of Dec. 31, 2024	$-	$137,138	$1,209,959	$5,239	$402	$-	$1,352,738

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Equipment awaiting inspection	Total
Net carrying amount:							
As of Dec. 31, 2025	$382,721	$332,040	$189,320	$5,726	$-	$128,219	$1,038,026
As of Dec. 31, 2024	$247,696	$230,140	$116,584	$ -	$146	$20,592	$615,158

B. The Company For the years ended December 31, 2025 and 2024, the NT$4,905 thousand and NT$11,594 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Company. These have been recognized in the other gains and losses.

C. Please refer to Note 8 for more details on property, plant and equipment under pledged.

(8) Intangible assets

	Computer software
Cost:	
As of Jan. 1, 2025	$33,322
Additions – acquired separately	3,535
Deduction	-
As of Dec. 31, 2025	$36,857
As of Jan. 1, 2024	$32,315
Additions – acquired separately	1,007
Deduction	-
As of Dec. 31, 2024	$33,322
Amortization and Impairment:	
As of Jan. 1, 2025	$32,157
Amortization	1,039
Deduction	-
As of Dec. 31, 2025	$33,196

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Computer software
As of Jan. 1, 2024	$31,441
Amortization	716
Deduction	-
As of Dec. 31, 2024	$32,157
Carrying amount, net:	
As of Dec. 31, 2025	$3,661
As of Dec. 31, 2024	$1,165

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2025	2024
Operating costs	$684	$461
Sales and marketing expenses	25	27
General and administrative expenses	181	128
Research and development expenses	149	100
Total	$1,039	$716

(9) Other non-current assets

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Prepayment for equipment	$22,906	$62,619
Other non-current assets-others	2,491	5,302
Net defined benefit asset	3,680	2,750
Refundable deposits	900	-
Total	$29,977	$70,671

(10)Post-employment benefits

Defined contribution plan

The Company's Taiwan domestic company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company's Taiwan domestic company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company's Taiwan domestic company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2025 and 2024 were NT$13,373 thousand and NT$11,450 thousand, respectively.

Defined benefits plan

The Company's Taiwan domestic company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company's Taiwan domestic company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company's Taiwan domestic company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company's Taiwan domestic company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company's Taiwan domestic company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company's Taiwan domestic company expects to contribute NT$(49) thousand to its defined benefit plan during the 12 months beginning after December 31, 2025.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2025 and 2024, the maturities of the Company's Taiwan domestic company defined benefit plan were expected in 2039 and 2038, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
Net interest of defined benefit liability (asset)	$21	$30

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec.31, 2025	Dec.31, 2024	Jan.1, 2024
Defined benefit obligation	$1,910	$2,684	$2,423
Plan assets at fair value	(5,590)	(5,434)	(4,808)
Subtotal	(3,680)	(2,750)	(2,385)
Net defined benefit expected to contribute during the 12 months	-	-	-
Other non-current liabilities – net defined benefit liability (asset) on the parent-company-only balance sheets	$(3,680)	$(2,750)	$(2,385)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of Jan. 1, 2024	2,423	$(4,808)	$(2,385)
Current period service costs	62	-	62
Net interest expense (revenue)	31	(63)	(32)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	93	(63)	30
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(99)	-	(99)
Experience adjustments	267	(413)	(146)
Re-measurement on defined benefit assets	-	-	-
Subtotal	168	(413)	(245)
Benefits paid	-	-	-
Contributions by employer	-	(150)	(150)
As of Dec. 31, 2024	2,684	(5,434)	(2,750)
Current period service costs	66	-	66
Net interest expense (revenue)	43	(88)	(45)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	109	(88)	21
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	65	-	65
Experience adjustments	(507)	(367)	(874)
Re-measurement on defined benefit assets	-	-	-
Subtotal	(442)	(367)	(809)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Benefits paid	(441)	441	-
Contributions by employer	-	(142)	(142)
As of Dec. 31, 2025	$1,910	$(5,590)	$(3,680)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of	
	Dec.31, 2025	Dec.31, 2024
Discount rate	1.30%	1.60%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2025		2024	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(55)	$-	$(83)
Discount rate decrease by 0.25%	57	-	87	-
Future salary increase by 0.25%	55	-	55	-
Future salary decrease by 0.25%	-	(53)	-	(82)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Other payables

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Accrued expense	$163,558	$132,299
Payables on equipment	12,243	7,233
Total	$175,801	$139,532

(12) Financial liabilities at fair value through profit or loss

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not designated as hedging relationships.		
Embedded derivative financial instrument –redemption, put options	$-	$3,000
Current	$-	$-
Non-current	-	3,000
Total	$-	$3,000

(13)Bonds payable

A. The details of the bonds payable as of December 31, 2025 and 2024 are as follows:

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Liability component:		
Principal amount	$760,000	$800,000
Less: Discounts on bonds payable	(35,966)	(56,906)
Subtotal	724,034	743,094
Less: current portion	-	-
Net	$724,034	$743,094
Embedded derivative - redemption, put options	$(5,657)	$3,000
Equity component - Convertible rights	$70,976	$75,097

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption and put options and the interest expense on the convertible bonds payable, please refer to Note 6 (19)

B. On December 9, 2024, the Company issued third unsecured convertible bonds. The terms of the bonds are as follows:

(a) Issue amount: NT$600,000 thousand

(b) Issue date： December 9, 2024

(c) Issue price： Issue at par value

(d)Coupon rate： 0%

(e) Period： December 9, 2024 to December 9, 2027

(f) Settlement： The convertible bonds' holder (hereinafter referred to as “bondholders”) can convert the bond into the Company's common stock in accordance with Article 10 of the Company's conversion rules. The Company can also exercise right of sale in accordance with Article 19 of the Company's conversion rules, or recall the bonds before maturity and buy back the cancellation from bonds dealer in accordance with Article 18 of the Company's conversion rules. Otherwise, the Company will repay the。If the aforementioned date falls on a day when the Taipei Exchange is closed, it shall be postponed to the next business day.

(g)Conversion period： The bondholders will have the right to convert their bonds at any time during the conversion period commencing on March 10, 2025 (the 90th day following the closing date) and ending at the close of business on December 9, 2027 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (iv) no request for conversion other than the starting date(Subscription date) of the stop of the conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange and handle in accordance with the provisions of Articles 10, 11, 12 and 16 of these Regulations.

The suspension start date for conversion (subscription) resulting from the aforementioned change in denomination refers to the business day immediately preceding the date on which the issuing company submits its application for amendment of registration to the Ministry of Economic Affairs. The issuing company shall also announce the suspension period at least four business days prior to that start date.

(h)Conversion price and adjustment：

The conversion price was originally at NT$178 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends per ordinary share in 2025, the Company adjusted the conversion price in accordance with the Company's 3th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price NT$178 was adjusted to NT$176.50 since July 30, 2025.

(i)Redemption clauses：

(i) The Company may redeem the convertible bonds from the next day (March 10, 2025) following a three-month period after the bonds are issued to 40 days before the maturity date (October 30, 2027) if the following terms are met: when the closing price of the Company’s common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

(ii) The Company may redeem the convertible bonds from the next day (March 10, 2025) following a three-month period after the bonds are issued to 40 days before the maturity date (October 30, 2027) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

(iii) If the bondholders do not reply in writing to the company's stock agency before the bond recovery base date stated in the " bond redemption notification letter " (it will be effective upon delivery, and the postmark date will be used as proof if mailed). The Company will redeem the convertible bonds held by such bondholder at the bond face value. The converted bonds will be recovered in cash within five days after the bond recovery base date.

(iv) If the Company execute early redemption clauses of the bonds and the deadline for the bondholders to request conversion is the second business day after the Taipei Exchange termination date.

(j)Put option of the bondholders： The bondholders can execute put option after two years from issuance date (December 9, 2026). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date (October 30,2026). (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over The Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value*1.0025% after two years maturity period, the real yield is 0.5%.) After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. On December 25, 2024, the Company issued fourth unsecured convertible bonds. The terms of the bonds are as follows:

(a) Issue amount:	NT$200,000 thousand
(b) Issue date：	December 25, 2024
(c) Issue price：	Issued at 112.08% of the face value.
(d)Coupon rate：	0%
(e) Period：	December 25, 2024 to December 25, 2027
(f) Settlement：	The convertible bonds bear a 0% coupon rate pursuant to Article 5 of these Regulations; therefore, no interest payment dates or methods need to be established. The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the Company's common stock in accordance with Article 10 of the Company's conversion rules. The Company can also exercise right of sale in accordance with Article 19 of the Company's conversion rules, or recall the bonds before maturity and buy back the cancellation from bonds dealer in accordance with Article 18 of the Company's conversion rules. Otherwise, the Company will repay the。If the aforementioned date falls on a day when the Taipei Exchange is closed, it shall be postponed to the next business day.
(g)Conversion period：	The bondholders will have the right to convert their bonds at any time during the conversion period commencing on March 26, 2025 (the 90th day following the closing date) and ending at the close of business on December 25, 2027 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new

shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (iv) no request for conversion other than the starting date(Subscription date) of the stop of the conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange and handle in accordance with the provisions of Articles 10, 11, 12 and 16 of these Regulations.

The suspension start date for conversion (subscription) resulting from the aforementioned change in denomination refers to the business day immediately preceding the date on which the issuing company submits its application for amendment of registration to the Ministry of Economic Affairs. The issuing company shall also announce the suspension period at least four business days prior to that start date.

(h)Conversion price and adjustment：

The conversion price was originally at NT$206 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends per ordinary share in 2025, the Company adjusted the conversion price in accordance with the Company's 4th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price NT$206 was adjusted to NT$204.30 since July 30, 2025.

(i)Redemption clauses：

(i) The Company may redeem the convertible bonds from the next day (March 26, 2025) following a three-month period after the bonds are issued to 40 days before the maturity date (November 15, 2027) if the following terms are met: when the closing price of the Company’s common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

(ii)The Company may redeem the convertible bonds from the next day (March 26, 2025) following a three-month period after the bonds are issued to 40 days before the maturity date (November 15, 2027) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

(iii) If the bondholders do not reply in writing to the company's stock agency before the bond recovery base date stated in the " bond redemption notification letter " (it will be effective upon delivery, and the postmark date will be used as proof if mailed). The Company will redeem the convertible bonds held by such bondholder at the bond face value. The converted bonds will be recovered in cash within five days after the bond recovery base date.

(iv) If the Company execute early redemption clauses of the bonds and the deadline for the bondholders to request conversion is the second business day after the Taipei Exchange termination date.

(j)Put option of the bondholders： The bondholders can execute put option after two years from issuance date (December 25, 2026). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date (November 15,2026). (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over The Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value*0% after two years maturity period, the real yield is 0%.) After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.

D. As of December 31, 2025, the Company's domestic unsecured convertible bonds with an aggregate amount of NT$40,000 thousand had been converted into 216 thousand shares of common stock. The excess of the net conversion amount over the par value of the common shares issued was recognized as capital surplus—conversion premium of convertible bonds in the amount of NT$40,124 thousand. In addition, due to the exercise of the conversion rights of the convertible bonds, capital surplus—stock options of convertible bonds originally recognized at issuance decreased by NT$4,121 thousand, and the discount on bonds payable decreased by NT$1,982 thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14)Equity

A. Common stock

As of December 31, 2025 and 2024, the authorized ordinary stock of the Company were 2,000,000 thousand, The Company's paid-in capital were NT$1,408,398 thousand, each share at par value of NT$10, divided into 140,840 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

During the period from January 1 to December 31, 2025, holders of the Company's third domestic unsecured corporate bonds applied for conversion in the amount of NT$26,900 thousand. As a result, ordinary shares with a par value of NT$10 per share totaling NT$1,524 thousand were issued, representing 152 thousand shares.
As of December 31, 2025, the 152 thousand ordinary shares had not yet completed the registration of capital change and were therefore recorded under "certificates of entitlement to new shares from convertible bonds."

During the period from January 1 to December 31, 2025, holders of the Company's fourth domestic unsecured corporate bonds applied for conversion in the amount of NT$13,100 thousand. As a result, ordinary shares with a par value of NT$10 per share totaling NT$641 thousand were issued, representing 64 thousand shares.
As of December 31, 2025, the 64 thousand ordinary shares had not yet completed the registration of capital change and were therefore recorded under "certificates of entitlement to new shares from convertible bonds."

B. Capital surplus

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Additional paid-in capital	$1,095,017	$1,095,017
Bond conversion premium	40,124	-
Restricted stocks for employees	3,650	3,650
Overdue unclaimed cash dividend listed as capital surplus	481	481
Stock options – convertible rights -other	70,976	75,097
Total	$1,210,248	$1,174,245

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

a.Earning distribution

In accordance with the provisions of the Articles of Association of the Company as amended by the resolution of the shareholders' meeting on June 20, 2023， the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

(i) Payment of all taxes and dues;
(ii)Offset prior years’ operation losses;
(iii)Set aside 10% of the remaining amount as legal reserve;
(iv)Set aside or reverse special reserve in accordance with law and regulations; and
(v)The distribution of the remaining portion, if any, When dividends and dividends are distributed in whole or in part, by way of issuing new shares, they shall be distributed by resolution of the shareholders' meeting; Authorize the Board of Directors to attend the resolution of more than two-thirds of the Directors and a majority of the Directors in the event of cash distribution, and report to the shareholders' meeting; To distribute all or part of the statutory surplus reserve and capital reserve, authorize the board of directors to present at least two-thirds of the directors and the resolution of a majority of the directors present at the resolution of the directors to release cash and report to the shareholders' meeting.

b.Dividend policies

The Company will take into account the future capital needs and long-term financial planning, and the surplus distribution will be appropriately paid by means of stock dividends or cash dividends, of which the total cash dividends shall not be less than 10% of the total dividends paid to shareholders in the current year.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c.Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

d.Special reserve

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

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

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

e.Details of the 2025 and 2024 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 5, 2026 and June 24, 2025, respectively, are as follows:

	Appropriation of earnings	Appropriation of earnings	Dividend per share (in NT$)	Dividend per share (in NT$)
	2025	2024	2025	2024
Legal reserve	$76,505	$53,349		
Special reserve	4,440	45,057		
Common stock – cash dividend	307,503	217,546	2.18	1.5446
Total	$388,448	$315,952		

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors and supervisors.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15)Operating revenue

	For the year ended December 31,	
	2025	2024
Revenue from customer contracts		
Sales of goods	$4,384,846	$3,451,043

Analysis of revenue from contracts with customers during the years ended December 31, 2025 and 2024 are as follows:

A. Disaggregation of revenue

	Single Department	
	For the year ended December 31,	
	2025	2024
i. Primary geographical markets		
Taiwan	$473,951	$151,598
China	65,091	85,715
North America	3,813,144	3,186,800
Other	32,660	26,930
Total	$4,384,846	$3,451,043
ii.Major product		
Active components for optical communication and modules	$3,786,274	$3,256,119
Chips	484,378	136,296
Other	114,194	58,628
Total	$4,384,846	$3,451,043
The timing for revenue recognition:		
At a point in time	$4,384,846	$3,451,043

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Contract balances

Contract liabilities – current

	As of		
	Dec. 31, 2025	Dec. 31, 2024	Jan. 1, 2024
Sales of goods	$2,344	$466	$6,255

The balance of the Company's contract liabilities increased for the period from January 1, 2025 to December 31, 2025, because part of the consideration was received from customers and the underlying obligations/services should be provided afterwards.

The balance of the Company's contract liabilities decreased for the period from January 1, 2024 to December 31, 2024, as certain performance obligations were satisfied and revenue was recognized in the current period.

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2025 and 2024, there were no information of unsatisfied performance obligations provided in the parent-company-only financial statements because the durations of the Company's revenue contracts were all less than one year.

D. Assets recognized from costs to fulfill a contract

None.

(16)Expected credit losses

	For the year ended December 31,	
	2025	2024
Operating expenses – Expected credit losses (gains)		
Accounts receivables	$(95)	$275

Please refer to Note 12 for more details on credit risk.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company measures the loss allowance of its accounts receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2025 and 2024, respectively, are as follow:

A. The Company considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

As of December 31, 2025

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$557,932	$1,924	$-	$47,400	$607,256
Loss ratio	0.01～3%	0.01～3%	30%	100%	
Lifetime expected credit losses	-	(210)	-	(47,400)	(47,610)
Carrying amount of accounts receivables	$557,932	$1,714	$-	$-	$559,646

As of December 31, 2024

		Overdue			
	Not yet due	1-120 days	121-365 days	More than 365 days	Total
Gross carrying amount	$396,208	$4,514	$-	$47,400	$448,122
Loss ratio	0.01～1%	0.01～3%	30%	100%	
Lifetime expected credit losses	(226)	(79)	-	(47,400)	(47,705)
Carrying amount of accounts receivables	$395,982	$4,435	$-	$-	$400,417

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. The movement in the provision for impairment of note receivables, accounts receivables and other receivables during the years ended December 31, 2025 and 2024 respectively, is as follows:

	Note receivables	Accounts receivables	Other receivables
As of Jan. 1, 2025	$-	$47,705	$3,003
Addition (reversal) to the current period	-	(95)	-
As of Dec. 31, 2025	$-	$47,610	$3,003

As of Jan. 1, 2024	$-	$47,430	$3,003
Addition (reversal) to the current period	-	275	-
As of Dec. 31, 2024	$-	$47,705	$3,003

(17)Leases

A. Company as a lessee

The Company leases various assets, including transportation equipment. The lease terms are generally for a period of three years. Certain leases provide that without obtaining consent from the lessor, the Company may not, under its own discretion, lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The effect of leases on the Company's parent-company-only financial position, financial performance and cash flows are as follows:

a. Amounts recognized in the balance sheet I. Right-of-use assets

(i) Right-of-use assets

The carrying amount of right-of-use assets

	For the year ended December 31,	
	2025	2024
Transportation equipment	$477	$-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(ii) Lease liability

	For the year ended December 31,	
	2025	2024
Lease liabilities	$478	$-

Current	$160	$-
Non-current	318	-
Total	$478	$-

Please refer to Note 19(4) for the interest on lease liability recognized for the years ended December 31, 2025 and 2024 and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2025 and 2024.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December 31,	
	2025	2024
Transportation equipment	$14	$-

c. Income and costs relating to leasing activities

	For the year ended December 31,	
	2025	2024
The expenses relating to short-term leases(Rent)	$72	$10

As of December 31, 2025 and 2024, the portfolio of short-term leases of the Company to which it is committed at the end of the reporting period was dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments was NT$0.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

d. Cash outflow relating to leasing activities

For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases amounted to NT$86 thousand and NT$10 thousand, respectively.

(18)Summary statement of employee benefits, depreciation and amortization was as follows:

Function / Nature	For the year ended December 31,					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$271,355	$99,002	$370,357	$201,617	$70,335	$271,952
Labor and health insurance	29,554	5,598	35,152	22,540	5,008	27,548
Pension	10,562	2,832	13,394	8,892	2,588	11,480
Directors' remuneration	-	19,738	19,738	-	16,365	16,365
Other employee benefits expense	17,622	5,494	23,116	14,925	5,719	20,644
Depreciation	55,795	10,730	66,525	58,954	9,158	68,112
Amortization	3,481	426	3,907	3,654	279	3,933

According to the Company's Articles of Incorporation, between 5% to 15% of profit of the current year is distributable as employees' compensation and no more than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. The pervading target given of shares or in cash includes the employees of the Company's subsidiaries or affiliated companies under certain requirements. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2025, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$41,838 thousand and NT$16,735 thousand, respectively, which were recognized as payroll expenses.

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A resolution was approved in a meeting of the Board of Directors held on March 5, 2026 to distribute NT$41,838 thousand and NT$16,735 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2025.

Based on profit of the year ended December 31, 2024, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$29,239 thousand and NT$11,696 thousand, respectively, which were recognized as payroll expenses. A resolution was approved in a meeting of the Board of Directors held on March 13, 2025 to distribute NT$29,239 thousand and NT$11,696 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2024.

(19)Non-operating incomes and expenses

A. Interest incomes

	For the year ended December 31,	
	2025	2024
Interest income		
Financial assets measured at amortized cost	$54,122	$30,576

B. Other incomes

	For the year ended December 31,	
	2025	2024
Government grants income	$-	$15
Other income – others	740	3,117
Total	$740	$3,132

C. Other gains and losses

	For the year ended December 31,	
	2025	2024
Gain (Loss) on disposal of property, plant and equipment	$(4,905)	$(13,340)
Reversal gain impairment loss on	4,905	11,594

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Property plant and equipment		
Gains (losses) on financial assets/ liabilities at fair value	8,507	(820)
Foreign exchange gain (loss), net	(3,440)	29,681
Total	$5,067	$27,115

D. Finance costs

	For the year ended December 31,	
	2025	2024
Interest on bank loans	$-	$28
Interests on lease liabilities	1	-
Interests on bonds payable	18,958	1,565
Total	$18,959	$1,593

(20)Components of other comprehensive income

For the year ended December 31, 2025

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$809	$-	$809	$-	$809
Unrealized gain (loss) on equity instruments investments measured at fair value through other comprehensive income	(4,440)	-	(4,440)	-	(4,440)
Total of other comprehensive income	$(3,631)	$-	$(3,631)	$-	$(3,631)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2024

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$245	$-	$245	$-	$245
Unrealized gain (loss) on equity instruments investments measured at fair value through other comprehensive income	(45,057)	-	(45,057)	-	(45,057)
Total of other comprehensive income	$(44,812)	$-	$(44,812)	$-	$(44,812)

(21)Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2025	2024
Current income tax expense (income):		
Current income tax charge	$13,946	$9,282
Adjustments in respect of current income tax of prior periods	-	1,314
Total income tax expense	$13,946	$10,596

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2025	2024
Accounting income before tax from continuing operations	$778,191	$543,849
Tax payable at the enacted tax rates	$155,638	$108,770
Surtax on undistributed earnings	952	9,282
Tax effect of expenses not deductible for tax purposes	1,753	479
Tax effect of deferred tax assets/liabilities	(144,632)	(107,426)
Adjustments in respect of current income tax of prior period	-	1,314
Adjustments to prior years' deferred income tax in the current period	235	(1,823)
Total income tax expense recognized in profit or loss	$13,946	$10,596

C. Deferred tax assets (liabilities) relate to the following:

As of December 31, 2025 and 2024, deferred tax assets (liabilities) both amount to NT$0, respectively.

D. Unrecognized deferred tax assets

As of December 31, 2025 and 2024, deferred tax assets that have not been recognized as they may not be used to offset future taxable profits amount to NT$21,791 thousand and NT$166,423 thousand, respectively.

E. The following table contains the information of unused tax losses of the Company:

The Parent Company

	As of		
Year	Dec. 31, 2025	Dec. 31, 2024	Maturity
2019	$-	230,870	2029
2020	-	130,302	2030
2021	-	336,455	2031
Total	$-	$697,627	

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

F. The assessment of income tax return

As of December 31, 2025, income tax returns of the Company was assessed and approved up to 2023.

(22)Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the ordinary shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

	For the year ended December 31,	
	2025	2024
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$764,245	$533,253
Weighted average number of ordinary shares outstanding (in thousand shares)	140,840	140,840
Basic earnings per share (in NT$)	$5.43	$3.79

B. Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2025	2024
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$764,245	$533,253
Interest expense from convertible bonds (in thousand NT$)	15,167	(Note)
Financial asset measured at fair value through profit or loss (in thousand NT$)	(6,806)	(Note)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the year ended December 31,	
	2025	2024
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$772,606	$533,253
Weighted average number of ordinary shares outstanding (in thousand shares)	140,840	140,840
$Effect of dilution:		
Employee bonus – stock (in thousand shares)	160	(Note)
Convertible bonds (in thousand)	4,378	(Note)
Weighted average number of common shares outstanding after dilution (in thousand shares)	145,378	140,840
Diluted earnings per share (in NT$)	$5.31	$3.79

Note: As the calculation of diluted earnings per share would be anti-dilutive, only basic earnings per share is disclosed.

C. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

A. Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Optoway Technology Incorporation	The entity with significant influence over the Company
Chien Hui Bin	The second relative of the chairman of the company

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Significant transactions with related parties

a. Sales

	For the year ended December 31,	
	2025	2024
Optoway Technology Incorporation	$333	$72

Selling prices to related parties are similar to those to third party customers. The collection terms with related parties were about 30 days after monthly closing, whereas the terms with other customers were 30 to 105 days after monthly closing.

b. In 2024, the Company sold machinery to Optoway Technology Incorporation in the amount of NT$1,715 thousand recognizing a disposal loss on property, plant and equipment of NT$(510) thousand and a reversal gain of impairment of NT$1,105 thousand, respectively.

c. Optoway Technology Incorporation provide the Company the technical services in the amount of NT$ 10,045 thousand and NT$2,336 thousand as of 2025 and 2024, respectively, which was recorded under research and development expenses. As of December 31, 2025, the amount of NT$3,570 thousand has not been paid, which were recorded under other payables - related parties.

d. Chien Hui Bin provide the Company the consulting services in the amount of NT$353 thousand and NT$ 188 thousand as of 2025 and 2024, which was recorded under manegment expenses. As of December 31, 2025, the amount of NT$15 thousand has not been paid, which were recorded under other payables - related parties.

e. Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2025	2024
Short-term employee benefits	$40,951	$34,883
Post-employee benefits	370	253
Total	$41,321	$35,136

For detailed information on the total salaries and rewards to key management of the Company, please refer to the annual report of the shareholders meeting.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. PLEDGED ASSETS

The following assets of the Company are pledged as collaterals:

Item	Carrying Amount As of Dec. 31, 2025	Carrying Amount As of Dec. 31, 2024	Secured liabilities
Property, plant and equipment – land	$247,696	$247,696	Long-term secured loans
Property, plant and equipment – buildings	295,835	230,140	Long-term secured loans
Total	$543,531	$477,836	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2025 and 2024, the details of significant contingencies and unrecognized contract commitments were as follows (in thousand dollars):

Nature of Contract	As of Dec. 31, 2025	As of Dec. 31, 2024
Guarantee notes issued as collateral for bank loans	USD 18,000	USD 17,500
	NTD 1,180,000	NTD 1,180,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. OTHERS

(1)Categories of financial instruments

Financial assets

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Financial assets measured at fair value through other comprehensive income	$82,339	$86,779
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	5,657	-
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	2,543,690	3,127,702
Financial assets measured at amortized cost	600,000	-
Accounts receivables	559,646	400,417
Other receivables	23,501	46,538
Refundable deposits	900	-
Subtotal	3,727,737	3,574,657
Total	$3,815,733	$3,661,436

Financial liabilities

	As of	
	Dec. 31, 2025	Dec. 31, 2024
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$-	$3,,000
Financial liabilities measured at amortized cost:		
Accounts payables	429,401	451,625
Other payables (includes related parties)	179,386	139,532
Lease liabilities	478	-
Bonds payable	724,034	743,094
Total	$1,333,299	$1,337,251

(2)Financial risk management objectives and policies

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, the due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3)Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instruments).

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

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analyses is as follows:

When NTD is weakened/strengthened against foreign currency USD by 5%, the profit for the years ended December 31, 2025 and 2024 increased/decreased by NT$44,150 thousand and NT$21,728 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments variable interest rates. If interest rate increases/decreases by 10 basis points, the net income (loss) for the years ended December 31, 2025 and 2024 would increase/decrease by NT$359 thousand and decreases / increases by NT$223 thousand, respectively.

Equity price risk

The fair value of the Company's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities measured at financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2025 and 2024, accounts receivables from top ten customers represented 92% and 89% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivable is relatively insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the trade receivables, the remaining debt instrument investments which are not measured atfair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis. An assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. As of December 31, 2025 and 2024, the Company didn't have debt instrument investments which are not measured atfair value through profit or loss.

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

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5)Liquidity risk management

The Company's objective is to a balance between continuity of funding and flexibility through the use cash and cash equivalents, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
As of December 31, 2025			
Accounts payables	$429,401	$-	$429,401
Other payables (Including related parties)	179,386	-	179,386
Lease liabilities	169	324	493
Convertible bonds	-	760,000	760,000
As of December 31, 2024			
Accounts payables	$451,625	$-	$451,625
Other payables	139,532	-	139,532
Convertible bonds	-	800,000	800,000

(6)Reconciliation of liabilities arising from financing activities

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

	Bonds Payabl	Lease liabilities	Total liabilities from financing activities
As of Jan. 1, 2025	$743,094	$-	$743,094
Cash flows	-	(14)	(14)
Non-cash flows	(19,060)	492	(18,568)
As of Dec. 31, 2025	$724,034	$478	$724,512

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	Bonds Payabl	Total liabilities from financing activities
As of Jan. 1, 2024	$-	$-
Cash flows	824,156	824,156
Non-cash flows	(81,062)	(81,062)
As of Dec. 31, 2024	$743,094	$743,094

(7)Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell a financial assets or paid to transfer a financial liabilities in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and liabilities:

a. The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the report date.

c. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, trade receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Company's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of	
	Dec. 31, 2025	Dec. 31, 2024
Financial liabilities：		
Bonds payable	$724,034	$743,094

	Fair value as of	
	Dec. 31, 2025	Dec. 31, 2024
Financial liabilities：		
Bonds payable	$729,660	$746,920

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2025 and 2024 are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9)Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Embedded derivative	$-	$-	$5,657	$5,657

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Embedded derivative	$-	$-	$3,000	$3,000

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliations for fair value measurement in Level 3 of the fair value hierarchy

For the year ended December 31, 2025 and 2024, the fair value hierarchy for movements during the period is as follows:

	Assets /(Liabilities)
	Derivative financial instruments measured at fair value through profit or loss
As of Jan. 1, 2025	$(3,000)
Issues for the year ended December 31, 2025	150
Total gains and losses recognized for the year ended December 31, 2025:	8,507
As of Dec. 31, 2025	$5,657

	Assets /(Liabilities)
	Derivative financial instruments measured at fair value through profit or loss
As of Jan. 1, 2024	$-
Issues for the year ended December 31, 2024	(2,180)
Total gains and losses recognized for the year ended December 31, 2024:	
Amount recognized in profit or loss (presented in “other profit or loss”)	(820)
As of Dec. 31, 2024	$(3,000)

Total gains and losses recognized in profit or loss for the years ended December 31, 2025 and 2024 in the table above contain gains and losses related to liabilities on hand in the amount of NT$8,507 thousand and NT$(2,180), respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds		61.29%	The higher the volatility, the higher the fair value of the embedded derivatives	2% increase (decrease) in the volatility would result in increase in the Company's profit by NT$229 thousand and decrease (112) thousand.

As of December 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds		59.16%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in increase in the Company's profit by NT$220 thousand and decrease (140) thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Fair value measurement hierarchy of the Company's liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(13))	$-	$-	$729,660	$729,660

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(13))	$-	$-	$746,920	$746,920

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's financial department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies at each reporting date.

(10)Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies (including disposal groups held for sale) was listed below: (In Thousands)

	As of					
	December 31, 2025			December 31, 2024		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$41,179	31.43	$1,294,260	$24,914	32.79	$816,813
Financial liabilities						
Monetary items:						
USD	$13,085	31.43	$411,269	$11,660	32.79	$382,259

The above information is disclosed based on the carrying amount of foreign currency (after converted to functional currency).

The Company's entities' functional currencies are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain (loss) were NT$(3,440) thousand and NT$29,681 thousand for the years ended December 31, 2025 and 2024, respectively.

(11)Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: Please refer to attachment 1.
B. Endorsement/Guarantee provided to others: None.
C. Marketable securities held as of December 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.
D. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2025: None.
E. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2025: None.

(2) Information on investees

A. Names, locations and related information of investees (excluding investees in Mainland China): Please refer to attachment 3.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.
(b) Endorsement/Guarantee provided to others: None.
(c) Marketable securities held as of December 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.
(d) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2025: None.
(e) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2025: None.

(3) Information on investments in Mainland China: None.

14. OPERATING SEGMENT

The Company has provided the operating segment disclosure in the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

Loans to other parties

For the Years Ended December 31, 2025

Attachment 1

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	Value		
0	Luxnet Corporation	Toptrans (Suzhou) Corporation Limited	Other receivables	$3,003 (Note 5)	$18,156 (Note 5)	$3,003 (Note 5)	2.00%	Need for short term financing	$-	Operating capital	$3,003	-	$-	$397,936 (Note 2, 4)	$1,591,744 (Note 3)

Note 1: Luxnet corporation is coded "0".

Note 2: The amount loaned to a company from the Company or from subsidiaries shall not exceed 10% of the entity's net worth.

Note 3: The total amounts loaned to all companies shall not exceed 40% of the Company's net worth.

Note 4: According to the Company's "Procedure to provide financing to others", a public offering company that meets the requirements of Article 3, paragraph 4 in the event of providing financing to each other between directly/indirectly 100%-owned foreign subsidiaries, the lending amount is not subject to the limit of 40% of the Company's net equity.

Note 5: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

<u>English Translation of Consolidated Financial Statements Originally Issued in Chinese</u>

LUXNET CORPORATION

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Jointly Ventures)

As of December 31, 2025

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares (Unit)	Book Value	Percentage of ownership (%)	Fair Value	
	Stock:							
Luxnet Corporation	BANDWIDTH10, INC	-	Measured at fair value through other comprehensive income	220	$2,951	0.00%	$-	
Toptrans Corporation Limited	Toptrans (Suzhou) Corporation Limited	-	Measured at fair value through other comprehensive income	-	143,483	10.84%	82,339	
	Subtotal				$146,434		$82,339	
	Add: Unrealized gains (losses) on equity instruments investment measured at fair value through other comprenensive income				(64,095)			
	Total				$82,339			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2025

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Ending balance			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Dec. 31, 2025	As of Dec. 31, 2024	Shares	Percentage of ownership (%)	Book Value			
Luxnet Corporation	Toplight Corporation	Seychelles	Holding company	$122,980	$122,980	4,000	100.00%	$82,339	$-	$-	Subsidary
Toplight Corporation	Toptrans Corporation Limited	Hong Kong	Holding company	$122,980	$122,980	4,000	100.00%	$82,339	$-	$-	Sub-subsidary

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

1. Statement of Cash and Cash Equivalents

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand and petty cash		$47	1.Cash and Cash Equivalents were not pledged. 2.Exchange Rate on December 31, 2025 USD 1=NTD 31.43 RMB 1=NTD 4.496 JPY 1=NTD 0.2008
Savings:			
Taipei Fubon Bank - Hsinchu Branch	Saving Account	10,937	
Taipei Fubon Bank - Taoyuan Branch	Foreign currency	2,916	USD93
Taipei Fubon Bank - Hsinchu Branch	Foreign currency	13,114	USD417
Taipei Fubon Bank - Hsinchu Branch	Foreign currency	22,301	JPY111,059
Chang Hwa Bank - Puxin Branch	Saving Account	18,628	
Chang Hwa Bank - Chungli Branch	Foreign currency	31,115	USD990
Mega Bank - Hsinchu Science Park Chu Tsun Branch	Saving Account	12,290	
Mega Bank - Hsinchu Science Park Chu Tsun Branch	Foreign currency	49,345	USD1,570
First Bank - Heping Branch	Saving Account	17,941	
First Bank - Heping Branch	Foreign currency	16,152	USD514
CTBC Bank - Taoyuan Branch	Saving Account	29,285	
CTBC Bank - Taoyuan Branch	Foreign currency	79,065	USD2,516
CTBC Bank - Taoyuan Branch	Foreign currency	39,593	JPY197,179
Taishin Bank - Jianbei Branch	Saving Account	9,332	
Taishin Bank - Jianbei Branch	Foreign currency	7,083	USD225
Others (lower than 1,000 of the account balance.)		283	
Subtotal		359,380	
Time deposits:			
Taipei Fubon Bank - Hsinchu Branch	Interest rate 1.65% Expire successively on Mar. 14, 2026	500,000	
CTBC Bank - Qingpu Branch	Interest rate 1.60% Expire successively on Jan. 14, 2026	200,000	
First Bank - Heping Branch	Interest rate 1.64% Expire successively on Feb. 11, 2026	600,000	
Mega Bank - Hsinchu Science Park Chu Tsun Branch	Interest rate 1.625% Expire successively on Jan. 15, 2026	200,000	
CTBC Bank - Qingpu Branch	Interest rate 3.54%~3.68% Expire successively on Jan. 15, 2026	125,720	USD4,000
Taishin Bank - Jianbei Branch	Interest rate 3.92%~4.03% Expire successively on Feb. 4, 2026	188,580	USD6,000
Subtotal		1,814,300	
cash equivalents			
IBF-cash equivalents -Investments in bonds with resale agreements	Interest rate 3.80%	220,010	USD7,000 · 114/12/17 ~ 115/01/27
IBF-cash equivalents - Investments in bills with resale agreements	Interest rate 1.43%	150,000	114/11/25~115/02/04
Subtotal		370,010	
Total		$2,543,737	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

2. Statetment of Accounts Receivable, net

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Customer of LC01082		$377,235	The account receivables incurred mainly fro
Customer of LC20188		164,166	operating activities.
Customer of LC20176		47,400	
Others	The amount of individual client included in others does not exceed 5% of the account balance.	18,455	
Subtotal		607,256	
Less: loss allowance		(47,610)	
Net		$559,646	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

3. Statetment of Other Receivables, net

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Vat Refund	$18,908	
Interest receivable	4,593	
Subtotal	23,501	
Other Receivable	3,003	
Less: loss allowance	(3,003)	
Subtotal	-	
Total	$23,501	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

4. Statetment of Current Tax Assets, net

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Income tax refund	$60	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

5. Statement of Inventories

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	$233,447		1.Inventories were not pledged.
Less: allowance for inventory valuation losses	(36,600)		2.Inventories are valued at
Subtotal	196,847	$197,260	lower of cost or net
Work in progress	106,256		realizable value item by item.
Less: allowance for inventory valuation losses	(1,598)		
Subtotal	104,658	104,658	
Finished goods	141,552		
Less: allowance for inventory valuation losses	(23,916)		
Subtotal	117,636	117,883	
Net	$419,141	$419,801	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

6.Statement of Other Prepaid Expense

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepaid repair and maintenance	$4,907	
Prepaid electricity expenses	1,490	
Prepaid insurance premiums	753	
Prepayments for miscellaneous purchases	646	
Prepaid indirect materials	537	
Other prepaid expense	1,942	
Total	$10,275	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

7. Statement of Other Current Assets

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Vat Recoverable	$8,004	
Office supplies	1,269	
Temporary payments	2,068	
Total	$11,341	

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LUXNET CORPORATION

8. Statement of Changes in Long-term Investment Accounted for Under the Equity Method

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars; thousand shares)

Investee companies	As of January 1, 2025		Additions		Decrease			As of December 31, 2025			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	None	Shares	%	Amount	Unit price(NTD)	Total amount		
Toplight Corporation	4,000	$86,779	-	$-	-	$(4,440)	1	4,000	100.00%	$82,339	$20.58	$82,339	None	

Note1: Including unrealized gain (loss) on equity instruments measured at fair value through other comprehensive income recognized under equity method amounted to NT$4,440 thousand.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

9. Statement of Contract Liabilities

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Customer of LC05019		$1,798	
Customer of LC01071		362	
Customer of LC03165		159	
Customer of LC20232		25	
Total		$2,344	

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LUXNET CORPORATION

10. Statement of Accounts Payable

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Supplier of LV221309		$305,790	The account payables incurred mainly from
Supplier of LV221085		40,572	operating activities and all accounts are not related partie
Supplier of LV221488		36,237	
Others	The amount of individual vendor included in others does not exceed 5% of the account balance.	46,802	
Total		$429,401	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

11. Statement of Other Payables

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued Payroll	$54,847	
Accrued Employee Bonus	45,016	
Compensation Payable To Directors And Supervisors	16,735	
Payables On Equipment	12,243	
Others	46,960	
Total	$175,801	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

12. Statement of Changes in Current Tax Liabilities

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Balance as of January 1, 2025	$6,393	
Add: Surtax on undistributed earnings accrual for 2024	952	
Income tax accrual for 2025	12,994	
Less: Tax payment	(5,167)	
corporate income tax of 2023	(4,342)	
Balance as of December 31, 2025	$10,830	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

13. Statement of Other Current Liabilities

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Temporary receipts	$981	
Receipts under custody	1,881	
Total	$2,862	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

14. Statements of Bonds Payable

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Description	Trustee	Issue Date	Interest Payment Date	Interest Rates	Amount			Repayment Method	Collateral	Note
					Issue Amount	Converted or Redeemed Amount	As of December 31, 2024			
Third Unsecured Convertible	Fubon Securities	Dec. 9, 2024	-	-%	$600,000	$(26,900)	$573,100	According to the terms of conversion, please refer to Note 6(13)	None	
Fourth Unsecured Convertible	Fubon Securities	Dec. 25, 2024	-	-%	$200,000	$(13,100)	$186,900	According to the terms of conversion, please refer to Note 6(13)	None	
Less: Discounts on bonds payable							(35,966)			
Subtotal							724,034			
Less: Current portion of bonds payable							-			
Non-current portion of bonds payable							$724,034			

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

15. Statement of Operating Revenues

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Quanity	Amount	Note
Sale of goods			
Active components for optical communication and modules	941	$3,786,274	
Chips	14,280	484,378	
Others	277	114,194	
Total		$4,384,846	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

16. Statement of Operating Costs

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Raw materials		
Beginning balance of raw materials	$143,262	
Add: Raw materials purchased	2,963,928	
Less:Transferred to sale	(700)	
Transferred to department	(7,854)	
Transfer Finished goods	(1,244)	
loss from inventory scrapped	(187)	
Ending balance	(233,447)	
Raw materials used	2,863,758	
Direct labor	188,455	
Manufacturing overhead (Detailed list 17)	350,054	
Transferred to service cost	(87,242)	
Manufacturing cost	3,315,025	
Work in process, beginning balance	139,729	
Add: Others	1,751	
Less:Transferred to sale	(3,176)	
Work in process, ending balance	(106,256)	
Cost of finished goods	3,347,073	
Finished goods, beginning balance	161,346	
Less:Transfer to department	(11,292)	
Others	161	
loss from inventory scrapped	(10,398)	
Finished goods, ending balance	(141,552)	
Cost of goods sold and production	3,345,338	
Cost of raw material and work in process sold	3,876	
Loss (Gain) from inventory market decline	3,158	
and write-off obsolescence	10,585	
Revenue from sale of scraps	(1,126)	
Gains on sale of scrap	87,242	
	515	
Service cost	14,619	
Total	$3,464,207	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

17. Statement of Manufacting Overhead

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$108,484	None of the balances of each remaining item is is greater than 5% of this account balance
Repairs and maintenances expenses	24,452	
Utilities expense	43,182	
Depreciation	55,795	
Amortization	3,481	
Consumable materials and tools	26,216	
Others	88,444	
Total	$350,054	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

18. Statement of Selling and Marketing

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$6,337	None of the balances of each remaining
shipping expenses	568	item is is greater than 5%
advertisement expense	590	of this account balance
Insurance expense	559	
Depreciation	107	
Amortization	25	
Others	1,391	
Total	$9,577	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

19. Statement of General and Administrative

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$84,774	None of the balances of each remaining
Depreciation	562	item is is greater than 5%
Amortization	252	of this account balance
Professional service fees	5,164	
Others	19,162	
Total	$109,914	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

LUXNET CORPORATION

20. Statement of Research and Development

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$30,461	None of the balances of each remaining
Depreciation	10,061	item is is greater than 5%
Amortization	149	of this account balance
Testing	3,695	
Indirect materials	5,512	
Professional service fees	5,273	
Others	8,871	
Total	$64,022	