

**ORIENT SEMICONDUCTOR
ELECTRONICS, LIMITED AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED
By

Yueh-Ming, Tung Chairman
February 25, 2026

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Orient Semiconductor Electronics, Limited

Opinion

We have audited the accompanying consolidated balance sheets of Orient Semiconductor Electronics, Ltd. and subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Existence and occurrence of sales revenue recognition of top 10 customers

Description

Please refer to Note 4(28) for accounting policies on revenue recognition and Note 6(19) for details of operating revenue account.

The operating revenue of the Group mainly arises from customer contract income. The Group is primarily engaged in packaging and testing and electronic manufacturing service. Operating revenue is the main index which is used in assessment of the management's operating performance and is a concern to users of the report. Because the sales revenue of top 10 customers represents a higher proportion of the whole operating revenue, we considered the existence of sales revenue recognition of top 10 customers as a key audit matter in the current year.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Understood, assessed and tested the design and execution of internal control procedures of top 10 customers' sales revenue recognition.
2. Obtained the details of top 10 customers' details of sales revenue and sampled customers' orders, delivery bills, invoices and collection records.
3. Examined the content and related evidences of sales returns and discounts to top 10 customers after the balance sheet date.
4. Sampled and sent confirmations to inquire on the balance of accounts receivable. Performed reconciliation and alternative audit procedures on the confirmation replies.

Other matter – Parent company only financial statements

We have audited and expressed an unmodified opinion on the parent company only financial statements of Orient Semiconductor Electronics, Ltd. as at and for the years ended December 31, 2025 and 2024.

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

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

Wang, Kuo-Hua

Chiang, Tsai-Yen

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 25, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,718,816	13	\$ 4,445,344	23
1140	Current contract assets	6(19)	459,006	2	290,624	2
1170	Accounts receivable, net	6(3)	4,650,711	23	4,194,879	22
1180	Accounts receivable due from related parties, net	6(3) and 7	-	-	241	-
1200	Other receivables		100,172	1	67,205	-
1210	Other receivables due from related parties	7	46,243	-	-	-
1220	Current tax assets		145	-	3,194	-
130X	Inventories	6(4)	2,588,913	13	1,571,803	8
1410	Prepayments		92,113	-	90,613	-
1479	Other current assets, others		25,662	-	27,842	-
11XX	Current Assets		<u>10,681,781</u>	<u>52</u>	<u>10,691,745</u>	<u>55</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,833,683	9	1,738,800	9
1600	Property, plant and equipment	6(6) and 8	7,807,304	38	6,455,962	33
1755	Right-of-use assets	6(7)	115,887	-	90,287	1
1780	Intangible assets	6(9)	39,284	-	51,556	-
1840	Deferred tax assets	6(26)	201,001	1	420,459	2
1915	Prepayments for business facilities		7,619	-	50,729	-
1920	Guarantee deposits paid	8	5,067	-	7,627	-
1990	Other non-current assets, others		22,604	-	28,552	-
15XX	Non-current assets		<u>10,032,449</u>	<u>48</u>	<u>8,843,972</u>	<u>45</u>
1XXX	Total assets		<u>\$ 20,714,230</u>	<u>100</u>	<u>\$ 19,535,717</u>	<u>100</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 320,704	2	\$ -	-
2130	Current contract liabilities	6(19)	60,115	-	74,509	-
2170	Accounts payable		5,277,313	25	4,653,433	24
2180	Accounts payable to related parties	7	2,853	-	1,284	-
2200	Other payables	6(11)	1,578,581	8	1,482,314	8
2230	Current tax liabilities		24,243	-	37,244	-
2250	Current provisions	6(15)	50,670	-	64,554	-
2280	Current lease liabilities		20,541	-	12,287	-
2320	Long-term liabilities, current portion	6(12) and 8	456,432	2	372,122	2
2365	Current refund liabilities		26,260	-	19,700	-
2399	Other current liabilities, others	7	121,313	1	96,670	1
21XX	Current Liabilities		<u>7,939,025</u>	<u>38</u>	<u>6,814,117</u>	<u>35</u>
Non-current liabilities						
2540	Non-current borrowings	6(12) and 8	1,498,454	7	1,009,786	5
2580	Non-current lease liabilities		101,570	1	82,660	1
2640	Net defined benefit liability, non-current	6(13)	5,146	-	30,714	-
2645	Guarantee deposits received		15,837	-	28,387	-
25XX	Non-current liabilities		<u>1,621,007</u>	<u>8</u>	<u>1,151,547</u>	<u>6</u>
2XXX	Total Liabilities		<u>9,560,032</u>	<u>46</u>	<u>7,965,664</u>	<u>41</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(14)(16)	6,590,043	32	5,603,083	29
3120	Preference share		-	-	1,801,800	9
Capital surplus						
3200	Capital surplus	6(17)	375,146	2	476,203	2
Retained earnings						
3310	Legal reserve	6(18)	655,247	3	528,205	3
3320	Special reserve		61,344	-	192,793	1
3350	Unappropriated retained earnings		3,904,661	19	3,213,321	16
Other equity interest						
3400	Other equity interest		(432,243)	(2)	(245,352)	(1)
31XX	Equity attributable to owners of the parent		<u>11,154,198</u>	<u>54</u>	<u>11,570,053</u>	<u>59</u>
3XXX	Total equity		<u>11,154,198</u>	<u>54</u>	<u>11,570,053</u>	<u>59</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 20,714,230</u>	<u>100</u>	<u>\$ 19,535,717</u>	<u>100</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2025		2024	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19) and 7	\$ 19,683,311	100	\$ 16,277,445	100
5000 Operating costs	6(4)(9)(24)(25) and 7	(16,719,220)	(85)	(13,812,162)	(85)
5900 Net operating margin		<u>2,964,091</u>	<u>15</u>	<u>2,465,283</u>	<u>15</u>
Operating expenses	6(9)(24)(25)				
6100 Selling and administrative expenses		(1,007,434)	(5)	(904,263)	(6)
6300 Research and development expenses		(445,117)	(3)	(405,993)	(2)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	<u>274</u>	<u>-</u>	<u>2,731</u>	<u>-</u>
6000 Total operating expenses		(1,452,277)	(8)	(1,307,525)	(8)
6500 Net other income (expenses)	6(7)	<u>-</u>	<u>-</u>	<u>161</u>	<u>-</u>
6900 Operating profit		<u>1,511,814</u>	<u>7</u>	<u>1,157,919</u>	<u>7</u>
Non-operating income and expenses					
7100 Interest income	6(20)	38,425	-	49,934	-
7010 Other income	6(21) and 7	156,248	1	173,295	1
7020 Other gains and losses	6(22)	(27,653)	-	113,328	1
7050 Finance costs	6(23)	(18,714)	-	(18,188)	-
7000 Total non-operating revenue and expenses		<u>148,306</u>	<u>1</u>	<u>318,369</u>	<u>2</u>
7900 Profit before income tax		<u>1,660,120</u>	<u>8</u>	<u>1,476,288</u>	<u>9</u>
7950 Income tax expense	6(26)	(249,723)	(1)	(247,680)	(1)
8200 Profit for the year		<u>\$ 1,410,397</u>	<u>7</u>	<u>\$ 1,228,608</u>	<u>8</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(13)	\$ 21,180	-	\$ 52,262	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(295,507)	(1)	(207,785)	(1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(4,236)	-	(9,648)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(278,563)	(1)	(165,171)	(1)
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(11,748)	-	11,115	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	<u>2,349</u>	<u>-</u>	<u>436</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss		(9,399)	-	11,551	-
8300 Total other comprehensive loss for the year		(\$ 287,962)	(1)	(\$ 153,620)	(1)
8500 Total comprehensive income for the year		<u>\$ 1,122,435</u>	<u>6</u>	<u>\$ 1,074,988</u>	<u>7</u>
Profit, attributable to:					
8610 Owners of parent		<u>\$ 1,410,397</u>	<u>7</u>	<u>\$ 1,228,608</u>	<u>8</u>
Comprehensive income attributable to:					
8710 Owners of parent		<u>\$ 1,122,435</u>	<u>6</u>	<u>\$ 1,074,988</u>	<u>7</u>
Basic earnings per share	6(27)				
9750 Basic		<u>\$ 2.45</u>		<u>\$ 1.71</u>	
9850 Diluted		<u>\$ 1.93</u>		<u>\$ 1.66</u>	

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
	Share capital			Retained earnings				Other equity interest		
Notes	Ordinary share	Preference share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	
Year ended December 31, 2024										
Balance at January 1, 2024	\$ 5,553,083	\$ 1,801,800	\$ 238,387	\$ 346,070	\$ 192,793	\$ 3,007,624	(\$ 562)	\$ 134,648	\$ -	\$ 11,273,843
Profit for the year	-	-	-	-	-	1,228,608	-	-	-	1,228,608
Other comprehensive income (loss)	-	-	-	-	-	41,810	11,551	(206,981)	-	(153,620)
Total comprehensive income (loss)	-	-	-	-	-	1,270,418	11,551	(206,981)	-	1,074,988
Appropriation and distribution of 2023 retained earnings:										
Legal reserve	-	-	-	182,135	-	(182,135)	-	-	-	-
Cash dividend	6(18) -	-	-	-	-	(882,586)	-	-	-	(882,586)
Share-based payment transactions	6(14)(16) 50,000	-	238,940	-	-	-	-	-	(184,008)	104,932
Recognition of changes in ownership interests in subsidiaries	-	-	(1,124)	-	-	-	-	-	-	(1,124)
Balance at December 31, 2024	<u>\$ 5,603,083</u>	<u>\$ 1,801,800</u>	<u>\$ 476,203</u>	<u>\$ 528,205</u>	<u>\$ 192,793</u>	<u>\$ 3,213,321</u>	<u>\$ 10,989</u>	<u>(\$ 72,333)</u>	<u>(\$ 184,008)</u>	<u>\$ 11,570,053</u>
Year ended December 31, 2025										
Balance at January 1, 2025	\$ 5,603,083	\$ 1,801,800	\$ 476,203	\$ 528,205	\$ 192,793	\$ 3,213,321	\$ 10,989	(\$ 72,333)	(\$ 184,008)	\$ 11,570,053
Profit for the year	-	-	-	-	-	1,410,397	-	-	-	1,410,397
Other comprehensive income (loss)	-	-	-	-	-	16,944	(9,399)	(295,507)	-	(287,962)
Total comprehensive income (loss)	-	-	-	-	-	1,427,341	(9,399)	(295,507)	-	1,122,435
Appropriation and distribution of 2024 retained earnings:										
Legal reserve	-	-	-	127,042	-	(127,042)	-	-	-	-
Special reserve	-	-	-	-	(131,449)	131,449	-	-	-	-
Cash dividend	6(18) -	-	-	-	-	(740,408)	-	-	-	(740,408)
Conversion of convertible bonds	6(16) 990,000	(990,000)	-	-	-	-	-	-	-	-
Preferred shares called back	6(16) -	(811,800)	(89,298)	-	-	-	-	-	-	(901,098)
Share-based payment transactions	6(14)(16) (3,040)	-	(11,759)	-	-	-	-	-	118,015	103,216
Balance at December 31, 2025	<u>\$ 6,590,043</u>	<u>\$ -</u>	<u>\$ 375,146</u>	<u>\$ 655,247</u>	<u>\$ 61,344</u>	<u>\$ 3,904,661</u>	<u>\$ 1,590</u>	<u>(\$ 367,840)</u>	<u>(\$ 65,993)</u>	<u>\$ 11,154,198</u>

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,660,120	\$ 1,476,288
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(24)	975,334	833,992
Amortization expense	6(9)(24)	58,609	59,881
Gain on expected credit impairment	12(2)	(274)	(2,731)
Interest expense	6(23)	18,714	18,188
Interest income	6(20)	(38,425)	(49,934)
Dividend income	6(21)	(101,256)	(97,388)
Share-based payments	6(14)(25)	103,216	104,932
(Gain) loss on disposal of property, plant and equipment	6(22)	(9,555)	2,809
Impairment loss on non-financial assets	6(22)	-	24,577
Scrapping inventory and loss on decline in market value	6(4)	8,885	11,237
Gain on reversal of decline in market value	6(4)	(42,042)	(60,907)
Gain arising from lease modifications	6(7)	-	(161)
Reclassification of exchange differences on translation of foreign financial statements to foreign exchange losses		-	(14,395)
Other gains		-	(1,124)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(168,382)	118,562
Accounts receivable		(457,983)	273,374
Accounts receivable due from related parties		241	29
Other receivables		(34,040)	40,317
Other receivables due from related parties		(46,243)	-
Inventories		(988,800)	90,578
Prepayments		(1,677)	4,340
Other current assets, others		1,998	2,979
Other non-current assets, others		5,938	(26,224)
Changes in operating liabilities			
Contract liabilities		(14,394)	(12,678)
Accounts payable		625,700	684,411
Accounts payable to related parties		1,569	(190)
Other payables		110,474	(200,540)
Current provisions		(13,884)	18,077
Other current liabilities		31,288	27,905
Net defined benefit liability		(4,388)	(95,070)
Cash inflow generated from operations		1,680,743	3,231,134
Interest received		39,483	49,200
Income tax refunded		3,194	-
Income tax paid		(45,339)	(5,810)
Net cash flows from operating activities		<u>1,678,081</u>	<u>3,274,524</u>

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ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in non-current financial assets at fair value			
through other comprehensive income		(\$ 390,390)	(\$ 107,372)
Acquisition of property, plant and equipment (including	6(28)		
prepayment for equipment)		(2,316,197)	(1,958,822)
Proceeds from disposal of property, plant and equipment		42,246	3,378
Decrease in refundable deposits		2,504	29,108
Acquisition of intangible assets	6(9)	(45,000)	(30,778)
Dividends received	6(21)	101,256	97,388
Net cash flows used in investing activities		(2,605,581)	(1,967,098)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(29)	320,704	-
Proceeds from long-term borrowings	6(29)	1,145,100	250,000
Repayments of long-term borrowings	6(29)	(572,122)	(107,054)
Guarantee deposits received	6(29)	(12,547)	(7,106)
Payments of lease liabilities	6(29)	(15,041)	(23,696)
Interest paid		(17,754)	(18,097)
Cash dividends paid	6(18)	(740,408)	(882,586)
Preferred shares called back	6(16)	(901,098)	-
Net cash flows used in financing activities		(793,166)	(788,539)
Effect of exchange rate changes on cash and cash			
equivalents		(5,862)	16,729
Net (decrease) increase in cash and cash equivalents		(1,726,528)	535,616
Cash and cash equivalents at beginning of year		4,445,344	3,909,728
Cash and cash equivalents at end of year		\$ 2,718,816	\$ 4,445,344

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

ORIENT SEMICONDUCTOR ELECTRONICS, LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organisation

(1) Orient Semiconductor Electronics Limited (the “Company”) was incorporated in Kaohsiung City in June 1971 under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is at No. 9, Central 3rd Street, Nanzih District, Kaohsiung City. The Company and its subsidiaries (collectively referred herein as the “Group”), were primarily engaged in various types of integrated circuits, semiconductor components, computer motherboards, various types of electronic inventory, manufacturing, combination, processing and export of computer and communication circuit boards.

(2) The Company was listed on the Taiwan Stock Exchange starting from April 1994.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 25, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the related impacts of the following standards and interpretations are yet to be assessed, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment:

Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028.

Except for the related impacts of the following standards and interpretations are yet to be assessed, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Transactions, balances and unrealised gains or losses between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2025	December 31, 2024	
Orient Semiconductor Electronics Limited	Coreplus (HK) Limited (“COREPLUS”)	Accepted orders, purchased materials and outsourcing processing of components combination business.	100%	100%	-
Orient Semiconductor Electronics Limited	Hua-Cheng Investment Co. (“Hua-Cheng”)	Reinvestments in various business.	100%	100%	-
Coreplus (HK) Limited	Value-Plus Technology (Suzhou) Co. (Value-Plus (Suzhou))	Adhesive processing, plug-in welding processing and related test, combination processing, technique. maintenance and after-sale service of the surface of base plate of electronic components.	100%	100%	-

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date; and
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date; and
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(11) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~51 years
Machinery and equipment	3~12 years
Transportation equipment	3 years
Office equipment	3 ~ 6 years
Other equipment	3 ~ 7 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. The lease liability is at the present value of the lease payments that are not paid and shall be discounted using the Group's incremental borrowing rate at commencement date. The lease payments include fixed payments less any lease incentives receivable.

The lease liability is subsequently measured using an effective interest method on an amortised cost basis and the interest expense is allocated over the lease term. The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset if there are changes in the lease term or to the lease payments not arising from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions

- A. Provisions (including warranties, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.
- B. Under the Climate Change Response Act and its regulations in the ROC, carbon fees levied are not applicable under IFRIC 21, 'Levies' but are recognised and measured in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. If the estimated annual emissions are probable to exceed the threshold for levying, liabilities in relation to emission fees are estimated and accrued based on the proportion of emissions already incurred to the estimated annual emissions in the interim financial statements.

(23) Employee benefits

A. Salaries and other short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

Employee restricted shares:

- A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- B. Before satisfying the vested condition of restricted stocks which were issued by the Company, other rights including but not limited to dividends, bonuses, the distribution rights of legal reserve and capital surplus, and share options of cash capital, etc., are the same as the Company's issued ordinary shares.
- C. For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks which were not vested.

(25) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. The classification of preference shares is determined by assessing the particular rights attached to the preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preference shares are classified as liabilities when they have the fundamental characteristic of financial liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Package and test service

- (a) The Group provides package and test of integrated circuit and related business. When performing a contract, the objective is to create or strengthen assets which were controlled by customers, thus, revenue was recognised over time, recognised as contract assets before the contract has been completed, and was transferred to accounts receivable when issuing bills. If the collected proceeds from sales exceeded the amount of recognised revenue, the difference was recognised as contract liabilities.
- (b) As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

B. Manufacturing service of electronic products

- (a) The Group manufactures, processes and sells electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Sales revenue was recognised as contract price, a refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
 - (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision. As of the balance sheet date, the Group estimated probable warranty obligation and recognised liability provisions.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services;
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the products' market and historical sales experience and other factors. Therefore, there might be material changes to the evaluation.

On December 31, 2025, the carrying amount of the Group's inventories was \$2,588,913.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand and petty cash	\$ 129	\$ 150
Checking accounts and demand deposits	1,707,076	2,875,715
Cash equivalents:		
Time deposits	712,000	1,170,000
Commercial paper (II)	<u>299,611</u>	<u>399,479</u>
	<u>\$ 2,718,816</u>	<u>\$ 4,445,344</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Aforementioned time deposits and commercial paper (II) had maturities not exceeding three months and were not pledged as collateral, and were classified as cash equivalents according to its nature.

(2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Unlisted stocks	\$ 118,503	\$ -
Listed stocks	<u>1,715,180</u>	<u>1,738,800</u>
	<u>\$ 1,833,683</u>	<u>\$ 1,738,800</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,833,683 and \$1,738,800 as at December 31, 2025 and 2024, respectively.

B. For the years ended December 31, 2025 and 2024, the Group has financial assets at fair value through other comprehensive income recognized in comprehensive income (loss) due to changes of fair value in the amounts of (\$295,507) and (\$207,785), respectively. Dividend income recognised in profit or loss held at end of period amounted to \$101,256 and \$97,388, respectively.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(3) Accounts receivable (including related parties)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 4,654,316	\$ 4,198,758
Less: Loss allowance	(3,605)	(3,879)
	<u>\$ 4,650,711</u>	<u>\$ 4,194,879</u>
Accounts receivable due from related parties	\$ -	\$ 241
Less: Loss allowance	-	-
	<u>\$ -</u>	<u>\$ 241</u>

A. For details of the aging analysis of notes and accounts receivable which were based on the dates past due and information relating to credit risk, please refer to Note 12(2).

B. As of December 31, 2025 and 2024, accounts and notes receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$4,469,596.

C. The Group has no notes and accounts receivable pledged to others as collateral.

D. As at December 31, 2025 and 2024, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$4,650,711 and \$4,195,120, respectively.

(4) Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	\$ 2,078,461	\$ 1,251,892
Supplies	142,233	119,230
Work in progress	593,605	504,761
Finished goods	<u>127,584</u>	<u>92,566</u>
	2,941,883	1,968,449
Less: Allowance for valuation loss	(352,970)	(396,646)
	<u>\$ 2,588,913</u>	<u>\$ 1,571,803</u>

A. The cost of inventories recognised as expense for the period:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 16,791,921	\$ 13,887,648
Gain on reversal of decline in market value	(42,042)	(60,907)
Loss on scrapping inventory	8,885	11,237
Others	(39,544)	(25,816)
	<u>\$ 16,719,220</u>	<u>\$ 13,812,162</u>

For the years ended December 31, 2025 and 2024, the Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because the inventories which were

previously provided with allowance for inventory valuation losses were subsequently scrapped or sold and certain inventories were disposed.

B. As of December 31, 2025 and 2024, the fire insurance amounts of inventories were \$21,987,553 and \$17,580,756, respectively.

(5) Investments accounted for using equity method

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Amount</u>	<u>Shareholding ratio</u>	<u>Amount</u>	<u>Shareholding ratio</u>
Associates:				
SCS HIGHTECH INC.	\$ <u> -</u>	18.17%	\$ <u> -</u>	18.17%

A. The carrying amount of the Group's investment in SCS HIGHTECH, INC. has been recognised as nil, and there is no further legal or constructive obligation to accrue additional losses. The company has been approved to nullify the registration in 2004 and is still pending liquidation.

B. As of December 31, 2025 and 2024, the Group had no significant associate.

(6) Property, plant and equipment

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment		
- Owner-occupied	\$ 7,807,304	\$ 6,455,398
- Operating leases	<u> -</u>	<u> 564</u>
	\$ <u>7,807,304</u>	\$ <u>6,455,962</u>

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A. Property, plant and equipment for self-use

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2025	\$ 7,379,527	\$ 15,739,674	\$ 1,760	\$ 57,527	\$ 399,726	\$ 2,030,226	\$ 25,608,440
Additions	-	164	-	184	327	2,342,598	2,343,273
Disposals	(49,537)	(397,806)	-	-	(50,324)	-	(497,667)
Transfers	326,331	2,068,644	-	343	46,634	(2,431,231)	10,721
Impact of changes in foreign exchange rate	-	(1,499)	(35)	(48)	(355)	(48)	(1,985)
December 31, 2025	<u>\$ 7,656,321</u>	<u>\$ 17,409,177</u>	<u>\$ 1,725</u>	<u>\$ 58,006</u>	<u>\$ 396,008</u>	<u>\$ 1,941,545</u>	<u>\$ 27,462,782</u>
Depreciation and impairment:							
January 1, 2025	\$ 5,174,775	\$ 13,586,627	\$ 798	\$ 56,591	\$ 334,251	\$ -	\$ 19,153,042
Depreciation expense	174,868	756,826	241	224	26,463	-	958,622
Disposals	(49,537)	(365,418)	-	-	(50,021)	-	(464,976)
Transfers	10,280	-	-	-	-	-	10,280
Impact of changes in foreign exchange rate	(127)	(1,367)	(13)	69	(52)	-	(1,490)
December 31, 2025	<u>\$ 5,310,259</u>	<u>\$ 13,976,668</u>	<u>\$ 1,026</u>	<u>\$ 56,884</u>	<u>\$ 310,641</u>	<u>\$ -</u>	<u>\$ 19,655,478</u>

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Cost and revaluation increment:							
January 1, 2024	\$ 7,350,068	\$ 16,071,508	\$ 2,054	\$ 58,536	\$ 396,378	\$ 422,662	\$ 24,301,206
Additions	-	361	1,008	-	311	2,194,966	2,196,646
Disposals	(82,248)	(826,958)	(1,403)	(1,180)	(25,987)	-	(937,776)
Transfers	111,707	488,001	-	-	28,158	(587,413)	40,453
Impact of changes in foreign exchange rate	-	6,762	101	171	866	11	7,911
December 31, 2024	<u>\$ 7,379,527</u>	<u>\$ 15,739,674</u>	<u>\$ 1,760</u>	<u>\$ 57,527</u>	<u>\$ 399,726</u>	<u>\$ 2,030,226</u>	<u>\$ 25,608,440</u>
Depreciation and impairment:							
January 1, 2024	\$ 5,066,002	\$ 13,756,295	\$ 1,858	\$ 57,386	\$ 338,812	\$ -	\$ 19,220,353
Depreciation expense	166,444	628,511	123	221	20,712	-	816,011
Impairment loss (Note)	24,577	-	-	-	-	-	24,577
Disposals	(82,248)	(820,886)	(1,269)	(1,186)	(26,000)	-	(931,589)
Transfers	-	17,337	-	-	-	-	17,337
Impact of changes in foreign exchange rate	-	5,370	86	170	727	-	6,353
December 31, 2024	<u>\$ 5,174,775</u>	<u>\$ 13,586,627</u>	<u>\$ 798</u>	<u>\$ 56,591</u>	<u>\$ 334,251</u>	<u>\$ -</u>	<u>\$ 19,153,042</u>
Note: Some of the property, plant and equipment of the Group's Electronics Manufacturing Services (EMS) group were impaired because the economic benefits were not as expected. Therefore, the Group wrote down the carrying amount of the property, plant and equipment based on the recoverable amount and recognised an impairment loss accordingly.							
Carrying amount, net:							
December 31, 2025	<u>\$ 2,346,062</u>	<u>\$ 3,432,509</u>	<u>\$ 699</u>	<u>\$ 1,122</u>	<u>\$ 85,367</u>	<u>\$ 1,941,545</u>	<u>\$ 7,807,304</u>
December 31, 2024	<u>\$ 2,204,752</u>	<u>\$ 2,153,047</u>	<u>\$ 962</u>	<u>\$ 936</u>	<u>\$ 65,475</u>	<u>\$ 2,030,226</u>	<u>\$ 6,455,398</u>

B. Property, plant and equipment for operating lease

	Buildings and structures	
	2025	2024
Cost:		
At January 1	\$ 10,721	\$ 10,721
Transfer	(10,721)	-
At December 31	<u>\$ -</u>	<u>\$ 10,721</u>
Depreciation:		
At January 1	\$ 10,157	\$ 10,024
Additions	123	133
Transfer	(10,280)	-
At December 31	<u>\$ -</u>	<u>\$ 10,157</u>
Carrying amount, net:		
At December 31	<u>\$ -</u>	<u>\$ 564</u>

C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2025	2024
Amount capitalised	<u>\$ 8,640</u>	<u>\$ 2,632</u>
Range of the interest rates for capitalisation	<u>1.895%~1.9%</u>	<u>1.775%~1.9%</u>

D. The significant components of buildings and equipment include main plants and each improvement construction, which are depreciated over 3~51 and 3~21 years, respectively.

E. As of December 31, 2025 and 2024, the insured amount of fire insurance of property, plant and equipment were \$11,808,566 and \$10,955,627, respectively.

F. Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(7) Leasing arrangements – lessee

A. The Group leased various assets, including property (land, building and structures), machinery and equipment and transportation equipment. The lease period of each contract was between 3 to 51 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be subleased, sublet, subtenant to others, transfer the lease right to others and pledged as collaterals.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 72,463	\$ 81,708
Buildings and structures	30,909	-
Machinery and equipment	1,740	2,047
Transportation equipment	<u>10,775</u>	<u>6,532</u>
	<u>\$ 115,887</u>	<u>\$ 90,287</u>
	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 9,245	\$ 9,461
Buildings and structures	3,394	-
Machinery and equipment	307	4,918
Transportation equipment	<u>3,643</u>	<u>3,469</u>
	<u>\$ 16,589</u>	<u>\$ 17,848</u>

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$41,829 and \$8,055, respectively. For the year ended December 2024, due to the lease modification, the right-of-use assets and lease liabilities decreased by \$23,111 and \$23,272, respectively. For the year ended December 2025, there was no such transactions.

D. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	\$ 2,131	\$ 1,815
Expense on short-term lease contracts	9,955	21,593
Expense on leases of low-value assets	4,249	4,472
(excluding expense on leases of low-value assets of short-term lease)		
Gains arising from lease modifications	-	161
(shown as 'other income and expenses - net')		

E. For the years ended December 31, 2025 and 2024, the total amounts of the Group's cash outflow from leasing were \$31,376 and \$51,576, respectively.

(8) Leasing arrangements - lessor

A. The Group leases various assets including plant and office. Rental contracts are typically made for periods of 2 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To secure the use of the leased assets, the leased assets may not be subleased, transferred or provided to others in other ways.

B. Gain arising from operating lease agreements are as follows:

	Year ended December 31	
	2025	2024
Related revenue from fixed lease payments	\$ 8,876	\$ 9,395

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2025	December 31, 2024
Within 1 year	\$ 804	\$ 4,982
Later than one year but not later than two years	729	703
Later than two years but not later than three years	729	703
Later than three years but not later than four years	703	703
Later than four years but not later than five years	703	703
Later than five years	820	1,523
	<u>\$ 4,488</u>	<u>\$ 9,317</u>

D. For disclosures of property, plant and equipment leased under operating lease and within the scope of IAS 16, please refer to Note 6(6).

(9) Intangible assets

	Computer software	
	2025	2024
<u>Cost</u>		
At January 1	\$ 593,891	\$ 563,137
Additions – acquired separately	45,000	30,778
Reclassifications	1,342	(24)
Net exchange differences	-	-
At December 31	<u>\$ 640,233</u>	<u>\$ 593,891</u>
<u>Accumulated amortisation</u>		
At January 1	\$ 542,335	\$ 482,467
Amortisation charge	58,609	59,881
Net exchange differences	5	(13)
At December 31	<u>\$ 600,949</u>	<u>\$ 542,335</u>
Book value	<u>\$ 39,284</u>	<u>\$ 51,556</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2025	2024
Operating costs	\$ 19,324	\$ 21,228
Selling and administrative expenses	\$ 29,197	\$ 25,283
Research and development expenses	\$ 10,088	\$ 13,370

B. There was no intangible asset held by the Group that was pledged to others.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured borrowings	\$ 100,904	\$ -
Unsecured borrowings	219,800	-
	<u>\$ 320,704</u>	<u>\$ -</u>
Interest rate range	<u>4.53%~4.55%</u>	<u>-</u>

A. Interest expense recognised in profit or loss amounted to \$2,269 and \$0 for the years ended December 31, 2025 and 2024, respectively.

B. Information about the assets that were pledged for short-term borrowings as collateral is provided in Note 8.

(11) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salary and bonus payable	\$ 546,680	\$ 490,483
Pension payable	37,584	38,920
Employees' compensation and directors' remuneration payable	214,072	203,896
Payables on equipment and construction	519,581	534,253
Insurance premiums payable	84,852	64,822
Utilities expense payable	75,610	51,803
Employment Stability Fund payable	22,635	15,587
Other payables	<u>77,567</u>	<u>82,550</u>
	<u>\$ 1,578,581</u>	<u>\$ 1,482,314</u>

(12) Long-term borrowings

<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2030; interest is payable monthly; principal is repayable as scheduled or at maturity	1.475%~1.97% (Note)	None	\$ 1,954,886
Less: Current portion				(456,432)
				<u>\$ 1,498,454</u>
<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from August 2021 to September 2030; interest is payable monthly; principal is repayable at maturity.	1.475%~1.9% (Note)	None	\$ 1,381,908
Less: Current portion				(372,122)
				<u>\$ 1,009,786</u>

Note: Some of the Group's loans were granted in accordance with the 'Guidelines of Project Loans for Returning Overseas Taiwanese Businesses' of National Development Fund, Executive Yuan. The interest rate of the loans for the first 5 years is the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank less 0.245% of annual interest. In the event of failure to meet the requirements of the aforementioned Guidelines of Project Loans during the loan period, the interest rate will be changed to the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.255% of annual interest.

- A. For the years ended December 31, 2025 and 2024, the amounts of interest expense recognised in profit or loss were \$22,946 and \$18,995, respectively.
- B. Under the credit contract with certain banks, the Group is required to review financial ratios or values such as current ratio, net tangible assets, interest coverage ratio, and debt ratio in the latest consolidated financial statements at certain times during the credit period. As of the reporting date, the Group did not violate any of the related financial conditions.
- C. Information about the assets that were pledged for long-term borrowings as collateral is provided in Note 8.

(13) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. For the Company's domestic employees who are covered by the Labor Pension Act, the Company and its domestic subsidiaries contribute monthly an amount equal to 10% before May 2025 and 6.58% thereafter of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 196,633	\$ 168,562
Fair value of plan assets	(191,487)	(137,848)
Net defined benefit liability	<u>\$ 5,146</u>	<u>\$ 30,714</u>

(c) Movements in net defined benefit liabilities are as follows:

	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 168,562	(\$ 137,848)	\$ 30,714
Current service cost	8,353	-	8,353
Interest expense (income)	2,798	(2,289)	509
	<u>179,713</u>	<u>(140,137)</u>	<u>39,576</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(69,484)	(69,484)
Change in demographic assumptions	26,636	-	26,636
Change in financial assumptions	1,646	-	1,646
Experience adjustments	20,022	-	20,022
	<u>48,304</u>	<u>(69,484)</u>	<u>(21,180)</u>
Pension fund contribution	-	(13,250)	(13,250)
Paid pension	(31,384)	31,384	-
At December 31	<u>\$ 196,633</u>	<u>(\$ 191,487)</u>	<u>\$ 5,146</u>
	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 958,189	(\$ 780,143)	\$ 178,046
Current service cost	7,768	-	7,768
Interest expense (income)	10,923	(8,894)	2,029
Settlement loss (gain)	29,949	-	29,949
	<u>1,006,829</u>	<u>(789,037)</u>	<u>217,792</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(70,562)	(70,562)
Change in demographic assumptions	(14,592)	-	(14,592)
Change in financial assumptions	1,953	-	1,953
Experience adjustments	30,939	-	30,939
	<u>18,300</u>	<u>(70,562)</u>	<u>(52,262)</u>
Pension fund contribution	-	(134,816)	(134,816)
Paid pension	(856,567)	856,567	-
At December 31	<u>\$ 168,562</u>	<u>(\$ 137,848)</u>	<u>\$ 30,714</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local

banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2025	2024
Discount rate	1.46%	1.66%
Future salary increases	1.64%	1.77%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 12,768)	\$ 16,255	\$ 16,128	(\$ 12,806)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 9,033)	\$ 10,289	\$ 10,221	(\$ 9,066)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) The Company expects to pay contributions for the pension plan in the amount of \$13,135 in the succeeding one year.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 15 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 78,903
1-2 year(s)	-
2-5 years	15,621
Over 5 years	254,981
	<u>\$ 349,505</u>

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s mainland China subsidiary, Value-Plus Technology (Suzhou) Co. (Value-Plus (Suzhou)), has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Company has no further obligations. Other foreign subsidiaries contributed to related pension management plans according to local regulations.

(c) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$146,726 and \$130,512, respectively.

(14) Share-based payment

A. For the years ended December 31, 2025 and 2024, the Group’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity Granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Restricted stocks to employees	2024.5.15	5,000 thousand shares	3 years	Note

Note: The service time limit and performance conditions were as follows:

(a) After employees obtain employee restricted shares, starting from the effective date of capital increase, if employees are on-the-job when the vested period has expired, and did not violate service contract of the Company, working rules and be penalized, the employees can receive employee restricted shares proportionally based on the following length of services and performance conditions.

- i. Service for one year after distribution and score over “A” rating in the last performance evaluation before the maturity of period, 30% of the distributed shares;
- ii. Service for two years after distribution and score over “A” rating in the last performance evaluation before the maturity of period, 30% of the distributed shares;
- iii. Service for three years after distribution and score over “A” rating in the last performance evaluation before the maturity of period, 40% of the distributed shares.

Restrictions on the rights and vesting conditions of restricted shares for employees were as follows:

(a) The restricted shares which the employees will obtain shall be directly kept in the designated trust institution when the restricted shares were granted to the employees, which the employee cannot request to return the restricted shares for any reasons or ways before reaching the vesting conditions.

(b) Before accomplishing the vesting conditions when the restricted shares were granted to the employees, except for inheritance, the employee cannot sell, pledge, transfer, gift, set or dispose the restricted shares in other ways.

- (c) Before the employee accomplishes the vesting conditions when the restricted shares were granted to the employees, the attendance, proposal, speaking, right of voting, election, and other matters associated with shareholders' meeting are similar with the ordinary shares that has been issued and are executed based on the trust custody contracts.
- (d) Before the employee accomplishes the vesting conditions, other rights including but not limited to dividends, bonus, the distribution rights of legal reserve and capital surplus, and share options of cash capital, etc., are the same as the Company's issued ordinary shares. The related procedures are executed based on the trust custody contracts.
- (e) From the book closure date of issuance of bonus shares, cash dividends, issuance of common stock for cash and shareholders' meeting are regulated by Article 165-3 of the Company Law, or other facts that has occurred to the date of rights allocation. The unrestricted shares of the employees that have achieved the vesting conditions during the aforementioned period still have no rights to obtain dividends or allotment. The time and procedures of rescinding restrictions on the vested shares are executed based on the trust custody contracts or related regulations.
- B. Details of the share-based payment arrangements are as follows: (unit: thousand share)

	2025	2024
At January 1	4,920	-
Options granted	-	5,000
Options vested	(1,476)	-
Called back in the year (Note)	(252)	(80)
At December 31	<u>3,192</u>	<u>4,920</u>

Note: For the restricted shares which were called back by the Group for the years ended December 31, 2025 and 2024, 28 thousand shares and 80 thousand shares have not yet completed the registration of cancellation as of December 31, 2025 and 2024, respectively.

- C. On May 15, 2024, the fair value of share-based payments transaction which was given by the Group was \$59.1 per share.
- D. For the years ended December 31, 2025 and 2024, the Group recognised expenses due to share-based payment transactions in the amounts of \$103,216 and \$104,932, respectively.

(15) Current provisions

	2025			2024
	Warranty	Carbon fees	Total	Warranty
At January 1	\$ 64,554	\$ -	\$ 64,554	\$ 46,477
Provisions during the year	52,391	4,528	56,919	52,588
Used during the year	(56,096)	-	(56,096)	(22,949)
Unused amounts reversed	(14,707)	-	(14,707)	(11,562)
At December 31	<u>\$ 46,142</u>	<u>\$ 4,528</u>	<u>\$ 50,670</u>	<u>\$ 64,554</u>

- A. The Group gives warranties on the products sold. Provision for warranty is estimated based on historical warranty data of the products.

B. As of December 31, 2025, the Company has applied for self-determined reduction plan which had been approved by the regulatory authorities. The Company assesses that certain plants are highly probable to reach the designated target for the year ended December 31, 2025. Therefore, provision for carbon fees is recognised based on the preferential rate, and other plants are recognised based on the standard rate of the charging rates of carbon fees. There was no such situation on December 31, 2024.

(16) Share capital

A. On December 31, 2025, the Company's authorised capital was \$20,000,000, consisting of 2,000,000 thousand shares (including the number of option certificates which can be purchased), and will be issued in several times. The shares which were not issued can be issued in common shares and preference shares in several times based on the Company's business requirement, 90,000 thousand shares will be retained for option certificates. As of December 31, 2025, the Company's paid-in capital was \$6,590,043, consisting of 659,004 thousand common shares with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

(a) Movements in the number of the Company's ordinary shares outstanding are as follows:
(thousand shares)

	<u>2025</u>	<u>2024</u>
Shares outstanding at January 1	555,308	555,308
Restricted shares not yet vested at the beginning of the year	4,920	-
Restricted shares called back but not yet cancelled at the beginning of the year	<u>80</u>	<u>-</u>
Shares issued at January 1	560,308	555,308
Restricted shares issued to employees	-	5,000
Cancellation of employee restricted shares (Notes 1 and 2)	(304)	-
Conversion of preference share (Note 4)	<u>99,000</u>	<u>-</u>
Shares issued at December 31	659,004	560,308
Restricted shares not vested issued to employees	(3,192)	(4,920)
Restricted shares called back but not yet cancelled at the end of the year (Note 2)	<u>(28)</u>	<u>(80)</u>
Shares outstanding at December 31	<u><u>655,784</u></u>	<u><u>555,308</u></u>

(b) Movements in the number of the Company's preference shares outstanding are as follows:
(thousand shares)

	<u>2025</u>	<u>2024</u>
Shares outstanding at January 1	180,180	180,180
Shares called back and cancelled (Note 3)	(81,180)	-
Conversion of preferred shares (Note 4)	<u>(99,000)</u>	<u>-</u>
Shares outstanding at December 31	<u><u>-</u></u>	<u><u>180,180</u></u>

Note 1: For the year ended December 31, 2024, the Company redeemed the issued restricted shares of 80 thousand shares with a par value of \$10 (in dollars). On February 26, 2025, the Board of Directors approved the effective date for the retirement of shares due to the capital reduction, and the registration procedures has been completed.

Note 2 : For the year ended December 31, 2025, the Company redeemed the issued restricted shares of 252 thousand shares with a par value of \$10 (in dollars) per share. On October 29, 2025, the Board of Directors approved the effective date for the retirement of 224 thousand shares due to the capital reduction, and the registration was completed. As of December 31, 2025, the registration for the remaining 28 thousand shares has not yet been completed, and the Board of Directors approved the effective date for the retirement of shares due to the capital reduction on February 25, 2026. The relevant registration procedures are in the progress.

Note 3 : On October 29, 2025, the Board of Directors resolved that the Company repurchased 81,180 thousand class C preferred shares at a repurchase price of \$11.10 (in dollars) per share, amounting to NT\$901,098 thousand, and decreased capital by cancelling 81,180 thousand shares amounting to NT\$901,098 thousand in accordance with the laws. The record date for the capital reduction was set on November 13, 2025, and the registration was completed.

Note 4 : During December 2025, the Company's shareholders of Class C preferred shares applied to transfer 99,000 thousand privately placed Class C preferred shares into 99,000 thousand privately placed ordinary shares. The Company delivered the shares on December 29, 2025. On February 25, 2026, the Board of Directors resolved to set the effective date of capital reduction for Class C preferred shares on February 25, 2026, and the effective date of issuance for new ordinary shares was February 25, 2026. The relevant change registration procedures are in progress. Refer to Note 6(16) C. (e) for details of rights and obligations after Class C preferred shares were transferred into ordinary shares. Additionally, on February 25, 2026, the Board of Directors also resolved that 99,000 thousand privately placed ordinary shares were offered publicly and were applied for listing on the stock exchange. The relevant procedures are in progress.

- B. On October 25, 2023, the Board of Directors resolved that the Company's class B preferred shares, which was issued on December 21, 2023, on the day after 3 years of the issuance date, may be withdrawn at the actual issuance price in cash at any time in accordance with the Company's Articles of Incorporation. On December 27, 2023, the Company repurchased shares at a repurchase price of \$11.1 per share and decreased capital by cancelling 90,090 thousand, and the total amount was \$999,999. Accordingly, the Company recognised a gain on recovery of preference share liabilities amounting to \$2,570, which was shown as other income. The record date for the capital reduction was set on December 27, 2023, and the registration was completed on January 11, 2024.
- C. On December 3, 2020, the Company's shareholders in the extraordinary meeting approved to issue 180,180 thousand class C preferred shares in private placement with a par value of \$10 and issued at \$11.1 per share. The paid-in capital was \$1,801,800 thousand. The effective date of capital increase was set on December 21, 2020 in accordance with the Securities and Exchange Act Article 43-6.

According to the Company's Articles of Incorporation, the rights and obligations of preferred share were as follows:

- (a) The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall be appropriated to class B preferred shares in the first priority, then, appropriated to class C preferred shares in the second priority.
- (b) The annual dividend rate of class C preferred shares was 2% which was calculated at the issuance price per share and paid in cash, the ex-dividend date of preferred dividend was authorised to be determined by the Board of Directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.
- (c) If the expected dividend distribution amount of common share exceeds the dividend amount of class C preferred shares in the current year or quarter, the shareholders of class C preferred shares can participate in the distribution until the dividend amount of class C preferred shares are the same as common share per share.
- (d) The Company has discretion in dividend distribution of Class C preferred shares. If the Company has no or has insufficient current year's earnings for distribution or has other necessary considerations, the Company can resolve not to distribute dividend to class C preferred shares and it will not default, and the shareholders of class C preferred shares cannot object. Class C preferred shares are non-cumulative, and the amount of dividends which were not distributed or insufficient will not be made up in the profitable year or quarter thereafter.
- (e) Starting from the next day of five years after issuance, the shareholders of class C preferred shares can transfer the preferred share to common share at a transfer ratio of 1:1. After the transfer of preferred share to common share, the rights and obligations (excluding the transfer restriction by regulation and not listed) were the same as other outstanding common share of the Company. For class C preferred shares which have been transferred into common shares before the ex-right (ex-dividend) date in the current year or quarter can participate in the common share distribution of earnings or reserves in the current year or quarter and cannot participate in the dividend distribution of preferred shares in the current year or quarter. For class C preferred shares which have been transferred into common shares after the ex-right (ex-dividend) date in the current year or quarter can participate in the dividend distribution of preferred share in the current year or quarter and cannot participate in the dividend distribution of earnings or capital reserves in the current year or quarter. Preferred dividends will not be repeatedly appropriated if it is distributed in the same year or quarter with common stock dividends.
- (f) The shareholders of class C preferred shares have no voting right in the common shareholders' meeting and cannot be elected as directors (including independent directors). However, the shareholders of class C preferred shares have voting right in preferred shareholders' meeting and matters of preferred shareholders' right.
- (g) When it comes to appropriating residual assets of Company, class C preferred shares have priority over common shares and next to class B preferred shares. However, the amount was limited to the issuance price plus total amount of unpaid dividend.
- (h) Class C preferred shares have no expiry date, and the shareholders of class C preferred shares have no right to require the Company to call back class C preferred shares or transfer the class C preferred share into common share in advance. However, the Company can call back

in cash at actual issuance price, mandatorily transfer by issuing new shares or call back all or some class C preferred shares in other ways permitted by regulations on the next day after three years. The rights and obligations of class C preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class C preferred shares, if the Company's shareholders resolve to appropriate dividends, the amount of dividends which have to be distributed as of the date of call back will be calculated according to the actual days of issuance in the current year.

- (i) The preemptive rights for stockholders of class C preferred shares are the same as of common shares when the Company increases its capital by issuing shares.
- (j) Class C preferred shares were not listed and traded in the issuance period, however, if all or some were transferred into common shares, the Board of Directors was authorised to apply for public offering and listing to the authorisation according to the current situation and related regulations.
- (k) Refer to Note 6(16) A. (b) for details of Class C preferred shares which were called back and transferred, and public offering of ordinary shares which were transferred from Class C preferred shares.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Premium on issuance of common shares	\$ 212,999	\$ 17,417
Premium on issuance of preferred shares	-	198,198
Changes in ownership interests in subsidiaries	4,708	4,708
Difference between consideration and carrying amount of subsidiaries acquired or disposed	16,940	16,940
Employee restricted shares	<u>140,499</u>	<u>238,940</u>
	<u>\$ 375,146</u>	<u>\$ 476,203</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. For setting aside or reversal for special reserve in accordance with related laws or Competent Authority's regulations, if any, the Board of Directors should propose the distribution of the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders. The shareholders resolved for earnings to be appropriated in the form of cash, and was resolved by the Board of Directors and reported to shareholders in accordance with Article 228-1 and paragraph 5 of Article 240 of the Company Act.

- B. The industry environment of the Company is constantly changing and the enterprise is in the growth stage of its life cycle. Considering the Company's future capital requirement and long-term financial plan and satisfying shareholders' demand for cash inflow, the expected appropriation amount in the current year shall not be lower than 10% of accumulated distributable amount. However, if the accumulated distributable earnings is lower than 1% of paid-in capital, the earnings cannot be appropriated, and the cash dividend shall not be lower than 10% of total dividend.
- C. According to the Company Act, the distribution to legal reserve shall continue until the total amount equals to total capital. Legal reserve is used to offset accumulated deficit. If the Company has no deficits, 25% of the part of legal reserve exceeding the paid-in capital can be used to issue new stocks or cash to shareholders in proportion to their share ownership.
- D. Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance: On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that a company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.
- E. On March 27, 2024, the Board of Directors resolved the earnings appropriation for the year ended December 31, 2023 with a common share dividend of 1.2 per share and the total amount was \$666,370; and with Class C preferred stock dividend of 1.2 per share. The total dividends amounted to \$216,216. On June 7, 2024, the earnings appropriation for the year ended December 31, 2023 were reported to shareholders.
- F. On February 26, 2025, the Board of Directors resolved the earnings appropriation for the year ended December 31, 2024 with a common share dividend of 1 per share and the total amount was \$560,228; and with Class C preferred stock dividend of 1 per share. The total dividends amounted to \$180,180. On May 29, 2025, the earnings appropriation for the year ended December 31, 2024 were reported to shareholders.
- G. On February 25, 2026, the Board of Directors resolved the earnings appropriation for the year ended December 31, 2025 with a common share dividend of 1 per share and the total amount was \$658,976; and the year of calling back of Class C preferred shares was calculated at the actual issuance number of days, and the Class C preferred stock dividend amounted to \$15,603.

(19) Operating revenue

	Year ended December 31	
	2025	2024
Revenue from contracts with customers		
IC packaging and testing service revenue	\$ 11,545,301	\$ 8,551,302
Electronics manufacturing service revenue	7,977,649	7,569,521
Other operating revenue	160,361	156,622
	<u>\$ 19,683,311</u>	<u>\$ 16,277,445</u>

A. Disaggregation of revenue from contracts with customers

<u>Year ended December 31, 2025</u>	Semiconductor		Total
	Group	EMS Group	
IC packaging and testing service revenue	\$ 11,545,301	\$ -	\$ 11,545,301
Manufacture of electronic products	-	7,977,649	7,977,649
Others	48,371	111,990	160,361
	<u>\$ 11,593,672</u>	<u>\$ 8,089,639</u>	<u>\$ 19,683,311</u>

Timing of revenue recognition:

Over time	\$ 11,545,301	\$ -	\$ 11,545,301
At a point in time	48,371	8,089,639	8,138,010
	<u>\$ 11,593,672</u>	<u>\$ 8,089,639</u>	<u>\$ 19,683,311</u>

<u>Year ended December 31, 2024</u>	Semiconductor		Total
	Group	EMS Group	
IC packaging and testing service revenue	\$ 8,551,302	\$ -	\$ 8,551,302
Manufacture of electronic products	-	7,569,521	7,569,521
Others	75,510	81,112	156,622
	<u>\$ 8,626,812</u>	<u>\$ 7,650,633</u>	<u>\$ 16,277,445</u>

Timing of revenue recognition:

Over time	\$ 8,551,302	\$ -	\$ 8,551,302
At a point in time	75,510	7,650,633	7,726,143
	<u>\$ 8,626,812</u>	<u>\$ 7,650,633</u>	<u>\$ 16,277,445</u>

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current contract assets		
IC packaging and testing service	<u>\$ 459,006</u>	<u>\$ 290,624</u>

Current contract liabilities

IC packaging and testing service	\$	50,809	\$	61,422
Manufacture of electronic products		9,306		13,087
	\$	<u>60,115</u>	\$	<u>74,509</u>

Note: As of January 1, 2024, the Group recognised current contract liabilities in the amount of \$87,187.

(b) Information relating to credit risk of contract assets is provided in Note 12(2).

(c) For the years ended December 31, 2025 and 2024, revenue recognised that was included in the contract liability balance at the beginning of the period amounted to \$11,083 and \$15,787, respectively.

(20) Interest income

	Year ended December 31	
	2025	2024
Interest income from bank deposits	\$ 38,425	\$ 49,934

(21) Other income

	Year ended December 31	
	2025	2024
Service revenue	\$ 19,882	\$ 14,882
Rental revenue	8,876	9,395
Dividend income	101,256	97,388
Other income	26,234	51,630
	\$ <u>156,248</u>	\$ <u>173,295</u>

(22) Other gains and losses

	Year ended December 31	
	2025	2024
Gains (loss) on disposals of property, plant and equipment	\$ 9,555	(\$ 2,809)
Impairment loss on property, plant and equipment	-	(24,577)
Net currency exchange (losses) gains	(35,805)	131,163
Others	(1,403)	9,551
	\$ <u>27,653</u>	\$ <u>113,328</u>

(23) Finance costs

	Year ended December 31	
	2025	2024
Interest expense on borrowings from financial institutions	\$ 25,215	\$ 18,995
Interest expense on lease liability	2,131	1,815
Others	8	10
	<u>27,354</u>	<u>20,820</u>
Less: Capitalisation of qualifying assets	(8,640)	(2,632)
	<u>\$ 18,714</u>	<u>\$ 18,188</u>

(24) Expenses by nature

	Year ended December 31	
	2025	2024
Employee benefit expense	\$ 5,156,551	\$ 4,311,670
Depreciation charges on property, plant and equipment	958,745	816,144
Depreciation expense on right-of-use assets	16,589	17,848
Amortisation charges on intangible assets	58,609	59,881

(25) Employee benefit expense

	Year ended December 31	
	2025	2024
Salary expenses	\$ 4,068,057	\$ 3,314,349
Labour and health insurance fees	420,939	366,673
Pension costs	155,588	170,258
Directors' remuneration	22,720	20,130
Compensation cost of employee restricted shares	103,216	104,932
Other personnel expenses	386,031	335,328
	<u>\$ 5,156,551</u>	<u>\$ 4,311,670</u>

Under the Company's Articles of Incorporation, the current year's pre-tax profit, net of employees' compensation and directors' remuneration, shall be first used to offset accumulated deficits, then appropriate 10%~15% for employees' compensation with no less than 35% thereof distributed to junior-level employees and no more than 1% for remuneration to directors.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by at least two-thirds of the total number of directors, has the determination of distribution ratios of employees' compensation and directors' remuneration and the abovementioned employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. The profit distributable as employees' compensation distributed can be in the form of shares or in cash. Qualification

requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

For the years ended December 31, 2025 and 2024, the employees' compensation and directors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year amounting to \$186,500 and \$165,800; as well as \$18,640 and \$16,570, respectively.

Employees' compensation and directors' remuneration of 2025 and 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2025 and 2024 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 28,357	\$ 41,947
Prior year income tax underestimation	3,836	893
Total current tax	<u>32,193</u>	<u>42,840</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>217,530</u>	<u>204,840</u>
Total deferred tax	<u>217,530</u>	<u>204,840</u>
Income tax expense	<u>\$ 249,723</u>	<u>\$ 247,680</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2025	2024
Remeasurement of defined benefit obligations	\$ 4,236	\$ 10,452
Changes in fair value of financial assets at fair value through other comprehensive income	-	(804)
Currency translation differences	<u>(2,349)</u>	<u>(436)</u>
	<u>\$ 1,887</u>	<u>\$ 9,212</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

(1) The Company:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	\$ 1,829,575	\$ 472,287	-	2033
December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	\$ 1,829,627	\$ 1,488,905	-	2033

(2) Foreign subsidiaries:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	\$ 26,649	\$ 21,389	\$ 21,389	2025
2021	29,202	29,202	29,202	2026
2022	13,863	13,863	13,863	2027
2023	33,449	33,449	33,449	2028
December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	\$ 6,622	\$ 6,622	\$ 4,635	2024
2020	27,203	27,203	27,203	2025
2021	29,808	29,808	29,808	2026
2022	14,151	14,151	14,151	2027
2023	34,144	34,144	34,144	2028

E. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ 2,343,273	\$ 2,196,646
(Decrease) increase in prepayments for business facilities	(41,748)	26,720
Add: Opening balance of payable on equipment and construction (Note)	534,253	269,709
Less: Ending balance of payable on equipment and construction (Note)	(519,581)	(534,253)
Cash paid during the year	<u>\$ 2,316,197</u>	<u>\$ 1,958,822</u>

Note : Payable on equipment and construction was shown as 'other payables'.

B. Investing and financing activities with no cash flow effects:

	Year ended December 31	
	2025	2024
Increase in right-of-use assets	\$ 41,829	\$ 8,055
Less: Increase in lease liabilities	(41,829)	(8,055)
	<u>\$ -</u>	<u>\$ -</u>
Decrease in lease liabilities due to remeasurement	\$ -	\$ 23,272
Less: Decrease in right-of-use assets	-	(23,111)
	<u>\$ -</u>	<u>\$ 161</u>
Prepayments for business facilities transferred to prepayments	\$ -	\$ 1,267
Prepayments for business facilities transferred to property, plant and equipment	<u>\$ 1,611,241</u>	<u>\$ 1,430,204</u>
Right-of-use assets transferred to property, plant and equipment	<u>\$ -</u>	<u>\$ 23,116</u>
Prepayments for business facilities transferred to intangible assets	<u>\$ 1,362</u>	<u>\$ -</u>
Intangible assets transferred to other current assets	<u>\$ 20</u>	<u>\$ -</u>
Long-term borrowings, current portion	<u>\$ 456,432</u>	<u>\$ 372,122</u>
Write-off of capital surplus due to retirement of share capital	<u>\$ 3,040</u>	<u>\$ -</u>
Preference shares transferred to ordinary shares	<u>\$ 990,000</u>	<u>\$ -</u>

(29) Changes in liabilities from financing activities

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Changes in foreign</u>		<u>December 31, 2025</u>
			<u>exchange rate</u>	<u>Others</u>	
Short-term borrowings	\$ -	\$ 320,704	\$ -	\$ -	\$ 320,704
Long-term borrowings	1,381,908	572,978	-	-	1,954,886
Lease liabilities	94,947	(15,041)	376	41,829	122,111
Guarantee deposits received	28,387	(12,547)	(3)	-	15,837

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Changes in foreign</u>		<u>December 31, 2024</u>
			<u>exchange rate</u>	<u>Others</u>	
Long-term borrowings	\$ 1,238,962	\$ 142,946	\$ -	\$ -	\$ 1,381,908
Lease liabilities	133,860	(23,696)	-	(15,217)	94,947
Guarantee deposits received	35,487	(7,106)	6	-	28,387

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chipbond Technology Corporation (Chipbond)	Entities with significant influence to the Group
Heng Yuan Investment Co., Ltd.	Other related party
CHIPBOND TECHNOLOGY MALAYSIA SDN. BHD. (CBMY)	Other related party

(2) Significant related party transactions

A. Sales

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Entities with significant influence to the Group	\$ <u>642</u>	\$ <u>273</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection term is available to third parties.

B. Purchases

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Entities with significant influence to the Group	\$ <u>6,090</u>	\$ <u>3,421</u>

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment term is available to third parties.

C. Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable:		
Entities with significant influence to the Group	\$ -	\$ 241
Less: Loss allowance	-	-
	<u>\$ -</u>	<u>\$ 241</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables:		
Other related party	\$ 41,710	\$ -
Entities with significant influence to the Group	<u>4,533</u>	<u>-</u>
	<u>\$ 46,243</u>	<u>\$ -</u>

Receivables from related parties mainly arose from sales transactions, property or lease transactions and service revenue. The terms for receivables from sales are 30~60 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
Entities with significant influence to the Group	<u>\$ 2,853</u>	<u>\$ 1,284</u>

Payables to related parties pertain to purchase of materials. The payment terms are 60 days after monthly billings. The payables bear no interest.

E. Others

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Manufacturing expenses:		
Entities with significant influence to the Group	<u>\$ 391</u>	<u>\$ 1,198</u>

F. Property transactions

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment:		
Entities with significant influence to the Group	<u>\$ -</u>	<u>\$ 20,839</u>

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Disposal</u>	<u>Gain (loss) on</u>	<u>Disposal</u>	<u>Gain (loss) on</u>
	<u>proceeds</u>	<u>disposal</u>	<u>proceeds</u>	<u>disposal</u>
Other related party	<u>\$ 41,550</u>	<u>\$ 9,123</u>	<u>\$ -</u>	<u>\$ -</u>

G. Lease transactions – lessor

	Year ended December 31	
	2025	2024
Rental income:		
Entities with significant influence to the Group	\$ 4,464	\$ 4,270

Leasing transactions are made under mutual agreement, and the collection term is available to third parties. As of December 31, 2025 and 2024, advance rent receipts amounted to \$4,317 and \$4,464, respectively, and were shown as ‘other current liabilities, others’.

H. Lease transactions – lessee

	Year ended December 31	
	2025	2024
Rental expense:		
Entities with significant influence to the Group	\$ 2,160	\$ 540

Leasing transactions are made under mutual agreement, and the payment term is available to third parties.

I. Others

The dividends from the entities with significant influence to the Group that the Group recognised for the years ended December 31, 2025 and 2024 were \$101,256 and \$97,388, respectively. In addition, details of the Company’s class B preferred shares and class C preferred shares held by the entities with significant influence to the Group are provided in Note 6(16).

(3) Key management compensation

	Year ended December 31	
	2025	2024
Short-term employee benefits	\$ 79,689	\$ 63,933
Post-employment benefits	540	432
Share-based payment	39,065	34,043
	\$ 119,294	\$ 98,408

8. Pledged Assets

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Property, plant and equipment			
- Buildings and structures	\$ 647,977	\$ 696,915	Credit line for short-term and long-term borrowings
Guarantee deposits paid	780	3,192	Customs guarantee or others
	\$ 648,757	\$ 700,107	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2025 and 2024, the Company issued promissory notes of \$8,755,086 and \$8,791,968, respectively, as guarantees for bank loans.

B. As of December 31, 2025 and 2024, the Company issued promissory notes of \$1,215 and \$1,201, respectively, as guarantees for payments of raw materials and machineries purchased.

C. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	\$ 1,628,447	\$ 1,767,616

D. Details of the commitments on financial terms under credit contracts with certain banks are provided in Note 6(12) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On October 29, 2025, the Company's Board of Directors resolved to plan to issue the 0% first domestic unsecured convertible bonds at a face value of NT\$100,000 per bond. The bonds mature in 3 years and will be issued at 100%~102% of face value. The number of bonds to be issued is no higher than 25,000 bonds. Total face value of issuance is no higher than NT\$2,500,000 thousand. The chairman was authorised to handle the subsequent relevant matters. The fundraising was approved by the FSC through Jin-Guan-Zheng-Fa-Zi Letter No. 1140368712, dated January 9, 2026, and the subsequent procedures are in progress.

(2) The Company's appropriation of 2025 earnings was resolved by the Board of Directors on February 25, 2026. Refer to Note 6(18) for details.

(3) On February 25, 2026, employees' compensation and directors' remuneration of the Group for the year ended December 31, 2025, were resolved by the Board of Directors. Refer to Note 6(25) for details.

(4) On February 25, 2026, the Board of Directors approved the effective date for the retirement of shares due to the capital reduction. Refer to Note 6(16) for details.

(5) On February 25, 2026, the Company's Board of Directors resolved the effective date of capital reduction and issuance for new shares related to privately placed Class C preferred shares transferred into privately placed ordinary shares. Refer to Note 6(16) for details.

(6) On February 25, 2026, the Company's Board of Directors resolved the public offering and application for listing on the stock exchange of privately placed Class C preferred shares transferred into ordinary shares. Refer to Note 6(16) for details.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended December 31, 2025, the Group's strategy, which was unchanged from 2024, was to balance overall capital structure. As of December 31, 2025 and 2024, the Group's gearing ratio is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 9,560,032	\$ 7,965,664
Total assets	\$ 20,714,230	\$ 19,535,717
Gearing ratio	<u>46%</u>	<u>41%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,833,683	\$ 1,738,800
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand)	\$ 2,718,687	\$ 4,445,194
Accounts receivable (including related parties)	4,650,711	4,195,120
Other receivables	146,415	67,205
Guarantee deposits paid	5,067	7,627
	<u>\$ 7,520,880</u>	<u>\$ 8,715,146</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 320,704	\$ -
Accounts payable (including related parties)	5,280,166	4,654,717
Other payables	1,578,581	1,482,314
Long-term borrowings (including current portion)	1,954,886	1,381,908
	<u>\$ 9,134,337</u>	<u>\$ 7,518,939</u>
Lease liability (including current and non-current)	<u>\$ 122,111</u>	<u>\$ 94,947</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) The Group has established appropriate policies, procedures and internal controls in accordance with the relevant regulations to manage the aforementioned financial risks. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on the relevant regulations and internal control procedures. The Group complies with its financial risk management policies at all times.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.
- ii. The Group's management hedges foreign exchange risk through natural hedges or derivative financial instruments (including forward foreign exchange contracts) to prevent decreases in value of assets denominated in foreign currencies and fluctuations in future cash flows. The use of these derivative financial instruments assists in decreasing the effect of foreign currency fluctuations but cannot eliminate the impact entirely. The Group's purpose to hold certain investments in foreign operations is for strategic investments; thus, the Group does not hedge those investments.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025						
Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 137,202	31.40	\$ 4,308,143	1%	\$ 43,081	\$ -
JPY:NTD	513,882	0.2006	103,085	1%	1,031	-
<u>Non-monetary items</u>						
USD:NTD	10,062	31.40	315,960	1%	-	3,160
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	138,960	31.40	4,363,344	1%	43,633	-
JPY:NTD	308,538	0.2006	61,893	1%	619	-
December 31, 2024						
Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 130,786	32.78	\$ 4,287,165	1%	\$ 42,872	\$ -
JPY:NTD	1,196,816	0.21	251,331	1%	2,513	-
<u>Non-monetary items</u>						
USD:NTD	9,148	32.78	299,886	1%	-	2,999
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	112,345	32.78	3,682,669	1%	36,827	-
JPY:NTD	1,139,814	0.21	239,361	1%	2,394	-

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to (\$35,805) and \$131,163, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. The Group 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 Group's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2025 and 2024 would have increased/decreased by \$18,337 and \$17,388, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's long-term borrowings are floating-rate debts; therefore, the effective interest rate of its long-term borrowings will vary according to changes in market interest rates. If the market interest rate had increased/decreased by 25 basis points with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$3,910 and \$2,764, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the counterparties of financial instruments on the contract obligations. The Group is exposed to credit risk from its operating activities (mainly accounts receivable and notes receivable) and from its financing activities (mainly bank deposits and various financial instruments). The maximum exposure to aforementioned credit risk was the carrying amount of financial assets recognised in the consolidated balance sheet.
- ii. Customer credit risk is managed by each business unit in accordance with the Group's policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

- iii. As of December 31, 2025 and 2024, the amounts of accounts and notes receivable from top ten customers constitute 89% and 88%, respectively, of the Group's total accounts receivable. The credit concentration risk of the remaining accounts and notes receivable is immaterial.
- iv. The Group's treasury manages the credit risks of bank deposits and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only banks and companies with good credit rating and with no significant default risk are accepted. Consequently, there is no significant credit risk.
- v. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customers' contract assets and notes and accounts receivable in accordance with credit rating of customer, geographic area and industry sector. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2025 and 2024, the provision matrix classified by customers is as follows:

<u>December 31, 2025</u>		<u>Overdue</u>						
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>	
IC semiconductor group								
Gross carrying amount (Note)	\$ 2,430,756	\$ 111,525	\$ 28,265	\$ 26,871	\$ 32,019	\$ 145	\$ 2,629,581	
Lifetime expected credit losses	(1,424)	(134)	(52)	(64)	(115)	(145)	(1,934)	
Carrying amount	\$ 2,429,332	\$ 111,391	\$ 28,213	\$ 26,807	\$ 31,904	\$ -	\$ 2,627,647	
Loss ratio	0.06%	0.12%	0.18%	0.24%	0.36%	100%		
		<u>Overdue</u>						
Electronics manufacturing services group								
Gross carrying amount	\$ 2,353,915	\$ 86,837	\$ 34,768	\$ 8,221	\$ -	\$ -	\$ 2,483,741	
Lifetime expected credit losses	(1,510)	(93)	(48)	(20)	-	-	(1,671)	
Carrying amount	\$ 2,352,405	\$ 86,744	\$ 34,720	\$ 8,201	\$ -	\$ -	\$ 2,482,070	
Loss ratio	0%~0.06%	0%~0.12%	0%~0.18%	0%~0.24%	0%~0.36%	100%		
<u>December 31, 2024</u>		<u>Overdue</u>						
	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 90 days</u>	<u>91 to 180 days</u>	<u>Over 180 days</u>	<u>Total</u>	
IC semiconductor group								
Gross carrying amount (Note)	\$ 1,752,939	\$ 40,033	\$ 4,783	\$ 140	\$ 112	\$ 145	\$ 1,798,152	
Lifetime expected credit losses	(1,804)	(84)	(15)	(1)	(1)	(145)	(2,050)	
Carrying amount	\$ 1,751,135	\$ 39,949	\$ 4,768	\$ 139	\$ 111	\$ -	\$ 1,796,102	
Loss ratio	0.08%~0.11%	0.16%~0.23%	0.24%~0.34%	0.32%~3.21%	0.48%~16.63%	100%		
		<u>Overdue</u>						
Electronics manufacturing services group								
Gross carrying amount	\$ 2,564,059	\$ 95,487	\$ 28,471	\$ 3,454	\$ -	\$ -	\$ 2,691,471	
Lifetime expected credit losses	(1,647)	(119)	(52)	(11)	-	-	(1,829)	
Carrying amount	\$ 2,562,412	\$ 95,368	\$ 28,419	\$ 3,443	\$ -	\$ -	\$ 2,689,642	
Loss ratio	0%~0.08%	0%~0.16%	0%~0.24%	0%~0.32%	0%~0.48%	100%		

Note: Including the total amount of current contract assets and accounts receivable.

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for contract assets, accounts receivable (including related parties) and other receivables are as follows:

	<u>2025</u>	<u>2024</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 3,879	\$ 6,610
Reversal of impairment loss	(274)	(2,731)
Net exchange differences	-	-
At December 31	<u>\$ 3,605</u>	<u>\$ 3,879</u>

For provisioned loss for the years ended December 31, 2025 and 2024, there were no impairment losses arising from the contract assets and other receivables.

(c) Liquidity risk

- i. The Group's objective on liquidity risk management is to ensure the sufficiency of financial flexibility by maintaining cash and bank deposits for operations and adequate bank financing quota.
- ii. As of December 31, 2025 and 2024, the Group's total unused amounts of short-term borrowings were \$4,055,079 and \$3,975,783, respectively. The Group's total unused amounts of long-term borrowings were \$3,314,900 and \$4,360,000, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 2 and 3 years</u>	<u>Between 4 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2025</u>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 321,491	\$ -	\$ -	\$ -	\$ 321,491
Accounts payable (including related parties)	5,280,166	-	-	-	5,280,166
Other payables	1,578,581	-	-	-	1,578,581
Long-term borrowings (including current portion)	487,971	1,168,696	263,198	109,262	2,029,127
Lease liabilities	23,375	47,766	14,088	53,658	138,887
	<u>Less than 1 year</u>	<u>Between 2 and 3 years</u>	<u>Between 4 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2024</u>					
Non-derivative financial liabilities:					
Accounts payable (including related parties)	\$ 4,654,717	\$ -	\$ -	\$ -	\$ 4,654,717
Other payables (including related parties)	1,482,314	-	-	-	1,482,314
Long-term borrowings (including current portion)	385,254	959,440	60,265	-	1,404,959
Lease liabilities	13,843	21,770	17,725	57,100	110,438

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received, are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2025 and 2024 are as follows:

(a) The related information of nature of the asset and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$1,715,180</u>	<u>\$ -</u>	<u>\$ 118,503</u>	<u>\$ 1,833,683</u>
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$1,738,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,738,800</u>

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

- i. The fair value of equity instruments without active market (such as unlisted shares) was measured by applying a market approach based on the prices and other relevant information (such as the discount for lack of marketability and inputs like price to earnings ratio or price to book ratio) arising from the market transactions of the Company's same or comparable equity instruments. Additionally, for equity instruments that lack sufficient or appropriate observable market information and comparable counterparties, net asset value is used to measure the profitability of underlying investments.

- ii. The fair value of derivative financial instrument options that do not have a quoted market price in an active market was measured by applying a binary tree valuation model.
- iii. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)VIII.

D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	Non-derivative equity instrument	
	2025	2024
At January 1	\$ -	\$ -
Losses recognised in profit or loss	120,000	-
Losses recognised in other comprehensive income	(1,497)	-
At December 31	\$ 118,503	\$ -

F. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to frequently evaluate and measure fair value of financial instruments.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 118,503	Net assets value	N/A	N/A	N/A
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ -	Net assets value	N/A	N/A	N/A

13. Supplementary Disclosures

(4) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. Significant inter-company transactions during the reporting period: Please refer to table 3.

(5) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(6) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. Segment Information

(1) General information

For management purpose, the Group separated operating units based on business which operates individually from the main business in each region. The Group was divided into the following two reportable segments:

A. IC semiconductor group: This segment mainly provides IC packaging and testing services.

B. Electronics manufacturing services group: This segment provides professional electronics manufacturing services.

(2) Segment information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, finance costs, finance income and income taxes in the consolidated financial statements are managed on a group basis and are not allocated to operating segments.

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2025				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 11,593,672	\$ 8,089,639	\$ -	\$ -	\$ 19,683,311
Inter-segment revenue	-	63,892	-	(63,892)	-
Total revenue	<u>\$ 11,593,672</u>	<u>\$ 8,153,531</u>	<u>\$ -</u>	<u>(\$ 63,892)</u>	<u>\$ 19,683,311</u>
Segment income	<u>\$ 1,037,736</u>	<u>\$ 518,461</u>	<u>\$ 103,923</u>	<u>\$ -</u>	<u>\$ 1,660,120</u>
	Year ended December 31, 2024				
	IC semiconductor group	Electronics manufacturing services group	All other segments	Reconciliation and write-offs (Notes 1 and 2)	Total
Revenue					
Revenue from external customers	\$ 8,626,812	\$ 7,650,633	\$ -	\$ -	\$ 16,277,445
Inter-segment revenue	-	51,383	-	(51,383)	-
Total revenue	<u>\$ 8,626,812</u>	<u>\$ 7,702,016</u>	<u>\$ -</u>	<u>(\$ 51,383)</u>	<u>\$ 16,277,445</u>
Segment income	<u>\$ 732,181</u>	<u>\$ 642,876</u>	<u>\$ 101,231</u>	<u>\$ -</u>	<u>\$ 1,476,288</u>

Note 1: Inter-segment revenue has been written-off when preparing the consolidated financial statements.

Note 2: Income or loss for each operating segment does not include income tax expense.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(4) Information on products and services

Please refer to Note 6 (19) for the related information.

(5) Geographical information

Geographical information of the Group for the years ended December 31, 2025 and 2024 is as follows :

	Year ended December 31			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 8,563,864	\$ 9,776,669	\$ 6,846,182	\$ 8,390,988
America	3,779,591	-	3,746,657	-
Asia	5,016,272	49,712	3,687,521	24,898
Others	2,323,584	-	1,997,085	-
	<u>\$ 19,683,311</u>	<u>\$ 9,826,381</u>	<u>\$ 16,277,445</u>	<u>\$ 8,415,886</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31			
	2025		2024	
	Revenue	Segment	Revenue	Segment
Company A	\$ 5,549,005	Electronic manufacturing services group	\$ 5,230,767	Electronic manufacturing services group
Company B	2,807,608	Semiconductor and electronic manufacturing services group	2,437,018	Semiconductor and electronic manufacturing services group
Company C	2,548,947	Semiconductor and electronic manufacturing services group	1,734,583	Semiconductor and electronic manufacturing services group
Company D	2,439,546	Semiconductor and electronic manufacturing services group	1,784,081	Semiconductor and electronic manufacturing services group
	<u>\$ 13,345,106</u>		<u>\$ 11,186,449</u>	

Orient Semiconductor Electronics, Limited and Subsidiaries
Loans to others
Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)	Footnote
													Item	Value			
2	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	Other receivables due from related parties	Y	\$ 62,800 (USD 2,000)	\$ 31,400 (USD 1,000)	\$ 31,400 (USD 1,000)	-	Short-term financing	-	Short-term capital requirements for operating and business purposes	-	-	-	\$ 631,920 (USD 20,125)	\$ 631,920 (USD 20,125)	-

Note: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to others is 40% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.
However, limit on loans to direct or indirect wholly-owned foreign subsidiaries of the Company is 200% of the Company's net asset. Limit on endorsements to a single party is 30% of the Company's net asset based on the latest audited or reviewed financial statements.

Orient Semiconductor Electronics, Limited and Subsidiaries
Holding of significant marketable securities at the end of the period
December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2025				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
Orient Semiconductor Electronics,Limited	STRATEGE's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	5,135	\$ -	-	\$ -	-
Orient Semiconductor Electronics,Limited	SPINERGY's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	999,641	-	-	-	-
Orient Semiconductor Electronics,Limited	Golfware's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	4,687	-	-	-	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - common shares	None	Financial assets at fair value through other comprehensive income - non-current	2,141,176	-	-	-	-
Orient Semiconductor Electronics,Limited	SCREENBEAM's stocks - preference share	None	Financial assets at fair value through other comprehensive income - non-current	2,352,941	-	-	-	-
Hua-Cheng Investment Co.	Chipbond Technology Corporation	Entity with significant influence	Financial assets at fair value through other comprehensive income - non-current	31,821,520	1,715,180	4.27%	1,715,180	-
Hua-Cheng Investment Co.	Heng Yuan Investment Co., Ltd.	Other related parties	Financial assets at fair value through other comprehensive income - non-current	12,000,000	118,503	14.46%	118,503	-

Orient Semiconductor Electronics, Limited and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 3

Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching \$10 million is provided below:

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Accounts receivable	\$ 22,182	-	0.11%
0	Orient Semiconductor Electronics,Limited	COREPLUS (HK) LIMITED	1	Sales revenue	54,195	Same with general transaction terms	0.28%
1	COREPLUS (HK) LIMITED	Orient Semiconductor Electronics,Limited	1	Sales revenue	10,142	Same with general transaction terms	0.05%
1	COREPLUS (HK) LIMITED	Value-Plus Technology (Suzhou) Co.	3	Other receivable	31,400	-	0.15%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Sales revenue	89,492	Same with general transaction terms	0.45%
2	Value-Plus Technology (Suzhou) Co.	COREPLUS (HK) LIMITED	3	Accounts receivable	41,200	-	0.20%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investees
Year ended December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Orient Semiconductor Electronics, Limited	SCS HIGHTECH INC.	Taiwan	Manufacture of data storage and processing equipment and providing information software and data processing services	256,000	256,000	25,600,000	18.17%	-	-	-	Note 2
Orient Semiconductor Electronics, Limited	COREPLUS (HK) LIMITED	Hong Kong	Procure to order and components assembly outsourcing	235,500 (USD 7,500,000)	235,500 (USD 7,500,000)	7,500,000	100%	315,960	27,813	27,813	Note 1、3
Orient Semiconductor Electronics, Limited	HUA-CHENG INVESTMENT CO.	Taiwan	Reinvestments in various business	1,999,920	1,999,920	203,494,997	100%	2,133,050	102,931	102,931	Note 3

Note 1: Initial investment amount of the reinvestee which use foreign currencies to prepare financial statements is translated to NTD at the spot rate at the period end.

Note 2: The investee was abolished on March 8, 2007.

Note 3: Inter-company transactions between companies within the Group are eliminated.

Orient Semiconductor Electronics, Limited and Subsidiaries
Information on investments in Mainland China-basic information
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Remitted to Mainland China	Remitted back to Taiwan							
Value-Plus Technology (Suzhou) Co.	Adhesive processing, plug-in welding processing and related test, combination processing of the surface of base plate of electronic and sales of its products, and providing technique maintenance and after-sale service accordingly	\$ 169,200 (USD 5,388,522)	Investment and establishment in COREPLUS, and then reinvestment (2)	\$ 158,328	\$ -	\$ -	\$ 158,328	\$ 1,549	100%	\$ 1,549	\$ 31,975	\$ -	Note 3
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA				Footnote						
Orient Semiconductor Electronics,Limited	\$ 158,328	\$ 175,495	\$ 6,692,518				Note 3						

Note 1: Investment methods are classified into the following three categories;

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Limit amount prescribed by the Jing-Shen-Zi Letter No. 09704604680 of Ministry of Economic Affairs, dated August 29, 2008, and is calculated based on 60% of the Company's consolidated net assets.

Note 3: Paid-in capital was translated to NTD at the spot rate at the period end.

Orient Semiconductor Electronics, Limited and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Service revenue		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2025	%	Balance at December 31, 2025	%	Balance at December 31, 2025	%	Maximum balance during the year ended December 31, 2025	Balance at December 31, 2025	Interest rate	Interest during the year ended December 31, 2025	Other
	Value-Plus Technology (Suzhou) Co.	\$ -	-	\$ 89,492	99%	\$ 41,200	97%	\$ 376	98%	\$ -	-	\$ 62,800	\$ 31,400	-	\$ -