

**ELITE SEMICONDUCTOR  
MICROELECTRONICS TECHNOLOGY INC.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS'  
REPORT  
DECEMBER 31, 2025 AND 2024**

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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.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Elite Semiconductor Microelectronics Technology Inc. (the "Company") as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***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 *Auditor's responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

Key audit matters for the Company's 2025 parent company only financial statements are stated as follows:

#### **Allowance for inventory valuation losses**

##### Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(5) for details of inventories. As at December 31, 2025, the Company's inventories and allowance for inventory valuation losses amounted to NT\$7,128,684 thousand and NT\$48,154 thousand, respectively.

The Company is primarily engaged in researching, developing, manufacturing, and selling integrated circuits. The Company recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

#### How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessing the reasonability of the policies and procedures adopted to provide for inventory losses based on our understanding of the Company's operations and industry, validating the appropriateness of relevant information in the inventory aging report utilised by the Company, and evaluating and testing the reasonability of estimation of net realisable value. We then evaluated the reasonableness of the allowance for inventory valuation losses provided by the Company.

#### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditor's responsibilities for the audit of the parent company only financial statements***

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Shu-Chien Pai

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Liu, Chien-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2026

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The accompanying parent company only 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 parent company only 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.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2025 AND 2024  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 4,118,604	24	\$ 4,057,284	23
1110	Financial assets at fair value through profit or loss - current	6(2)	2,700	-	100	-
1150	Notes receivable, net		-	-	127	-
1170	Accounts receivable, net	6(4)	2,123,043	13	1,381,723	8
1200	Other receivables		93,612	1	96,007	-
1210	Other receivables-related parties	7(2)	20,067	-	19,622	-
1220	Current income tax assets		19,286	-	23,402	-
130X	Inventories	6(5)	7,080,530	42	7,932,463	45
1410	Prepayments		344,627	2	897,441	5
1470	Other current assets		348	-	263	-
11XX	<b>Total current assets</b>		<u>13,802,817</u>	<u>82</u>	<u>14,408,432</u>	<u>81</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non- current	6(3)	-	-	9,590	-
1550	Investments accounted for using equity method	6(6)	790,517	5	822,440	5
1600	Property, plant and equipment	6(7) and 8	1,804,955	11	1,773,849	10
1755	Right-of-use assets	6(8)	97,690	1	91,463	-
1760	Investment property, net	6(9)	12,852	-	13,822	-
1780	Intangible assets	6(10)	57,904	-	162,049	1
1840	Deferred income tax assets	6(27)	94,755	-	123,032	1
1900	Other non-current assets	6(11) and 8	191,070	1	332,745	2
15XX	<b>Total non-current assets</b>		<u>3,049,743</u>	<u>18</u>	<u>3,328,990</u>	<u>19</u>
1XXX	<b>Total assets</b>		<u>\$ 16,852,560</u>	<u>100</u>	<u>\$ 17,737,422</u>	<u>100</u>

(Continued)

**ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.**  
**PARENT COMPANY ONLY 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	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 1,270,000	8	\$ 1,600,000	9
2130	Contract liabilities - current	6(20)	21,323	-	16,354	-
2150	Notes payable		2,529	-	-	-
2170	Accounts payable		2,230,747	13	2,073,109	12
2180	Accounts payable - related parties	7(2)	17,622	-	265,413	1
2200	Other payables	6(14) and 7(2)	642,337	4	808,171	5
2280	Lease liabilities - current		17,014	-	13,882	-
2320	Long-term liabilities, current portion	6(13)(15)	1,267,795	8	231,200	1
2399	Other current liabilities, others		8,624	-	8,226	-
21XX	<b>Total current liabilities</b>		<u>5,477,991</u>	<u>33</u>	<u>5,016,355</u>	<u>28</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(13)	-	-	962,721	5
2540	Long-term borrowings	6(15)	764,883	5	1,049,700	6
2550	Provisions for liabilities -non-current		29,095	-	21,781	-
2570	Deferred income tax liabilities	6(27)	21,981	-	28,022	-
2580	Lease liabilities - non-current		82,130	-	79,490	1
2600	Other non-current liabilities		189,418	1	193,272	1
25XX	<b>Total non-current liabilities</b>		<u>1,087,507</u>	<u>6</u>	<u>2,334,986</u>	<u>13</u>
2XXX	<b>Total Liabilities</b>		<u>6,565,498</u>	<u>39</u>	<u>7,351,341</u>	<u>41</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(17)	2,861,722	17	2,861,722	16
Capital surplus						
3200	Capital surplus	6(18)	510,673	3	503,985	3
Retained earnings						
3310	Legal reserve	6(19)	2,169,006	13	2,118,375	12
3320	Special reserve		27,777	-	36,380	-
3350	Unappropriated retained earnings		4,950,226	29	5,033,456	29
Other equity interest						
3400	Other equity interest		( 69,220)	-	( 27,776)	-
3500	Treasury shares	6(17)	( 163,122)	( 1)	( 140,061)	( 1)
3XXX	<b>Total equity</b>		<u>10,287,062</u>	<u>61</u>	<u>10,386,081</u>	<u>59</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 16,852,560</u>	<u>100</u>	<u>\$ 17,737,422</u>	<u>100</u>

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS (LOSSES) PER SHARE)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20)	\$ 14,575,272	100	\$ 13,485,168	100
5000	Operating costs	6(5)(25)(26) and 7(2)	( 12,157,820)	( 84)	( 11,925,360)	( 88)
5950	Gross profit		<u>2,417,452</u>	<u>16</u>	<u>1,559,808</u>	<u>12</u>
	Operating expenses	6(25)(26) and 7(2)				
6100	Selling expenses		( 324,783)	( 2)	( 305,088)	( 2)
6200	General and administrative expenses		( 279,928)	( 2)	( 277,922)	( 2)
6300	Research and development expenses		( 1,542,638)	( 11)	( 1,451,487)	( 11)
6000	Total operating expenses		( 2,147,349)	( 15)	( 2,034,497)	( 15)
6900	Operating profit (loss)		<u>270,103</u>	<u>1</u>	( 474,689)	( 3)
	Non-operating income and expenses					
7100	Interest income	6(21)	84,172	1	108,717	1
7010	Other income	6(22) and 7(2)	82,475	1	83,160	1
7020	Other gains and losses	6(23)	( 108,898)	( 1)	883,456	6
7050	Finance costs	6(24)	( 82,672)	( 1)	( 71,109)	( 1)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>22,660</u>	-	( 1,210)	-
7000	Total non-operating income and expenses		( 2,263)	-	<u>1,003,014</u>	<u>7</u>
7900	<b>Profit before income tax</b>		<u>267,840</u>	<u>1</u>	<u>528,325</u>	<u>4</u>
7950	Income tax expense	6(27)	( 22,715)	-	( 23,210)	-
8200	<b>Profit for the year</b>		<u>\$ 245,125</u>	<u>1</u>	<u>\$ 505,115</u>	<u>4</u>
	<b>Components of other comprehensive income (loss)-net</b>					
	<b>Other comprehensive income (loss) components that will not be reclassified to profit or loss</b>					
8311	Remeasurement of defined benefit plans	6(16)	( \$ 155)	-	\$ 1,198	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 9,590)	-	( 1,870)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 29,982)	-	( 1,870)	-
	<b>Other comprehensive income (loss) components that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 2,217)	-	8,818	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		<u>345</u>	-	<u>3,526</u>	-
8300	<b>Other comprehensive (loss) income for the year-net</b>		( \$ 41,599)	-	\$ 9,802	-
8500	<b>Total comprehensive income for the year</b>		<u>\$ 203,526</u>	<u>1</u>	<u>\$ 514,917</u>	<u>4</u>
	Earnings per share (in dollars)	6(28)				
9750	Basic earnings per share		<u>\$ 0.87</u>		<u>\$ 1.80</u>	
9850	Diluted earnings per share		<u>\$ 0.87</u>		<u>\$ 1.79</u>	

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Retained earnings					Other equity interest			Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	
<b>2024</b>										
Balance at January 1, 2024		\$ 2,861,711	\$ 487,274	\$ 2,118,375	\$ 46,310	\$ 4,688,916	\$ -	(\$ 36,380)	(\$ 144,468)	\$ 10,021,738
Profit for the year		-	-	-	-	505,115	-	-	-	505,115
Other comprehensive income (loss) for the year		-	-	-	-	1,198	12,344	(3,740)	-	9,802
Total comprehensive income (loss) for the year		-	-	-	-	506,313	12,344	(3,740)	-	514,917
Distribution of 2023 earnings:	6(19)									
Cash dividends of ordinary shares		-	-	-	-	(171,703)	-	-	-	(171,703)
Reversal of special reserve		-	-	-	(9,930)	9,930	-	-	-	-
Disposal of parent company's share by a subsidiary recognised as treasury share	6(18)	-	11,544	-	-	-	-	-	4,407	15,951
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(18)	-	1,601	-	-	-	-	-	-	1,601
Adjustments of capital surplus for Company's cash dividends received by subsidiaries	6(18)	-	3,265	-	-	-	-	-	-	3,265
Change in equity of associates and joint ventures accounted for using equity method	6(18)	-	139	-	-	-	-	-	-	139
Expired cash dividends transferred to capital surplus	6(18)	-	79	-	-	-	-	-	-	79
Conversion of convertible bonds	6(13)(17)(18)	11	83	-	-	-	-	-	-	94
Balance at December 31, 2024		\$ 2,861,722	\$ 503,985	\$ 2,118,375	\$ 36,380	\$ 5,033,456	\$ 12,344	(\$ 40,120)	(\$ 140,061)	\$ 10,386,081
<b>2025</b>										
Balance at January 1, 2025		\$ 2,861,722	\$ 503,985	\$ 2,118,375	\$ 36,380	\$ 5,033,456	\$ 12,344	(\$ 40,120)	(\$ 140,061)	\$ 10,386,081
Profit for the year		-	-	-	-	245,125	-	-	-	245,125
Other comprehensive loss for the year		-	-	-	-	(155)	(1,872)	(39,572)	-	(41,599)
Total comprehensive income (loss) for the year		-	-	-	-	244,970	(1,872)	(39,572)	-	203,526
Distribution of 2024 earnings:	6(19)									
Legal reserve appropriated		-	-	50,631	-	(50,631)	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(286,172)	-	-	-	(286,172)
Reversal of special reserve		-	-	-	(8,603)	8,603	-	-	-	-
Acquisition of parent company's share by subsidiary recognised as treasury shares		-	-	-	-	-	-	-	(23,061)	(23,061)
Adjustments of capital surplus for Company's cash dividends received by subsidiaries	6(18)	-	5,672	-	-	-	-	-	-	5,672
Change in equity of associates and joint ventures accounted for using equity method	6(18)	-	975	-	-	-	-	-	-	975
Expired cash dividends transferred to capital surplus	6(18)	-	41	-	-	-	-	-	-	41
Balance at December 31, 2025		\$ 2,861,722	\$ 510,673	\$ 2,169,006	\$ 27,777	\$ 4,950,226	\$ 10,472	(\$ 79,692)	(\$ 163,122)	\$ 10,287,062

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
PARENT COMPANY ONLY 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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 267,840	\$ 528,325
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(25)	366,190	444,084
Amortisation	6(10)(25)	169,844	153,445
Net gain on financial assets at fair value through profit or loss	6(2)(23)	( 2,600 )	( 473 )
Interest expense	6(24)	82,672	71,109
Interest income	6(21)	( 84,172 )	( 108,717 )
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 22,660 )	1,210
Gains on disposals of property, plant and equipment	6(23)	-	( 56 )
Gain on reversal of onerous contracts	6(23)	-	( 530,888 )
Gains on lease modifications	6(23)	( 907 )	( 24 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	63,813
Notes receivable		127	( 127 )
Accounts receivable		( 741,320 )	( 249,679 )
Other receivables		4,040	( 3,189 )
Other receivables - related parties		( 445 )	5,578
Inventories		851,933	( 1,056,186 )
Prepayments		551,554	( 502,988 )
Other current assets		( 85 )	2,599
Other non-current assets		147,283	840,046
Changes in operating liabilities			
Contract liabilities		4,969	11,689
Notes payable		2,529	( 2,178 )
Accounts payable		157,638	( 114,479 )
Accounts payable-related parties		( 247,791 )	225,432
Other payables		( 61,076 )	26,996
Provisions for liabilities		-	( 2,611 )
Other current liabilities		398	331
Other non-current liabilities		( 5,052 )	( 150,197 )
Cash inflow (outflow) generated from operations		1,440,909	( 347,135 )
Interest received		82,527	118,751
Interest paid		( 59,870 )	( 50,627 )
Income taxes refunded		3,637	292,467
Net cash flows from operating activities		<u>1,467,203</u>	<u>13,456</u>

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ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
PARENT COMPANY ONLY 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
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost		\$ -	(\$ 33,886 )
Proceeds from disposal of financial assets at amortised cost		-	65,677
Return of capital from investee accounted for under the equity method	6(6)	-	435,201
Acquisition of property, plant and equipment	6(29)	( 395,520 )	( 400,642 )
Proceeds from disposal of property, plant and equipment		-	400
Dividends received		6,315	21,113
Acquisition of intangible assets	6(10)(29)	( 152,907 )	( 110,727 )
(Increase) decrease in refundable deposits		( 886 )	920,926
Net cash flows (used in) from investing activities		( 542,998 )	898,062
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in short-term borrowings	6(29)	( 330,000 )	( 1,020,000 )
Proceeds from long-term borrowings	6(29)	-	680,000
Repayments of long-term borrowings	6(29)	( 231,200 )	( 42,500 )
Repayment of lease liabilities	6(29)	( 16,597 )	( 13,201 )
Increase (decrease) in guarantee deposit received	6(29)	1,043	( 113 )
Cash dividends paid	6(19)	( 286,172 )	( 171,703 )
Expired cash dividends	6(18)	41	79
Net cash flows used in financing activities		( 862,885 )	( 567,438 )
Net increase in cash and cash equivalents		61,320	344,080
Cash and cash equivalents at beginning of year	6(1)	4,057,284	3,713,204
Cash and cash equivalents at end of year	6(1)	\$ 4,118,604	\$ 4,057,284

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANISATION

Elite Semiconductor Microelectronics Technology Inc. (the “Company”) was incorporated in May 1998 and commenced operations in December 1998. The Company is engaged in the research, development, production, manufacturing, and sales of dynamic and static random access memory, flash memory, analog integrated circuits, analog and digital mixed integrated circuits. The Company is also engaged in the related design and technical R&D services for the above products.

The Company merged with Ji Xin Technology Co., Ltd. on December 5, 2005, and merged with Eon Silicon Solution Inc. on June 8, 2016, with the Company as the surviving company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 26, 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 effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board ("IASB")</u>
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’ regarding the application guidance for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7	January 1, 2026
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’ regarding the application guidance for Section 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
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

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

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

Note : 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. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

A. 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 parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) 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 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”), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) 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 parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional 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 other foreign exchange gains and losses based on the nature of those transactions 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, associates and joint arrangements 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.

#### (4) 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 that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

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 within the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (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.

(5) 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.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(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 Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- 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 Company measures the financial assets at fair value plus transaction costs. The Company 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.  
Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.

- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12-month 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 or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Operating leases (lessor)

Rental 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.

(13) 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. It excludes borrowing costs. The lower of cost and net realisable value is determined on an item-by-item basis. 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.

(14) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are entities controlled by the Company (including structured entities). The Company controls the entity when the Company 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.
- B. All unrealised profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted when necessary in order to be consistent with those of the Company.
- C. The Company's share of profit or loss in subsidiaries after acquisition is recognised in profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognised in other comprehensive income. If the Company's share of loss in a subsidiary exceeds its share of equity in such a subsidiary, the Company continues to recognise losses in its shareholding percentage.
- D. If a change in shareholding in a subsidiary does not result in a loss of control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction 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. Associates are all entities over which the Company 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.
- F. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- K. When the Company 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.
- L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) 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 Company 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. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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	3~50 years
Machinery and equipment	3~9 years
Testing equipment	3~8 years
Others	2~15 years

(16) 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 Company. 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. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term.

Starting from the lease date, the Company assesses whether it can reasonably determine its option to extend the lease or purchase the underlying asset, or not to terminate the lease. The Company considers all relevant facts and circumstances that will generate economic incentives to exercise or not exercise the options. Such circumstances include all expected changes in facts and situations from the start of the lease to the day when the option is exercised. Main factors to consider include contractual terms and conditions within the period of options and the importance of the underlying asset to the lessee's operations, etc. The lease term will be reassessed if a significant change or a major change in circumstances occurs within the Company's control range. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost. The cost is the amount of the initial measurement of lease liability. 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 and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Intangible assets

A. Patents, know-how, and customer relationship

Separately acquired patent is stated at historical cost. Patents, know-how, and customer relationship acquired in a business combination are recognised at fair value at the acquisition date, and amortised on a straight-line basis over their estimated useful lives of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over their estimated useful lives of 1 ~ 3 years.

(19) Impairment of non-financial assets

A. The Company 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. Except for goodwill, 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.

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) 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.

(21) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(22) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's ordinary shares by exchanging a fixed amount of cash for a fixed number of ordinary shares) and call options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host liability contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted ordinary shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(23) Derecognition of financial liabilities

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

(24) Provisions

Provisions (including provision for decommissioning liabilities) are recognised when the Company 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 measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in 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 plans

For 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 plans

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 with the Company 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 at the balance sheet date of a currency and term consistent with the currency and term of the employment benefit obligations.

II. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.

III. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

- 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 operates and generates 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 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, except where the timing of the reversal of the temporary difference is controlled by the Company 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. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) 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.

(29) Revenue recognition

- A. The Company manufactures and sells integrated circuits. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, 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 customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. The Company accepts sales orders from customers. Sales revenue is recognised according to the contract price, and the Company transfers the promised goods or services to customers. Since the customer's payment period does not exceed one year, the Company has not adjusted the time value of money of the transaction price.
- 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.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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; and the related information is addressed below:

1. Critical judgements in applying the Company's accounting policies

None.

2. Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, changes in the external economic environment and sales conditions may result in changes in the value of inventories, which may affect the evaluation of inventories.

As at December 31, 2025, the carrying amount of inventories was \$7,080,530.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 90	\$ 115
Checking accounts and demand deposits	1,192,881	2,366,831
Time deposits	2,925,633	1,690,338
	<u>\$ 4,118,604</u>	<u>\$ 4,057,284</u>

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

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Call options of convertible bonds	\$ 1,300	\$ 1,300
Valuation adjustment	1,400	( 1,200)
Total	<u>\$ 2,700</u>	<u>\$ 100</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Financial assets mandatorily measured at fair value through profit or loss		
Call options of convertible bonds	\$ 2,600	(\$ 2,000)
Equity instruments	-	( 1,085)
Beneficiary certificates	-	3,558
Total	<u>\$ 2,600</u>	<u>\$ 473</u>

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2)C(b).

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

Items	December 31, 2025	December 31, 2024
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 29,650	\$ 29,650
Valuation adjustment	( 29,650)	( 20,060)
	\$ -	\$ 9,590

A. The Company 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 \$0 and \$9,590 as at December 31, 2025 and 2024, respectively.

B. The amounts of fair value changes recognised in other comprehensive income for the equity instruments measured at fair value through other comprehensive income amounted to (\$9,590) and (\$1,870) as at December 31, 2025 and 2024, respectively.

(4) Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable - general customers	\$ 2,123,043	\$ 1,381,723
Less: Loss allowance	-	-
	\$ 2,123,043	\$ 1,381,723

A. The aging analysis of accounts receivable is as follows:

	December 31, 2025	December 31, 2024
Not past due	\$ 2,120,898	\$ 1,381,723
Up to 30 days	2,145	-
	\$ 2,123,043	\$ 1,381,723

The above aging analysis is based on past due date.

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$2,123,043 and \$1,381,723, respectively.

C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

D. As at December 31, 2025 and 2024, accounts receivable were all from contracts with customers. As at January 1, 2024, the balance of receivables from contracts with customers amounted to \$1,132,044.

E. The Company has no accounts receivable pledged to others.

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 738,445	(\$ 2,600)	\$ 735,845
Work in process	5,426,741	( 4,653)	5,422,088
Finished goods	945,154	( 40,901)	904,253
Inventory in transit	18,344	-	18,344
	<u>\$ 7,128,684</u>	<u>(\$ 48,154)</u>	<u>\$ 7,080,530</u>
	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 515,156	(\$ 1,680)	\$ 513,476
Work in process	6,044,838	( 91,369)	5,953,469
Finished goods	1,582,448	( 126,794)	1,455,654
Inventory in transit	9,864	-	9,864
	<u>\$ 8,152,306</u>	<u>(\$ 219,843)</u>	<u>\$ 7,932,463</u>

The cost of inventories recognised as expense for the periods:

	Years ended December 31,	
	2025	2024
Cost of goods sold	\$ 12,329,509	\$ 12,171,705
Gain on reversal of inventory write-down	( 171,689)	( 246,345)
	<u>\$ 12,157,820</u>	<u>\$ 11,925,360</u>

Due to the market recovery and the disposal of inventories previously written down, the Company recognised gains on reversal of inventory valuation losses for the years ended December 31, 2025 and 2024.

(6) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Subsidiaries:		
Charng Feng Investment Ltd.	\$ 572,862	\$ 583,818
Jie Yong Investment Ltd.	141,969	163,007
Elite Investment Services Ltd.	57,036	55,831
Elite Semiconductor Memory Technology Inc.	19,956	21,267
Eon Silicon Solution Inc. USA	( 1,306)	( 1,483)
	<u>\$ 790,517</u>	<u>\$ 822,440</u>

A. Information about the subsidiaries is provided in Note 4(3) in the 2025 consolidated financial statements.

B. The Company's subsidiary, Elite Investment Services Ltd., reduced its capital and returned cash in February 2025. As a result, the number of shares held by the Company decreased by 14 shares, and the Company received the proceeds from the capital reduction amounting to \$435,201.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2025						
Cost	\$ 562,898	\$ 1,008,019	\$ 458,916	\$ 399,020	\$ 881,547	\$ 3,310,400
Accumulated depreciation and impairment	-	( 495,207)	( 239,606)	( 177,583)	( 624,155)	( 1,536,551)
	<u>\$ 562,898</u>	<u>\$ 512,812</u>	<u>\$ 219,310</u>	<u>\$ 221,437</u>	<u>\$ 257,392</u>	<u>\$ 1,773,849</u>
<u>2025</u>						
At January 1	\$ 562,898	\$ 512,812	\$ 219,310	\$ 221,437	\$ 257,392	\$ 1,773,849
Additions	-	17,672	38,410	17,077	270,989	344,148
Transfers (Note)	-	9,333	-	7,829	17,967	35,129
Depreciation charge	-	( 33,214)	( 53,410)	( 50,716)	( 210,831)	( 348,171)
At December 31	<u>\$ 562,898</u>	<u>\$ 506,603</u>	<u>\$ 204,310</u>	<u>\$ 195,627</u>	<u>\$ 335,517</u>	<u>\$ 1,804,955</u>
At December 31, 2025						
Cost	\$ 562,898	\$ 1,035,024	\$ 497,066	\$ 422,580	\$ 1,165,440	\$ 3,683,008
Accumulated depreciation and impairment	-	( 528,421)	( 292,756)	( 226,953)	( 829,923)	( 1,878,053)
	<u>\$ 562,898</u>	<u>\$ 506,603</u>	<u>\$ 204,310</u>	<u>\$ 195,627</u>	<u>\$ 335,517</u>	<u>\$ 1,804,955</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2024						
Cost	\$ 562,898	\$ 1,023,474	\$ 498,819	\$ 529,459	\$ 2,557,158	\$ 5,171,808
Accumulated depreciation and impairment	-	( 512,594)	( 246,236)	( 269,536)	( 2,249,052)	( 3,277,418)
	<u>\$ 562,898</u>	<u>\$ 510,880</u>	<u>\$ 252,583</u>	<u>\$ 259,923</u>	<u>\$ 308,106</u>	<u>\$ 1,894,390</u>
<u>2024</u>						
At January 1	\$ 562,898	\$ 510,880	\$ 252,583	\$ 259,923	\$ 308,106	\$ 1,894,390
Additions	-	12,280	16,405	6,279	224,559	259,523
Transfers (Note)	-	27,800	5,474	6,945	8,714	48,933
Disposals	-	-	-	-	( 344)	( 344)
Depreciation charge	-	( 38,148)	( 55,152)	( 51,710)	( 283,643)	( 428,653)
At December 31	<u>\$ 562,898</u>	<u>\$ 512,812</u>	<u>\$ 219,310</u>	<u>\$ 221,437</u>	<u>\$ 257,392</u>	<u>\$ 1,773,849</u>
At December 31, 2024						
Cost	\$ 562,898	\$ 1,008,019	\$ 458,916	\$ 399,020	\$ 881,547	\$ 3,310,400
Accumulated depreciation and impairment	-	( 495,207)	( 239,606)	( 177,583)	( 624,155)	( 1,536,551)
	<u>\$ 562,898</u>	<u>\$ 512,812</u>	<u>\$ 219,310</u>	<u>\$ 221,437</u>	<u>\$ 257,392</u>	<u>\$ 1,773,849</u>

Note: Transferred from prepayments for equipment (shown as “Other non-current assets”).

A. For the years ended December 31, 2025 and 2024, there was no capitalisation of borrowing costs attributable to the property, plant and equipment.

B. Information about property, plant and equipment pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements – lessee

A. The Company leases various assets including land, buildings and structures, business vehicles, and printers. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Short-term leases with a lease term of 12 months or less comprise business vehicles.

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

	Carrying amount	
	December 31, 2025	December 31, 2024
Land	\$ 44,807	\$ 50,763
Buildings and structures	48,534	38,826
Business vehicles	2,575	356
Printers	1,774	1,518
	<u>\$ 97,690</u>	<u>\$ 91,463</u>

  

	Depreciation charge	
	Years ended December 31,	
	2025	2024
Land	\$ 3,399	\$ 3,575
Buildings and structures	10,392	6,499
Business vehicles	2,297	3,641
Printers	961	747
	<u>\$ 17,049</u>	<u>\$ 14,462</u>

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$25,834 and \$45,187, respectively.

D. The information on profit or loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 1,568</u>	<u>\$ 1,139</u>
Expense relating to short-term leases	<u>\$ 1,210</u>	<u>\$ 1,099</u>
Gains on lease modifications	<u>\$ 907</u>	<u>\$ 24</u>

E. For the years ended December 31, 2025 and 2024, the Company's total cash outflows for leases were \$19,375 and \$15,439, respectively.

(9) Investment property-Buildings

	Years ended December 31,	
	2025	2024
<u>At January 1</u>		
Cost	\$ 20,369	\$ 20,369
Accumulated depreciation and impairment	( 6,547)	( 5,578)
	<u>\$ 13,822</u>	<u>\$ 14,791</u>
At January 1	\$ 13,822	\$ 14,791
Depreciation charge	( 970)	( 969)
At December 31	<u>\$ 12,852</u>	<u>\$ 13,822</u>
<u>At December 31</u>		
Cost	\$ 20,369	\$ 20,369
Accumulated depreciation and impairment	( 7,517)	( 6,547)
	<u>\$ 12,852</u>	<u>\$ 13,822</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2025	2024
Rental income from investment property	<u>\$ 2,690</u>	<u>\$ 2,594</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 970</u>	<u>\$ 969</u>

B. The fair value of the investment property held by the Company as at December 31, 2025 and 2024 was \$9,833 and \$11,991, respectively, which was valued by income approach. Key assumptions are as follows:

	December 31, 2025	December 31, 2024
Discount rate (Note)	<u>13.34%</u>	<u>9.87%</u>

Note: Calculated based on the weighted average cost of capital (WACC).

C. For the years ended December 31, 2025 and 2024, there was no capitalisation of borrowing costs attributable to the investment property.

D. The Company has no investment property pledged to others.

(10) Intangible assets

	<u>Computer software</u>				
<u>At January 1, 2025</u>					
Cost	\$ 849,791				
Accumulated amortisation and impairment	( 687,742)				
	<u>\$ 162,049</u>				
<u>2025</u>					
At January 1	\$ 162,049				
Additions	65,699				
Amortisation charge	( 169,844)				
At December 31	<u>\$ 57,904</u>				
<u>At December 31, 2025</u>					
Cost	\$ 829,806				
Accumulated amortisation and impairment	( 771,902)				
	<u>\$ 57,904</u>				
	<u>Patents and professional technology</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>
<u>At January 1, 2024</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 871,164	\$ 997,400
Accumulated amortisation and impairment	( 34,478)	( 11,000)	( 80,758)	( 753,909)	( 880,145)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,255</u>	<u>\$ 117,255</u>
<u>2024</u>					
At January 1	\$ -	\$ -	\$ -	\$ 117,255	\$ 117,255
Additions	-	-	-	197,935	197,935
Transfer (Note)	-	-	-	304	304
Amortisation charge	-	-	-	( 153,445)	( 153,445)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,049</u>	<u>\$ 162,049</u>
<u>At December 31, 2024</u>					
Cost	\$ -	\$ -	\$ -	\$ 849,791	\$ 849,791
Accumulated amortisation and impairment	-	-	-	( 687,742)	( 687,742)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,049</u>	<u>\$ 162,049</u>

Note: Transferred from prepayments for equipment (shown as “Other non-current assets”).

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

	Years ended December 31,	
	2025	2024
Operating costs	\$ 32	\$ 32
Selling expenses	-	90
General and administrative expenses	4,845	3,776
Research and development expenses	164,967	149,547
	<u>\$ 169,844</u>	<u>\$ 153,445</u>

B. For the years ended December 31, 2025 and 2024, there was no capitalisation of borrowing costs attributable to the intangible assets.

C. The Company has no intangible assets pledged to others.

(11) Other non-current assets

	December 31, 2025	December 31, 2024
Prepayments for equipment and construction costs	\$ 180,346	\$ 175,624
Refundable deposits	6,755	5,869
Pledged time deposits	3,969	3,969
Prepayments for purchases	-	147,283
	<u>\$ 191,070</u>	<u>\$ 332,745</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,270,000</u>	1.80%~1.90%	None
Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,600,000</u>	1.8951%~1.95%	None

(13) Bonds payable

	December 31, 2025	December 31, 2024
Convertible bonds payable	\$ 1,000,000	\$ 1,000,000
Less: Bonds payable converted	( 100)	( 100)
Less: Discount on bonds payable	( 16,922)	( 37,179)
	982,978	962,721
Less: Current portion	( 982,978)	-
	<u>\$ -</u>	<u>\$ 962,721</u>

- A. The issuance of domestic convertible bonds by the Company:
- (a) The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:
- i. The regulatory authority has approved the first domestic unsecured convertible bonds issued by the Company. The total issuance amount is \$1,000,000 at 115.42% of the bond's face value with coupon rate of 0%, with a term of 3 years and a listing period from October 27, 2023 to October 27, 2026. The convertible bonds will be settled by cash with principal value at maturity. The bonds were listed on the Taipei Exchange on October 27, 2023.
  - ii. The bondholders have the right to ask for conversion of the bonds into ordinary shares of the Company during the period from three months after the bonds issuance date to the maturity date, except for the suspended transfer period as specified in the terms of the bonds or the regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding ordinary shares.
  - iii. The conversion price of convertible bonds was set at NT\$85.6 (in NT\$ dollars) per share. However, the conversion price is adjusted according to the formula set out in the indenture if the following events occurs after the issuance of the Company's convertible bonds:
    - (i) Increase in outstanding (or private placement) ordinary shares.
    - (ii) The conversion price should be reduced on the effective date of ex-dividend for distributing cash dividends of ordinary shares.
    - (iii) Reissuance (or private placement) of various securities with conversion options or stock options to ordinary shares at a conversion or an exercise price lower than the market price per share.
    - (iv) Reduction in ordinary share capital that is not caused by the retirement of treasury shares.
  - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time during the period from the date after three months of the bonds issue to 40 days before the maturity date if the following events occur: (i) the closing price of the Company's ordinary shares is above the conversion price by 30% (including 30%) for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.
  - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be sold or re-issued; the conversion options attached to the bonds are also extinguished.
- (b) As at December 31, 2025, the Company's first domestic unsecured convertible bonds with a face value of \$100 were converted into 1,168 ordinary shares. The Company's Board of Director resolved on June 24, 2025 that in accordance with Article 11 of the Regulations Governing the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds, the conversion price was adjusted from NT\$85.1 to NT\$83.6 starting from ex-dividend date

(July 15, 2025).

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$210,801 were separated from the liability component and were recognised in ‘capital surplus-share options’ in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host liability contracts.

(14) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accrued salaries and bonuses	\$ 462,226	\$ 513,542
Payables for equipment	33,058	138,399
Accrued employees' compensation and directors' remuneration	5,466	10,782
Others	<u>141,587</u>	<u>145,448</u>
	<u>\$ 642,337</u>	<u>\$ 808,171</u>

(15) 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				
Secured borrowings	Note 1	1.80%~ 1.90%	Land, buildings and structures	\$ 643,400
Credit borrowings	Notes 2 and 3	2.036%~2.038%	None	<u>406,300</u>
				1,049,700
Less:Current portion				<u>( 284,817)</u>
				<u>\$ 764,883</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				
Secured borrowings	Note 1	1.675%~ 1.80%	Land, buildings and structures	\$ 643,400
Credit borrowings	Notes 2 and 3	2.008%~2.036%	None	<u>637,500</u>
				1,280,900
Less:Current portion				<u>( 231,200)</u>
				<u>\$ 1,049,700</u>

Note 1: Borrowing period is from October 2022 to October 2037, interest is repayable monthly, and starting from January 2026, the same amount of principal is repayable every three months.

Note 2: Borrowing period is from September 2024 to August 2027, interest is repayable monthly, and starting from December 2024, the same amount of principal is repayable every three months.

Note 3: According to the unsecured borrowing contract, the Company is required to comply with certain financial ratios, such as current ratio and liability ratio, during the contract periods. As at December 31, 2025, the Company had not violated any of the required financial ratios.

(16) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Standards Act. 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. The Company contributes monthly an amount equal to 2% 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	\$ 8,985	\$ 8,394
Fair value of plan assets	( 7,634)	( 2,146)
Net defined benefit liability	<u>\$ 1,351</u>	<u>\$ 6,248</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2025			
At January 1	\$ 8,394	(\$ 2,146)	\$ 6,248
Current service cost	181	-	181
Interest (expense) income	134	( 34)	100
	<u>8,709</u>	<u>( 2,180)</u>	<u>6,529</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 121)	( 121)
Change in financial assumptions	188	-	188
Experience adjustments	88	-	88
	<u>276</u>	<u>( 121)</u>	<u>155</u>
Pension fund contribution	-	( 5,333)	( 5,333)
At December 31	<u>\$ 8,985</u>	<u>(\$ 7,634)</u>	<u>\$ 1,351</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2024			
At January 1	\$ 9,235	(\$ 812)	\$ 8,423
Current service cost	182	-	182
Interest (expense) income	111	( 10)	101
	<u>9,528</u>	<u>( 822)</u>	<u>8,706</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 64)	( 64)
Change in financial assumptions	( 263)	-	( 263)
Experience adjustments	( 871)	-	( 871)
	<u>( 1,134)</u>	<u>( 64)</u>	<u>( 1,198)</u>
Pension fund contribution	-	( 1,260)	( 1,260)
At December 31	<u>\$ 8,394</u>	<u>(\$ 2,146)</u>	<u>\$ 6,248</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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement

Fund” (Article 6: The scope of utilization 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 securitization products, etc.). With regard to the utilization 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 are 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 at December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31,	
	2025	2024
Discount rate	1.3%	1.6%
Future salary increase	3.0%	3.0%

Assumptions regarding future mortality experience are set based on the sixth life experience table in Taiwan for the years ended December 31, 2025 and 2024.

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2025				
Effect on present value of defined benefit obligation	\$ 157	\$ 161	\$ 135	(\$ 133)
December 31, 2024				
Effect on present value of defined benefit obligation	\$ 159	\$ 163	\$ 140	(\$ 137)

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 methodology and assumptions used in preparing the sensitivity analysis are same as prior year.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to \$212.

(g) As at December 31, 2025, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	207
1-2 years		205
2-5 years		4,002
Over 5 years		5,450
		<u>9,864</u>
	<u>\$</u>	<u>9,864</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 contributes 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 pension costs under the above pension plans of the Company for the years ended December 31, 2025 and 2024 were \$44,610 and \$43,676, respectively.

(17) Share capital

A. As at December 31, 2025, the Company’s authorised capital was \$3,500,000, consisting of 350,000 thousand shares of ordinary share (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,861,722 with a par value of \$10 (in NT\$ dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Unit : Thousands of shares	
	2025	2024
Outstanding ordinary shares at January 1	273,172	272,762
Acquisition of parent company's shares by a subsidiary recognised as treasury shares	( 1,000)	-
Disposal of parent company's share by a subsidiary recognised as treasury shares	-	409
Conversion of convertible bonds	-	1
Outstanding ordinary shares at December 31	<u>272,172</u>	<u>273,172</u>
Treasury shares at the end of the year	<u>14,000</u>	<u>13,000</u>
Issued ordinary shares at December 31	<u>286,172</u>	<u>286,172</u>

## B. Treasury shares

Due to the Company's business strategy, the number of the Company's shares held by the Company's subsidiary, Jie Yong Investment Ltd., as at December 31, 2025 and 2024, were 14,000 thousand shares and 13,000 thousand shares with carrying amounts of \$389,683 and \$334,596, respectively; the average carry amount per share were NT\$27.83, and NT\$25.74, and the fair values per share were NT\$118 and NT\$62, respectively.

### (18) 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 ordinary shares 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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2025					
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries and associates	Stock options	Others	Total
At January 1	\$23,574	\$ 61,834	\$ 203,575	\$ 210,801	\$4,201	\$503,985
Adjustment of capital surplus for company's cash dividends received by subsidiaries	-	-	5,672	-	-	5,672
Change in equity of associates and joint ventures accounted for using equity method	-	-	975	-	-	975
Unclaimed cash dividends transferred to capital surplus	-	-	-	-	41	41
At December 31	<u>\$23,574</u>	<u>\$ 61,834</u>	<u>\$ 210,222</u>	<u>\$ 210,801</u>	<u>\$4,242</u>	<u>\$510,673</u>

2024

	Changes in					
	Share premium	Treasury share transactions	ownership interests in subsidiaries and associates	Stock options	Others	Total
At January 1	\$23,470	\$ 50,290	\$ 198,570	\$ 210,822	\$4,122	\$487,274
Disposal of company's shares by a subsidiary recognised as treasury share	-	11,544	-	-	-	11,544
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	-	-	1,601	-	-	1,601
Adjustment of capital surplus for company's cash dividends received by subsidiaries	-	-	3,265	-	-	3,265
Change in equity of associates and joint ventures accounted for using equity method	-	-	139	-	-	139
Unclaimed cash dividends transferred to capital surplus	-	-	-	-	79	79
Conversion of convertible bonds	104	-	-	( 21)	-	83
At December 31	<u>\$23,574</u>	<u>\$ 61,834</u>	<u>\$ 203,575</u>	<u>\$ 210,801</u>	<u>\$4,201</u>	<u>\$503,985</u>

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following order:

- (a) Payment of all taxes and dues.
- (b) Offset previous years' operating losses, if any.
- (c) Setting aside 10% of remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company.
- (d) Setting aside or reversing a special reserve according to relevant regulations.
- (e) The remainder from this year and prior years may be appropriated as dividends according to a resolution in the shareholders' meeting.

The Company is in the growth phase. To meet future operation requirements, long-term financial plan and the requirement of cash dividends distributing to the shareholders, the distributable earnings for current year can be entirely distributed to the shareholders, which shall be proposed

by the Board of Directors and resolved in the shareholders' meeting every year. Dividends to the shareholders can be distributed in the form of cash or shares, and cash dividends shall account for at least 50% of the total dividends distributed.

In accordance with Article 240 of the Company Act, the Board of Directors is authorized by the Company to approve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Article 241 of the Company Act in the form of cash by a resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall appropriate a special reserve from earnings before distribution if there is a debit balance under other equity items as of the balance sheet date. If such debit balance is subsequently reversed, the reversed amount may be reclassified to distributable earnings.
- D. The Company's appropriation of earnings and cash dividends per share as resolved by the Board of Directors, is as follows:

	Years ended December 31,		
	2025	2024	2023
As approved by the Board of Directors	February 26, 2026	February 26, 2025	February 27, 2024
Provision for legal reserve	\$ 24,497	\$ 50,631	\$ -
Provision for (Reversal of) special reserve	\$ 41,444	(\$ 8,603)	(\$ 9,930)
Cash dividends	\$ 292,469	\$ 286,172	\$ 171,703
Cash dividend per share (in NT\$ dollars)	\$ 1.0	\$ 1.0	\$ 0.6

The Company's earnings distribution of 2024 and 2023 had been resolved at the shareholders' meeting on June 10, 2025 and May 30, 2024, respectively.

(20) Operating revenue

	Years ended December 31,	
	2025	2024
Revenue from contracts with customers	\$ 14,575,272	\$ 13,485,168

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

<u>Year ended December 31,</u> <u>2025</u>	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	\$ 5,762,523	\$ 8,716,779	\$ 95,970	\$ 14,575,272

<u>Year ended December 31,</u> <u>2024</u>	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	\$ 5,190,827	\$ 8,209,282	\$ 85,059	\$ 13,485,168

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities- advance sales receipts	\$ 21,323	\$ 16,354	\$ 4,665

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Contract liabilities – advance sales receipts	\$ 16,286	\$ 4,862

(21) Interest income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 84,086	\$ 108,071
Interest income from financial assets at amortised cost	-	588
Other interest income	86	58
	<u>\$ 84,172</u>	<u>\$ 108,717</u>

(22) Other income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rent income	\$ 6,317	\$ 5,658
Other income, others	76,158	77,502
	<u>\$ 82,475</u>	<u>\$ 83,160</u>

(23) Other gains and losses

	Years ended December 31,	
	2025	2024
Gains arising from lease modifications	\$ 907	\$ 24
Net foreign exchange (losses) gains	( 111,435)	352,985
Gains on financial assets at fair value through profit or loss	2,600	473
Gains on disposals of property, plant and equipment	-	56
Gain on reversal of onerous contracts (Note)	-	530,888
Other expenses	( 970)	( 970)
	<u>(\$ 108,898)</u>	<u>\$ 883,456</u>

Note: A portion of refundable deposits of the Company is a capacity reservation agreement with the supplier. According to the agreement, the Company promises to purchase wafer production capacity within the agreed period and quantities after the Company has paid the guarantee deposits in advance, the supplier will then provide the agreed production capacity to the Company. If the Company's actual purchased quantities does not meet the agreed requirements, the prepaid guarantee deposits will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the fluctuations in the overall market economic environment affecting market demand at that time, the Company made provision for onerous contracts liabilities (shown as "provisions for liabilities") for the year ended December 31, 2023. As at December 31, 2024, the Company's actual purchased quantities met the agreed requirements, and the prepaid deposits were fully recovered.

(24) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 60,136	\$ 49,344
Provisions for liabilities-amortisation of discount	702	726
Lease liabilities	1,568	1,139
Amortisation of discount on bonds payable	20,257	19,892
Total interest expense	<u>82,663</u>	<u>71,101</u>
Others	9	8
	<u>\$ 82,672</u>	<u>\$ 71,109</u>

(25) Expenses by nature

	Years ended December 31,	
	2025	2024
Employee benefit expenses	\$ 1,409,263	\$ 1,388,323
Depreciation charges on property, plant and equipment	\$ 348,171	\$ 428,653
Depreciation charges on right-of-use assets	\$ 17,049	\$ 14,462
Depreciation charges on investment property	\$ 970	\$ 969
Amortisation charges on intangible assets	\$ 169,844	\$ 153,445

(26) Employee benefit expenses

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 1,253,450	\$ 1,232,522
Labor and health insurance expenses	78,090	78,328
Pension costs	44,891	43,959
Directors' remuneration	7,195	11,023
Other personnel expenses	25,637	22,491
	\$ 1,409,263	\$ 1,388,323

- A. According to the Company's Articles of Incorporation, the Company shall distribute no less than 1% of its current year's profit as employees' compensation, of which no less than 50% shall be distributed to entry-level employees; and no more than 1% as remuneration for directors.
- B. For the years ended December 31, 2025 and 2024, employees' compensation of the Company was accrued at \$2,733 and \$5,391, respectively; directors' remuneration of the Company was accrued at \$2,733 and \$5,391, respectively. The aforementioned amounts were recognised in wages and salaries.
- C. The employees' compensation and directors' remuneration for 2024 amounting to \$5,391 and \$5,391, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.
- D. 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.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense (benefit):

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profit for the year	\$ -	\$ -
Under (over) provision of prior year's income tax	479	(83,195)
Total current tax	479	(83,195)
Deferred tax:		
Origination and reversal of temporary differences	22,236	106,405
Income tax expense	\$ 22,715	\$ 23,210

(b) The income tax charge relating to components of other comprehensive income: None.

(c) The income tax charged to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 53,568	\$ 105,665
Effects from items adjusted in accordance with tax regulation	(5,340)	(615)
Under (over) provision of prior year's income tax	479	(83,195)
Effect from temporary differences	3,214	-
Assessment of realisation of deferred tax assets	-	65,587
Assessment of realisation of investment tax credits	11,353	-
Effects from loss carryforward	(40,559)	(64,232)
Income tax expense	\$ 22,715	\$ 23,210

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2025			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Provision for inventory obsolescence and write-down	\$ 17,588	(\$ 13,736)	\$ -	\$ 3,852
Others	3,519	392	-	3,911
- Loss carryforward	45,053	( 3,580)	-	41,473
- Investment tax credits	56,872	( 11,353)	-	45,519
Subtotal	<u>123,032</u>	<u>( 28,277)</u>	<u>-</u>	<u>94,755</u>
Deferred tax liabilities:				
- Temporary differences:				
Unrealised exchange gains	( 27,927)	6,226	-	( 21,701)
Gain on valuation of financial assets	( 95)	( 185)	-	( 280)
Subtotal	<u>( 28,022)</u>	<u>6,041</u>	<u>-</u>	<u>( 21,981)</u>
Total	<u>\$ 95,010</u>	<u>(\$ 22,236)</u>	<u>\$ -</u>	<u>\$ 72,774</u>

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealised exchange losses	\$ 1,068	(\$ 1,068)	\$ -	\$ -
Provision for inventory obsolescence and write-down	55,943	( 38,355)	-	17,588
Others	3,250	269	-	3,519
- Loss carryforward	97,733	( 52,680)	-	45,053
- Investment tax credits	98,082	( 41,210)	-	56,872
Subtotal	<u>256,076</u>	<u>( 133,044)</u>	<u>-</u>	<u>123,032</u>
Deferred tax liabilities:				
- Temporary differences:				
Unrealised exchange gains	( 51,627)	23,700	-	( 27,927)
Gain on valuation of financial assets	( 3,034)	2,939	-	( 95)
Subtotal	<u>( 54,661)</u>	<u>26,639</u>	<u>-</u>	<u>( 28,022)</u>
Total	<u>\$ 201,415</u>	<u>(\$ 106,405)</u>	<u>\$ -</u>	<u>\$ 95,010</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

Qualifying items	December 31, 2025		
	Unused tax credits	Unrecognised deferred tax assets tax amount	Expiry year
Expenditure of research and development	<u>\$ 182,075</u>	<u>\$ 136,556</u>	2027
Qualifying items	December 31, 2024		
	Unused tax credits	Unrecognised deferred tax assets tax amount	Expiry year
Expenditure of research and development	<u>\$ 226,085</u>	<u>\$ 169,213</u>	2026

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

December 31, 2025				
Year incurred	Assessed amount	Unused amount	Unrecognised deferred tax assets amount	Expiry year
2023	\$ 1,302,338	\$ 829,450	\$ 622,088	2033

  

December 31, 2024				
Year incurred	Assessed amount	Unused amount	Unrecognised deferred tax assets amount	Expiry year
2023	\$ 1,302,338	\$ 1,050,152	\$ 824,884	2033

F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 400,437	\$ 469,264

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

(28) Earnings per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in NT\$ dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 245,125	280,541	\$ 0.87
<u>Diluted earnings per share</u>			
Effect of dilutive potential ordinary shares			
Employee's compensation	-	23	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 245,125	280,564	\$ 0.87

	Year ended December 31, 2024		
	Amount after tax	of ordinary shares outstanding (shares in thousands)	per share (in NT\$ dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 505,115	280,704	\$ 1.80
<u>Diluted earnings per share</u>			
Effect of dilutive potential ordinary shares			
Employees' compensation	-	87	
Convertible bonds	17,514	11,750	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 522,629	292,541	\$ 1.79

Note: As the convertible bonds payable has anti-dilutive effect for the year ended December 31, 2025, it is not included in the calculation of diluted earnings per share.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Purchase of property, plant and equipment (including transferred amount)	\$ 379,277	\$ 308,456
Add: Ending balance of prepayment for equipment	180,346	175,624
Less: Opening balance of prepayment for equipment	( 175,624)	( 45,969)
Add: Opening balance of payable for equipment	51,191	13,722
Less: Ending balance of payable for equipment	( 33,058)	( 51,191)
Less: Additions of decommissioning costs	( 6,612)	-
Cash paid during the year	\$ 395,520	\$ 400,642

	Years ended December 31,	
	2025	2024
Purchase of intangible assets (including transferred amount)	\$ 65,699	\$ 198,239
Add: Opening balance of payable for equipment	87,208	-
Less: Opening balance of prepayment for equipment being transferred to intangible assets	-	( 304)
Less: Ending balance of payable for intangible assets	-	( 87,208)
Cash paid during the year	\$ 152,907	\$ 110,727

B. Changes in liabilities from financing activities:

	Short-term borrowings	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities- gross
At January 1, 2025	\$ 1,600,000	\$ 962,721	\$ 1,280,900	\$ 93,372	\$ 6,139	\$ 3,943,132
Changes in cash flow from financing activities	( 330,000)	-	( 231,200)	( 16,597)	1,043	( 576,754)
Interest paid	-	-	-	( 1,568)	-	( 1,568)
Interest expense	-	20,257	-	1,568	-	21,825
Changes in other non-cash items	-	-	-	22,369	-	22,369
At December 31, 2025	<u>\$ 1,270,000</u>	<u>\$ 982,978</u>	<u>\$ 1,049,700</u>	<u>\$ 99,144</u>	<u>\$ 7,182</u>	<u>\$ 3,409,004</u>

	Short-term borrowings	Bonds payable	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities- gross
At January 1, 2024	\$ 2,620,000	\$ 942,923	\$ 643,400	\$ 63,228	\$ 6,252	\$ 4,275,803
Changes in cash flow from financing activities	( 1,020,000)	-	637,500	( 13,201)	( 113)	( 395,814)
Interest paid	-	-	-	( 1,139)	-	( 1,139)
Interest expense	-	19,892	-	1,139	-	21,031
Changes in other non-cash items	-	( 94)	-	43,345	-	43,251
At December 31, 2024	<u>\$ 1,600,000</u>	<u>\$ 962,721</u>	<u>\$ 1,280,900</u>	<u>\$ 93,372</u>	<u>\$ 6,139</u>	<u>\$ 3,943,132</u>

## 7. RELATED PARTY TRANSACTIONS

### A. Names of related parties and relationship

Names of related parties	Relationship with the Company
Elite Semiconductor Memory Technology Inc.	Subsidiary
Charng Feng Investment Ltd.	"
Jie Yong Investment Ltd.	"
Eon Silicon Solutions Inc. USA	"
Elite Memory Technology Inc.	"
Elite Innovation Japan Ltd.	"
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	"
Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	"
CHI Microelectronics Limited	"
Canyon Semiconductor Inc.	Associate
ESMT Educational Foundation	Substantive related party

### B. Significant transactions and balances with related parties

#### A. Purchases

	Years ended December 31,	
	2025	2024
Purchases of goods:		
Subsidiaries	\$ 797,136	\$ 1,076,138

Goods are purchased from subsidiaries on normal commercial terms and conditions.

#### B. Receivables from related parties:

	December 31, 2025	December 31, 2024
Other receivable-supporting services:		
Subsidiaries	\$ 20,067	\$ 19,622

#### C. Payables to related parties:

	December 31, 2025	December 31, 2024
Accounts payable:		
CHI Microelectronics Limited	\$ 17,622	\$ 265,413
Other payables-supporting services:		
Subsidiaries	\$ 47,692	\$ 41,555

D. Others:

	Years ended December 31,	
	2025	2024
Other income-supporting services:		
Subsidiaries	\$ 62,741	\$ 68,033
Associates	\$ -	\$ 229
Research and development expenses:		
Subsidiaries	\$ 52,083	\$ 53,971
Selling expenses:		
Subsidiaries	\$ 97,615	\$ 91,875
Donation expense:		
Substantive related party	\$ 1,000	\$ 1,000

C. Key management compensation

	Years ended December 31,	
	2025	2024
Salaries and other short-term employee benefits	\$ 37,330	\$ 45,821
Post-employment benefits	645	587
	\$ 37,975	\$ 46,408

8. PLEGGED ASSETS

The Company's assets pledged as collateral are as follows:

Assets item	Book value		Purposes
	December 31, 2025	December 31, 2024	
Land, buildings and structures	\$ 724,249	\$ 731,151	Long-term borrowings
Time deposits (shown as "other non-current assets")	3,969	3,969	Guarantee deposits for land leasing
	\$ 728,218	\$ 735,120	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. The appropriations of 2025 earnings had been approved by the Board of Directors on February 26, 2026. Please refer to Note 6(19).
- B. On February 12, 2026, the Company exercised its right to redeem bonds pursuant to Article 18, Paragraph 1 of the Rules Governing the Issuance and Conversion of the Company's First Domestic

Unsecured Convertible Bonds. The redemption period shall commence on March 9, 2026 and expire on April 8, 2026. Additionally, April 9, 2026 has been designated as the date on which trading of the convertible bonds on the Taipei Exchange will be terminated.

## 12. OTHERS

### (1) Capital management

Considering the characteristics of the current operating industry, the Company's future development, and changes in the external environment, the Company plans for future requirements of working capital, research and development expenditures, and dividend payments to shareholders in order to safeguard the Company's ability to continue as a going concern, to provide returns to shareholders, to balance the interests of other stakeholders, and to maintain an optimal capital structure so as to enhance shareholders' value in the long term.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return cash to shareholders, or repurchase its own shares.

#### A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>2,700</u>	\$ <u>100</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ <u>-</u>	\$ <u>9,590</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 4,118,604	\$ 4,057,284
Notes receivable	-	127
Accounts receivable	2,123,043	1,381,723
Other receivables	93,612	96,007
Other receivables - related parties	20,067	19,622
Time deposits (shown as "Other non-current assets")	3,969	3,969
Refundable deposits (shown as "Other non-current assets")	<u>6,755</u>	<u>5,869</u>
	<u>\$ 6,366,050</u>	<u>\$ 5,564,601</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,270,000	\$ 1,600,000
Notes payable	2,529	-
Accounts payable	2,230,747	2,073,109
Accounts payable - related parties	17,622	265,413
Other payables	642,337	808,171
Bonds payable (including current portion)	982,978	962,721
Long-term borrowings (including current portion)	1,049,700	1,280,900
Guarantee deposits received (shown as "Other non-current liabilities")	7,182	6,139
	<u>\$ 6,203,095</u>	<u>\$ 6,996,453</u>
Lease liabilities	<u>\$ 99,144</u>	<u>\$ 93,372</u>

#### B. Financial risk management policies

- (a) The Company adopts a comprehensive system of risk management and control to identify, assess, and control all types of risks, including market risk, credit risk, liquidity risk, and cash flow risk, enabling management to effectively control and assess such risks.
- (b) To effectively manage various market risks, the Company takes into consideration the economic environment, competitive conditions, and the impact of market value risk, in order to maintain an optimal risk position, preserve an appropriate liquidity position, and centrally manage all market risks.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

1. The Company operates internationally and is exposed to foreign exchange risk arising from the various currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments of foreign operations.
2. The Company's foreign exchange risk management strategy involves regularly reviewing the net positions of assets and liabilities in various currencies and managing the associated risks accordingly. In addition to achieving natural hedges where possible, the Company may also adopt appropriate hedging instruments after considering factors such as hedging costs and the duration of the hedge, thereby effectively mitigating the impact of exchange rate fluctuations on the Company's overall financial position.

3. The Company's operations involves certain non-functional currency operations (the functional currency of the Company is NTD). The following sets out information on foreign currency-denominated assets and liabilities that are significantly affected by exchange rate fluctuations:

December 31, 2025			
	Foreign currency		Book value (NTD)
	amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 105,408	31.430	\$ 3,312,973
RMB:NTD	104,146	4.496	468,240
<u>Non-monetary items</u>			
USD:NTD	\$ 1,773	31.430	\$ 55,730
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 44,335	31.430	\$ 1,393,449
RMB:NTD	10,667	4.496	47,959
December 31, 2024			
	Foreign currency		Book value (NTD)
	amount (In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 139,692	32.785	\$ 4,579,802
RMB:NTD	121,246	4.478	542,940
<u>Non-monetary items</u>			
USD:NTD	1,657	32.785	\$ 54,348
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 49,735	32.785	\$ 1,630,562
RMB:NTD	9,280	4.478	41,556

4. The total exchange (losses) gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to (\$111,435) and \$352,985, respectively.
5. Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>Year ended December 31, 2025</u>			
<u>Sensitivity analysis</u>			
<u>Degree of variation</u>		<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 33,130	\$ -
RMB:NTD	1%	4,682	-
<u>Non-monetary items</u>			
USD:NTD	1%	\$ -	\$ 557
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 13,934)	\$ -
RMB:NTD	1%	( 480)	-
 <u>Year ended December 31, 2024</u>			
<u>Sensitivity analysis</u>			
<u>Degree of variation</u>		<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 45,798	\$ -
RMB:NTD	1%	5,429	-
<u>Non-monetary items</u>			
USD:NTD	1%	\$ -	\$ 543
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 16,306)	\$ -
RMB:NTD	1%	( 416)	-

### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments are affected by the uncertainty regarding the future value of the underlying investments. Had the prices of these equity instruments increased or decreased by 10% while all other variables were held constant, for the years ended December 31, 2025 and 2024, other comprehensive income would have increased or decreased by \$0 and \$959, respectively, from the account of gains or losses on equity investments designated at fair value through other comprehensive income.

### Cash flow and fair value interest rate risk

- i. The Company's cash flow interest rate risk arises from long-term borrowings and short-term borrowings issued at floating interest rate. During the years ended December 31, 2025 and 2024, the Company's borrowings at variable rate were denominated in the NTD.
- ii. If the interest rate on borrowings had increased or decreased by 0.2%, with all other variables held constant, profit after tax for the years ended December 31, 2025 and 2024 would have decreased or increased by \$4,160 and \$4,915, respectively. This is mainly attributable to changes in interest expense resulting from the floating-rate borrowings.

### (b) Credit risk

- i. Credit risk is the risk of financial loss to the Company arising from a client or counterparty of a financial instrument failing to discharge its contractual obligations. The principal exposure arises from counterparties' inability to settle accounts receivable in accordance with the agreed terms, as well as from the contractual cash flows of financial assets measured at amortised cost.
- ii. The Company manages its credit risk on a company-wide basis. For banks and financial institutions, only those with strong credit ratings are accepted as counterparties. In accordance with the Company's credit policy, each operating entity within the Company is required to manage and assess the credit risk of each new customer prior to setting standard payment and delivery terms. Internal risk control procedures evaluate the credit quality of customers by considering their financial position, past experience, and other relevant factors. Individual credit limits are established by Board of Directors based on internal or external credit ratings, and the utilisation of credit limits is monitored on a regular basis.
- iii. The Company applies the presumption under IFRS 9 that default occurs when contractual payments are more than 90 days past due.

- iv. The Company also applies the presumption under IFRS 9 that there has been a significant increase in credit risk since initial recognition when contractual payments are more than 30 days past due.
  - v. The following objective evidence is used to determine whether the credit impairment of debt instruments has occurred:
    - (i) Significant financial difficulty of the issuer and a high probability of entering bankruptcy or other financial reorganization;
    - (ii) The disappearance of an active market for the financial asset due to the issuer's financial difficulties;
    - (iii) Default or delinquency in interest or principal repayments by the issuer;
    - (iv) Adverse changes in national or regional economic conditions that are expected to result in the issuer's default.
  - vi. The Company writes off a financial asset when there is no reasonable expectation of recovering it, after initiating recourse procedures. Nevertheless, the Company continues to pursue legal recourse to preserve its rights.
  - vii. Financial assets measured at amortised cost comprise time deposits and restricted time deposits with banks that possess strong credit ratings and no history of default. Considering also that there have been no significant changes in the overall economic environment, the risk of credit loss is assessed to be very low and the impact on the financial statements is considered immaterial.
  - viii. Information on the aging analysis of the Company's accounts receivable from customers is disclosed in Note 6(4). In assessing credit risk, the Company takes into account the counterparties' financial position, historical transaction experience, current economic conditions, and the Company's internal credit rating standards. Based on these risk factors, the Company may require prepayments, collateral, or other forms of guarantees. Accounts receivable are grouped according to risk characteristics, and the Company applies the simplified approach using the loss rate method to estimate expected credit losses. On the balance sheet date, the Company reviews the recoverable amount of accounts receivable on an individual basis to ensure that appropriate impairment losses have been recognised for uncollectible amounts. Based on this assessment, the expected credit loss (ECL) allowance by the Company as at December 31, 2025 and 2024 was considered immaterial.
- (c) Liquidity risk
- i. The Company manages liquidity risk through forecasting and continuous monitoring of working capital requirements, ensuring that it maintains adequate levels of cash and cash equivalents to support operational needs and to reduce the impact of cash flow fluctuations on business operations.

- ii. Surplus cash held by the operating entities in excess of what is required for working capital purposes, is invested in interest-bearing current accounts, time deposits and marketable securities. The investment instruments are selected based on appropriate maturities or sufficient liquidity, as determined by the aforementioned forecasts, to ensure an adequate level of financial flexibility.
- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
December 31, 2025	<u>year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,273,870	\$ -	\$ -
Notes payable	2,529	-	-
Accounts payable	2,230,747	-	-
Accounts payable - related parties	17,622	-	-
Other payables	642,337	-	-
Lease liabilities	18,636	47,844	37,770
Bonds payable (including current portion)	999,900	-	-
Long-term borrowings (including current portion)	302,918	427,584	399,384
Guarantee deposits received	-	-	7,182

Derivative financial liabilities: None.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
December 31, 2024	<u>year</u>	<u>and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,603,522	\$ -	\$ -
Accounts payable	2,073,109	-	-
Accounts payable - related parties	265,413	-	-
Other payables	808,171	-	-
Lease liabilities	15,204	48,043	36,011
Bonds payable	-	999,900	-
Long-term borrowings (including current portion)	253,955	669,364	460,514
Guarantee deposits received	-	-	6,139

Derivative financial liabilities: None.

(2) 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 assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and emerging stocks, beneficiary certificates and debt securities are included in Level 1.

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

Level 3: Unobservable inputs for the assets or liabilities. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term and long-term borrowings, notes payable, accounts payable, other payables, lease liabilities and guarantee deposits received are approximate to their fair values.

	<u>December 31, 2025</u>			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable (including current portion)	\$ 982,978	\$ -	\$ 985,701	\$ -
	<u>December 31, 2024</u>			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 962,721	\$ -	\$ 962,004	\$ -

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
Call options of convertible bonds	\$ -	\$ -	\$ 2,700	\$ 2,700

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
Call options of convertible bonds	\$ -	\$ -	\$ 100	\$ 100
Financial assets at fair value through other comprehensive income				
Equity securities	<u>-</u>	<u>-</u>	<u>9,590</u>	<u>9,590</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,690</u>	<u>\$ 9,690</u>
Financial liabilities: None.				

- (b) The methods and assumptions that the Company used to measure fair value are as follows: Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- E. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.
- F. The following table is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	<u>2025</u>		<u>2024</u>	
	Equity instrument	Call options of convertible bonds	Equity instrument	Call options of convertible bonds
At January 1	\$ 9,590	\$ 100	\$ 11,460	\$ 2,100
Valuation adjustment	<u>(9,590)</u>	<u>2,600</u>	<u>(1,870)</u>	<u>(2,000)</u>
At December 31	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ 9,590</u>	<u>\$ 100</u>

- G. The valuation procedures for fair value measurements are categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following table is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model for 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	\$ -	Market - comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss - call options of convertible bonds	2,700	Binomial tree pricing model for convertible bonds	Stock price volatility	54.78%	The higher the volatility, the lower the fair value
	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	\$ 9,590	Market - comparable companies	Discount for lack of marketability	45.00%	The higher the discount of lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss - call options of convertible bonds	100	Binomial tree pricing model for convertible bonds	Stock price volatility	35.72%	The higher the volatility, the lower the fair value

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different fair value measurement. The following table sets out the potential impact on profit or loss and other comprehensive income from financial assets classified as Level 3, arising from reasonably possible changes in significant unobservable inputs used in the valuation models:

		December 31, 2025					
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
Input	Change	change	change	change	change	change	change
Financial assets							
Financial assets at fair value through profit or loss - call options of convertible bonds							
Volatility	± 2%	\$ 400	\$ -	\$ -	\$ -		
		December 31, 2024					
				Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable	Unfavourable	Favourable	Unfavourable		
Input	Change	change	change	change	change	change	change
Financial assets							
Equity instrument							
Discount for lack of marketability	± 10%	\$ -	\$ -	\$ 785	(\$ 785)		
Financial assets at fair value through profit or loss - call options of convertible bonds							
Volatility	± 1%	\$ -	\$ -	\$ -	\$ -		

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- Loans to others: None.
- Provision of endorsements and guarantees to others: None.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- 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.

(2) Information on investees

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

(3) 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: None.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

December 31, 2025

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Name and category of marketable securities	Relationship with the securities issuer	Financial Statement Account	As at December 31, 2025				
				Number of shares	Book value	Ownership (%)	Fair value	Footnote
					(Note 1)		(Note 1)	
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	-	6.29	-	
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	100,542	724	0.66	724	
Charng Feng Investment Ltd.	Powership Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	100,426	3,972	0.00	3,972	
Charng Feng Investment Ltd.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	-	6.29	-	
Charng Feng Investment Ltd.	StorArt Technology Co. Ltd, common stock	None	Financial assets at fair value through other comprehensive income	1,000,000	28,170	1.95	28,170	
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent Company	Financial assets at fair value through other comprehensive income	14,000,000	1,652,000	4.89	1,652,000	

Note 1: Valuation adjustments of financial assets included.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
For the year ended December 31, 2025

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchase/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable/payable		Footnote
			Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	Ultimate parent company	Sales	\$ 797,136	5.47%	Net 30 days from month-end	\$ -	-	\$ 17,622	0.80%	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES  
 Significant inter-company transactions during the reporting period  
 For the year ended December 31, 2025

Table 3

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	(2)	Sales	\$ 797,136	Note 4	5.47%

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:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction terms are decided by the mutual party through negotiation.

Note 5: The disclosure requirement for the above disclosed amount is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Note 6: The transaction between parent company to subsidiary and subsidiaries were eliminated when preparing consolidated financial statements.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investees (exclude investees in Mainland China)

For the 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 (Note)		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Share of profit (loss) of investees 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			
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Taiwan	Research and development, production, sales and related consulting services of integrated circuits	\$ 272	\$ 272	100,000	100	\$ 19,956	\$ 1,911	\$ 1,911	
Elite Semiconductor Microelectronics Technology Inc.	Chang Feng Investment Ltd.	Taiwan	Investment activities	500,000	500,000	50,000,000	100	572,862	17,708	17,708	
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	Investment activities	31,430	31,430	1	100	57,036	3,484	3,484	
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	Investment activities	270,000	270,000	3,600,000	41.86	141,969	12,217	( 557)	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	U.S.A.	Product design, development and testing	13,304	13,304	200,000	100	( 1,306)	114	114	
Chang Feng Investment Ltd.	Elite Memory Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	180,174	180,174	10,000,000	100	26,955	2,262	2,262	
Chang Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	128,287	128,287	8,350,000	36.69	145,522	14,154	5,193	
Chang Feng Investment Ltd.	Elite Innovation Japan Ltd.	Japan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	2,330	2,330	200	100	2,522	53	53	
Chang Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	General trading	808	808	20,000	100	3,936	2,974	2,974	

Note : The foreign investment amount was translated at the exchange rate as at December 31, 2025.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

For the 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 (Note 4)	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2025	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 at December 31, 2025	Net income (loss) of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Share of profit (loss) of investees for the year ended December 31, 2025 (Note 2)	Book value of investment in Mainland China as at December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods, provision of technical services, development and sale of networking, storage, and peripheral products, integrated circuit consulting services, and after-sales services	\$ 95,531	(1)	\$ 95,531	\$ -	\$ -	\$ 95,531	\$ 514	100%	\$ 514	\$ 95,381	\$ -	Note 5
Elite Semiconductor Microelectronics Technology (Shanghai) Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	6,286	(1)	6,286	-	-	6,286	849	100%	849	11,406	-	Note 6
Elite Semiconductor Microelectronics Technology (Xian) Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	2,248	(3)	-	-	-	-	184	100%	184	1,703	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 6)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA										
Chang Feng Investment Ltd.	\$ 101,817	\$ 101,817	\$ 343,717										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (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: Investment income (loss) was recognised based on financial statements prepared by each company which were audited by independent auditors.

Note 3: The amount of the statement should show as New Taiwan dollars.

Note 4: Paid-in capital and investment amount translated at the exchange rate as at December 31, 2025.

Note 5: The Company's subsidiary, Chang Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000, and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021, respectively.

Note 6: The Company's subsidiary, Chang Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA on May 20, 2020.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Petty cash		\$ 90
Bank deposits		
Demand deposits -New Taiwan Dollar		456,466
-Foreign currency	USD 23,418 thousand exchange rate 31.43	736,018
	EUR 0.3 thousand exchange rate 36.9	10
	RMB 86 thousand exchange rate 4.496	387
Time deposits - New Taiwan Dollar	Expiration date is from January 2, 2026 to March 2, 2026 at interest rate 1.56%~1.68%	2,340,000
	USD 4,557 thousand, exchange rate 31.43	143,227
	Expiration date is January 2, 2026 at interest rate 3.7%	
Time deposits - Foreign currency	CNY 98,400 thousand, exchange rate 4.496	
	Expiration date is between January 5, 2026 to February 9, 2026 at interest rate 1.25%~ 1.7%	442,406
Total		<u>\$ 4,118,604</u>

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF TRADE RECEIVABLES  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 2

Customer Name	Description	Amount	Note
General customer			
Customer A		\$ 372,228	
Customer C		212,954	
Customer B		198,314	
Customer E		136,801	
Customer F		124,072	
Customer G		112,499	
Customer H		110,842	
Others		<u>855,333</u>	The balance of each customer has not exceeded 5% of the accounts receivable.
		2,123,043	The accounts receivable past due over one year amounted to \$0.
Less: Allowance for uncollectible accounts		<u>-</u>	
		<u>\$ 2,123,043</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount		Note
		Cost	Net realisable value	
Raw materials		\$ 738,445	\$ 787,085	The net realisable value is net market value.
Work in progress		5,426,741	6,418,988	"
Finished goods		945,154	1,215,109	"
Inventory in transit		18,344	18,344	The replacement cost is net market value.
		<u>\$ 7,128,684</u>	<u>\$ 8,439,526</u>	
Less: Allowance on market value decline and obsolete and slow-moving inventories		( 48,154)		
		<u>\$ 7,080,530</u>		

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 4

Name	Beginning Balance		Increase (note 1)		Decrease (note 1)		Ending Balance			Market Value or Net Equity Value		Basis of valuation	Collateral or pledge	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount	Unit Price	Total Amount			
Charng Feng Investment Ltd.	50,000,000	\$ 583,818	-	-	-	(\$ 10,956)	50,000,000	100%	\$ 572,862	\$ 11	\$ 572,862	Equity method	None	
Jie Yong Investment Ltd.	3,600,000	163,007	-	-	-	( 21,038)	3,600,000	41.86%	141,969	39	141,969	"	"	
Elite Investment Services Ltd.	1	55,831	-	1,205	-	-	1	100%	57,036	57,035,697	57,036	"	"	
Elite Semiconductor Memory Technology Inc.	100,000	21,267	-	-	-	( 1,311)	100,000	100%	19,956	200	19,956	"	"	
Eon Silicon Solutions Inc. USA	200,000	( 1,483)	-	177	-	-	200,000	100%	( 1,306)	( 7)	( 1,306)	"	"	
		<u>\$ 822,440</u>		<u>\$ 1,382</u>		<u>(\$ 33,305)</u>			<u>\$ 790,517</u>		<u>\$ 790,517</u>			

Note 1: The increased and decreased amounts in the period include investment gains and losses, cumulative translation adjustments, valuation adjustment on financial assets and subsidiary owns the Company's share.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF CHANGES IN COST AND ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 5

Please refer to Note 6(7).

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF TRADE PAYABLES  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 6

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
General customer:			
A supplier		\$ 930,221	
B supplier		511,169	
C supplier		176,910	
D supplier		112,132	
Others			The balance of each supplier has not exceeded 5% of the accounts payable.
		<u>500,315</u>	
		<u>2,230,747</u>	
Related parties			
CHI Microelectronics Limited		<u>17,622</u>	
		<u>\$ 2,248,369</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 7

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral or pledge</u>	<u>Note</u>
Mega International Commercial Bank Co., Ltd.	Credit loans	\$ 420,000	2025.12.9~2026.3.20	1.80%~ 1.90%	None	
Land Bank of Taiwan	Credit loans	350,000	2025.12.22~2026.3.20	1.90%	None	
First Commercial Bank, Ltd	Credit loans	300,000	2025.12.12~2026.1.9	1.88%	None	
Bank of Taiwan	Credit loans	200,000	2025.12.9~2026.3.9	1.88%	None	
		<u>\$ 1,270,000</u>				

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 8

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral or pledge</u>	<u>Note</u>
Chang Hwa Commercial Bank, Ltd.	Long-term secured borrowings	\$ 643,400	2022.10.7~2037.10.7	1.80% ~ 1.90%	Land、building and structures	
Far Eastern International Bank, Ltd.	Credit loans	<u>406,300</u>	2024.9.12~2027.8.19	2.036% ~ 2.038%	None	
		1,049,700				
Less: Current portion		( 284,817)				
		<u>\$ 764,883</u>				

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 9

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Amount					Repayment Term	Collateral	Note
					Total Issuance Amount	Repayment Paid	Ending Balance	Unamortized Premiums (Discounts)	Carrying Amount			
The first domestic unsecured convertible bonds	KGI Bank Co., Ltd.	2023.10.27	Not applicable	0%	<u>\$1,000,000</u>	<u>(\$ 100)</u>	<u>\$ 999,900</u>	<u>(\$ 16,922)</u>	<u>\$ 982,978</u>	Repayable at maturity date	None	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Quantities	Amount	Note
Sales revenue	1,538,738 thousands	\$ 14,612,517	
Less: sales returns and discounts	374 thousands	( 37,245)	
Net sales revenue		<u>\$ 14,575,272</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Amount
Direct material	
Beginning raw materials	\$ 515,156
Add: Material purchased	3,814,329
Less: Transferred to expenses	( 2,444)
Ending raw material	( 738,445)
Raw material consumed	3,588,596
Direct labor	36,816
Manufacturing overhead	2,229,052
Manufacturing cost	5,854,464
Beginning Work in progress	6,044,838
Add: Work in progress purchased	5,127,706
Less: Transferred to expenses	( 10,072)
Ending work in progress	( 5,426,741)
Cost of finished goods	11,590,195
Add: Beginning finished goods	1,582,448
Finished goods purchased	40,316
Transferred from expenses	81,688
Less: Transferred to expenses	( 10,753)
Ending finished goods	( 945,154)
Others	( 9,231)
Total cost of goods sold	12,329,509
Gain on reversal of market value decline and slow-moving inventories	( 171,689)
Total operating costs	<u>\$ 12,157,820</u>

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF MANUFACTURING OVERHEADS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Description	Amount	Note
Processing fee		\$ 1,897,505	
Depreciation charge		161,897	
Other expenses		169,650	The balance of each account has not exceeded 5% of the manufacturing overhead.
Total		<u>\$ 2,229,052</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 13

Item	Description	Amount	Note
Salaries and wages		\$ 120,714	
Professional service fees		105,952	
Import and export charges		28,974	
Other expenses		69,143	The balance of each account has not exceeded 5% of the selling expenses.
Total		<u>\$ 324,783</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 14

Item	Description	Amount	Note
Salaries and wages		\$ 151,847	
Depreciation expense		24,129	
Professional service fees		23,128	
Other expenses		<u>80,824</u>	The balance of each account has not exceeded 5% of the administrative expenses.
Total		<u>\$ 279,928</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in thousands of New Taiwan dollars)

Statement 15

Item	Description	Amount	Note
Salaries and wages		\$ 906,283	
Depreciation expense		174,712	
Amortisation expenses		164,967	
Research and development expenses		77,944	
Other expenses		<u>218,732</u>	The balance of each account has not exceeded 5% of the research and development expenses.
Total		<u>\$ 1,542,638</u>	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY  
FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Statement 16

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 81,801	\$ 1,171,649	\$ 1,253,450	\$ 84,859	\$ 1,147,663	\$ 1,232,522
Labor and health insurance fees	8,036	70,054	78,090	8,655	69,673	78,328
Pension costs	4,002	40,889	44,891	4,629	39,330	43,959
Directors' remuneration	-	7,195	7,195	-	11,023	11,023
Other employee benefit expenses	3,017	22,620	25,637	2,828	19,663	22,491
Depreciation expense	161,897	203,323	365,220	259,924	183,191	443,115
Amortisation expense	32	169,812	169,844	32	153,413	153,445

Note:

1. As at December 31, 2025 and 2024, the average number of the Company's employee were 606 and 592, respectively, including 7 and 6 directors, who did not concurrently serve as employees.
2. As at 2025 and 2024, the average employee benefit expense was \$2,341 and \$2,350, respectively.
3. As at 2025 and 2024, the average employee salaries and wages for the current year was \$2,093 and \$2,103, respectively.
4. The average employee salaries and wages increased by 0.5% compared to the previous year.
5. The Company has set up audit committee, therefore, there was no supervisors' remuneration.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY  
FUNCTION (Cont.)  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Statement 16

6. The Company's compensation policies (including directors, supervisors, executive officers and employees).

According to the Company's Articles of Incorporation, the Compensation Committee determine the salary for the directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. then submitted to the Board of Directors for approval.

The Company could set different salaries between independent directors and general directors. According to the Company's Articles of independent directors, the salary for the independent directors should be based on Articles of Incorporation or have been approved by the shareholders' meeting, and could set reasonable salaries that are different from general directors.

The Company's compensation policies of executive officers and employees are based on fixed salary of salary structure, including base salary, meal allowance, variable salary (including overtime wage and overtime meal allowance), and bonus (including year-end bonus, supplemental bonus).

The salary of the position is in accordance with the salary standards of the industry, job responsibilities and the services provided for the operational objectives of the Company.

In addition to the operational performance, future business risk in industry and trend of development, the Company also takes individual performance and services provided to the Company into consideration when determining reasonable compensation.

The performance assessments and the reasonableness of compensation for executive officers are reviewed by the Remuneration Committee and the Board of Directors.

The compensation system is subject to adjustment based on the Company's actual operations and relevant laws and regulations.

In accordance with the Company's Articles of Incorporation, if the Company generates a profit for the year, it shall allocate no less than 1% of the profit as employees' compensation and no more than 1% of the profit as directors' remuneration, after offsetting any accumulated deficits. Furthermore, no less than 50% of the aforementioned employees' compensation shall be distributed to non-managerial employees.