Stock code : 5236

Sunplus Innovation Technology Inc.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Innovation Technology Inc.

Opinion

We have audited the accompanying financial statements of Sunplus Innovation Technology Inc., which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in Sunplus Innovation Technology Inc.'s financial statements for the year ended December 31, 2025 is stated as follows:

<u>Occurrence of Revenue from Specific Customers</u>

The main source of revenue of Sunplus Innovation Technology Inc. is the sales of integrated circuit chip and recognized net sales of NT$ 1,999,748 thousand for the year ended December 31, 2025. For detailed disclosure of revenue, refer to Notes 4、19 and 28 of the accompanying financial statements.

Sunplus Innovation Technology Inc.'s overall operating revenue for 2025 increased by 10% compared to 2024. Accordingly, sales revenue from specific customers with significant sales growth and material transaction amounts was identified as a potential source of fraud risk. Consequently, the occurrence of such sales revenue has been determined to be a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of and tested the internal control systems and operating procedures of Sunplus Innovation Technology Inc.'s sales transaction cycle, to evaluate and confirm the operating effectiveness of the related internal controls.

2. Sampled and reviewed the authenticity of background information for specific customers with significant sales growth and material transaction amounts, and evaluated the reasonableness of their credit terms.

3. Sampled and examined whether original customer orders and electronic sales orders were appropriately approved.

4. Selected samples from the sales revenue ledger and examined supporting documents, including orders, delivery notes, logistics receipts or export declarations, and sales invoices; furthermore, checked for any abnormalities in the sales and collection counterparties to confirm the occurrence of revenue.

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

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

In preparing the financial statements, management is responsible for assessing Sunplus Innovation Technology Inc.'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 Sunplus Innovation Technology Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are responsible for overseeing Sunplus Innovation Technology Inc.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sunplus Innovation Technology Inc.'s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sunplus Innovation Technology Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sunplus Innovation Technology Inc. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yen-Chun Chen and Tung-Hui Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2026

<u>*Notice to Readers*</u>

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

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

Sunplus Innovation Technology Inc.

BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025		2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 24)	$ 2,049,608	66	$ 2,076,248	67
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 24)	496,183	16	411,776	14
Accounts receivable (Notes 4, 8, 20 and 24)	287,850	9	329,047	11
Other receivables (Notes 4 and 8)	6,445	-	6,752	-
Inventories (Notes 4, 5 and 9)	195,225	6	186,230	6
Other current assets (Note 13)	8,376	-	8,249	-
Total current assets	3,043,687	97	3,018,302	98
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4 and 10)	7,868	-	11,254	-
Right-of-use assets (Notes 4 and 11)	16,322	1	21,982	1
Intangible assets (Notes 4 and 12)	16,485	1	22,485	1
Deferred tax assets (Notes 4 and 21)	9,063	-	9,022	-
Refundable deposits(Notes 4,13 and 24)	1,226	-	1226	-
Prepayments for Investments(Notes 13 and 25)	27,000	-	-	-
Total non-current assets	77,964	3	65,969	2
Total assets	$ 3,121,651	100	$ 3,084,271	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable (Note 14and 24)	$ 65,656	2	$ 90,679	3
Accrued compensation to employees and compensation to directors (Note 20)	15,350	1	14,485	-
Other accounts payable (Note 15,24 and 25)	222,876	7	233,392	8
Current income tax liabilities(Note 4 and 21)	81,067	3	59,299	2
Lease liabilities - current (Notes 4 and 11)	5,663	-	5,537	-
Other current liabilities(Note 15 and 19)	40,501	1	47,243	2
Total current liabilities	431,113	14	450,635	15
NON-CURRENT LIABILITIES				
Provisions - non-current(Notes 4 and 16)	889	-	889	-
Lease liabilities – non-current (Notes 4 and 11)	11,022	-	16,685	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	1,294	-	886	-
Guarantee deposits (Note 24)	16,344	1	17,151	1
Total non-current liabilities	29,549	1	35,611	1
Total liabilities	460,662	15	486,246	16
EQUITY (Notes 4,18 and 22)				
Share capital				
Common stock	600,040	19	584,436	19
Capital surplus	1,252,276	40	1,285,881	42
Retained earnings				
Legal reserve	293,756	9	245,556	8
Special reserve	61,143	2	61,143	2
Unappropriated earnings	514,917	17	482,152	15
Other equity				
Other equity－Others	(61,143)	(2)	(61,143)	(2)
Total equity	2,660,989	85	2,598,025	84
TOTAL liabilities and equity	$ 3,121,651	100	$ 3,084,271	100

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

Sunplus Innovation Technology Inc.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 19 and 28)	$ 1,999,748	100	$ 1,817,927	100
OPERATING COSTS (Notes 9, 20 and 25)	843,983	42	731,298	40
GROSS PROFIT	1,155,765	58	1,086,629	60
OPERATING EXPENSES (Notes 12,17,20 and 25)				
Selling and marketing expenses	90,620	5	89,290	5
General and administrative expenses	108,623	5	106,422	6
Research and development expenses	393,794	20	371,090	20
Total operating expenses	593,037	30	566,802	31
INCOME FROM OPERATIONS	562,728	28	519,827	29
NON-OPERATING INCOME AND EXPENSES (Notes 11 and 20)				
Interest income	31,605	2	29,680	2
Other income	6,950	-	6,343	-
Other gains and losses, net	(1,782)	-	10,283	-
Finance costs	(858)	-	(1,215)	-
Total non-operating income and expenses	35,915	2	45,091	2
PROFIT BEFORE INCOME TAX	598,643	30	564,918	31
INCOME TAX EXPENSE (Notes 4 and 21)	83,464	4	82,851	4
NET INCOME	515,179	26	482,067	27

(Continued)

Sunplus Innovation Technology Inc.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss: (Notes 4 and 18)				
Remeasurement of defined benefit obligation	($ 271)	-	($ 70)	-
Other comprehensive income for the year, net of income tax	(271)	-	(70)	-
TOTAL COMPREHENSIVE INCOME	$ 514,908	26	$ 481,997	27
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	$ 8.59		$ 8.03	
Diluted earnings per share	$ 8.58		$ 8.03	

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

Sunplus Innovation Technology Inc.

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

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity	
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at FairValue Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2024	58,443	$ 584,436	$ 1,300,492	$ 203,065	$ 73,369	$ 424,914	($ 61,143)	$ 2,525,133
Appropriation of the 2023 earnings								
Legal reserve	-	-	-	42,491	-	(42,491)	-	-
Special reserve	-	-	-	-	(12,226)	12,226	-	-
Cash dividends to shareholders	-	-	-	-	-	(394,494)	-	(394,494)
Cash dividends distributed from capital surplus	-	-	(14,611)	-	-	-	-	(14,611)
Net income for the year ended December 31, 2024	-	-	-	-	-	482,067	-	482,067
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	(70)	-	(70)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	481,997	-	481,997
BALANCE AT DECEMBER 31, 2024	58,443	584,436	1,285,881	245,556	61,143	482,152	(61,143)	2,598,025
Appropriation of the 2024 earnings								
Legal reserve	-	-	-	48,200	-	(48,200)	-	-
Cash dividends to shareholders	-	-	-	-	-	(418,339)	-	(418,339)
Stock dividends to shareholders	1,561	15,604	-	-	-	(15,604)	-	-
Cash dividends distributed from capital surplus	-	-	(33,605)	-	-	-	-	(33,605)
Net income for the year ended December 31, 2025	-	-	-	-	-	515,179	-	515,179
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	(271)	-	(271)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	514,908	-	514,908
BALANCE AT DECEMBER 31, 2025	60,004	$ 600,040	$ 1,252,276	$ 293,756	$ 61,143	$ 514,917	($ 61,143)	$ 2,660,989

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

Sunplus Innovation Technology Inc.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 598,643	$ 564,918
Adjustments for:		
Depreciation expense	10,528	10,930
Amortization expense	12,225	8,027
Net gain on fair value change of financial assets at FVTPL	(6,956)	(7,194)
Financial costs	858	1,215
Interest income	(31,605)	(29,680)
Loss (gain) on foreign exchange, net	(950)	(5,962)
Intangible assets transfer expenses	-	773
Changes in operating assets and liabilities:		
Accounts receivable	44,656	(40,587)
Other receivable	253	(5,447)
Inventories	(8,995)	(28,754)
Other current assets	(127)	(1,752)
Contract liabilities	(5,993)	2,521
Accounts payables	(25,556)	26,216
Other accounts payables	(10,927)	19,509
Other current liabilities	(1,342)	(7,436)
Net defined benefit liabilities - non-current	137	119
Accrued compensation to employees and compensation to directors	865	1,533
Cash generated from operations	575,714	508,949
Interest received	31,659	29,699
Interest paid	(858)	(1,215)
Income tax paid	(61,737)	(70,906)
Net cash generated from operating activities	544,778	466,527

(Continued)

Sunplus Innovation Technology Inc.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at FVTPL	($ 440,000)	($ 180,000)
Proceeds from the sale of financial assets at FVTPL	362,549	319,362
Decrease in prepayments for investments	(27,000)	-
Acquisition of property, plant and equipment	(1,383)	(3,782)
Decrease in refundable deposits	-	(183)
Acquisition of intangible assets	(6,225)	(12,545)
Net cash generated from (used in) investing activities	(112,059)	122,852
CASH FLOWS FROM FINANCING ACTIVITIES		
Refund of guarantee deposits received	(94)	-
Repayment of the principal portion of lease liabilities	(5,537)	(5,429)
Cash dividends	(451,944)	(409,105)
Net cash used in financing activities	(457,575)	(414,534)
Effect of the changes in exchange rate on cash and cash equivalents	(1,784)	3,726
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,640)	178,571
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,076,248	1,897,677
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,049,608	$ 2,076,248

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

SUNPLUS INNOVATION TECHNOLOGY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunplus Innovation Technology Inc. (the "Company") was established in December 2006. The Company is primarily engaged in the research, development, design, manufacture, and sale of various integrated circuits (ICs), IC modules, software applications, and silicon intellectual property, and in the trading and agency of various integrated circuits.

Pursuant to the Business Mergers and Acquisitions Act, the Company's parent company, Sunplus Technology Co., Ltd. ("Sunplus"), spun off its Control and Peripheral Business Unit and transferred the related operations to the Company, with an assigned business value of NT$308,000 thousand, as of the record date on December 1, 2006. As consideration for the spin-off, the Company issued 22,000 thousand new shares to Sunplus at an issuance price of NT$14 per share. The Company officially commenced operations in December 2006.

Furthermore, pursuant to the Business Mergers and Acquisitions Act, Sunplus Multimedia Co., Ltd. ("Sunplus Multimedia") also spun off its PC CAM product line and transferred the related operations to the Company, with an assigned business value of NT$135,352 thousand, as of the record date on December 1, 2009. As consideration for the spin-off, the Company issued 8,087 thousand new shares to the shareholders of Sunplus Multimedia at an issuance price of NT$16.7372 per share.

The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since July 29, 2021.

The financial statements of the Company are presented in New Taiwan dollars, the functional currency of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized by the Audit Committee and the board of directors for issue on February 26, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

   <u>Amendments to IAS 21 "Lack of Exchangeability"</u>
   The application of the amendments to IAS 21 "Lack of Exchangeability" is not expected to result in any material changes to the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments — Contracts for Renewable Energy"	January 1, 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 Amendments)	January 1, 2026

As of the date these financial statements were authorized for issue, the Company is still continuously assessing the impact that the aforementioned amendments will have on its financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027(Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 Amendments)	January 1, 2027
Amendments to IAS 21 "Translation to a Presentation Currency that is the Currency of a Hyperinflationary Economy"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that companies in Taiwan are required to adopt IFRS 18 starting from January 1, 2028. However, companies may choose to early adopt IFRS 18 once it has been endorsed by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and related consequential amendments

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes under this standard include:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- When preparing cash flows from operating activities using the indirect method, the Company shall use "operating profit or loss" as the starting point for the reconciliation.

- The Company's interest and dividends received shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Company is assessed to have specified main business activities, the classification of dividends received, interest received, and interest paid in the statement of cash flows shall be determined based on the categories in which the related dividend income, interest income, and interest expense are presented in the statement of profit or loss. However, each of these cash flows may only be classified within a single category in the statement of cash flows.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis for Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories comprise raw materials, finished goods, and work-in-process. Inventories are measured at the lower of cost and net realizable value. Except for those of the same category, the comparison of cost and net realizable value is based on individual items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted-average method.

f. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the accounting estimate for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of property, plant and equipment and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or asset related to contract costs or asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

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

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income, respectively; any remeasurement gains or losses on such financial assets are recognized and interest income in other gains or losses. Fair value is determined in the manner described in Note 24: Financial Instruments.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable measured at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

k. Revenue recognition

The Company identifies a contract with a customer, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of ICs. Sales of ICs are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Other income

Other income mainly comes from royalties.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax
Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company incorporates the potential impacts of government policies and regulations, inflation, and fluctuations in market interest rates into its considerations of key accounting estimates, such as cash flow projections, growth rates, discount rates, and profitability. Management reviews these estimates and underlying assumptions on an ongoing basis.

Key Sources of Estimation Uncertainty

a. Estimated impairment of inventory
Net realizable value of inventory 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. Such estimates are based on current market conditions and historical experience in selling products of a similar nature. Significant changes in market conditions may have a material impact on the determination of these estimates.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	**2024**
Cash on hand	$ 220	$ 442
Demand deposits	184,332	172,310
Cash equivalents		
Time deposits	1,865,056	1,903,496
	$2,049,608	$2,076,248

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2025	**2024**
Bank balance	0.01%-1.78%	0.002%-1.78%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
Financial assets at fair value through profit of loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign investment		
Mutual funds	$ 469,183	$ 411,116

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2025	2024
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 287,850	$ 329,047

	December 31	
	2025	2024
Other receivables		
Tax refund receivable	$ 6,445	$ 6,698
Interest receivables	-	54
	$ 6,445	$ 6,752

a. Accounts receivable

The average credit period on sales of goods was 30 to 60 days without interest. The Company's exposure to credit risk and external credit ratings are continuously monitored. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual account at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, and GDP forecasts, as well as the industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's current credit risk grading framework is shown in the following table:

December 31, 2025

	Not Overdue	Overdue 1-30 days	Total
Expected credit loss rate	-	-	-
Gross carrying amount	$ 287,850	$ -	$ 287,850
Gross carrying amount Loss allowance (Lifetime ECLs)	-	-	-
Amortized cost	$ 287,850	$ -	$ 287,850

December 31, 2024

	Not Overdue	Overdue 1-30 days	Total
Expected credit loss rate	-	-	-
Gross carrying amount	$ 329,047	$ -	$ 329,047
Gross carrying amount Loss allowance (Lifetime ECLs)	-	-	-
Amortized cost	$ 329,047	$ -	$ 329,047

b. Other receivables

As of December 31, 2025 and 2024, the Company's other receivables were neither overdue nor impaired.

9. INVENTORIES

	December 31	
	2025	2024
Finished goods	$ 69,406	$ 79,265
Work in progress	105,471	99,188
Raw materials	20,348	7,777
	$ 195,225	$ 186,230

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	$ 843,983	$ 731,298
Gain on reversal of inventory write-down and obsolescence	$ -	$ 52,401

The gain on reversal of inventory write-down and obsolescence was due to the clearance of inventories.

10. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	Leased Improvement	Furniture and Fixtures	Total
Cost				
Balance at January 1, 2025	$ 21,758	$ 1,261	$ 1,936	$ 24,955
Additions	1,482	-	-	1,482
Disposals	(3,324)	-	(1,136)	(4,460)
Balance at December 31, 2025	$ 19,916	$ 1,261	$ 800	$ 21,977
Accumulated depreciation				
Balance at January 1, 2025	$ 11,144	$ 1,004	$ 1,553	$ 13,701
Depreciation expense	4,588	84	196	4,868
Disposals	(3,324)	-	(1,136)	(4,460)
Balance at December 31, 2025	$ 12,408	$ 1,088	$ 613	$ 14,109
Carrying amount at December 31, 2025	$ 7,508	$ 173	$ 183	$ 7,868

	Testing Equipment	Leased Improvement	Furniture and Fixtures	Total
Cost				
Balance at January 1, 2024	$ 20,020	$ 998	$ 2,394	$ 23,412
Additions	3,288	263	265	3,816
Disposals	(1,550)	-	(723)	(2,273)
Balance at December 31, 2024	$ 21,758	$ 1,261	$ 1,936	$ 24,955
Accumulated depreciation				
Balance at January 1, 2024	$ 7,926	$ 948	$ 1,836	$ 10,710
Depreciation expense	4,768	56	440	5,264
Disposals	(1,550)	-	(723)	(2,273)
Balance at December 31, 2024	$ 11,144	$ 1,004	$ 1,553	$ 13,701
Carrying amount at December 31, 2024	$ 10,614	$ 257	$ 383	$ 11,254

No impairment losses were recognized or reversed during the years ended December 31, 2025 and 2024.

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives as follows:

Testing equipment	3-4 years
Leased Improvement	5 years
Furniture and fixtures	4 years

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31 2025	December 31 2024
Carrying amount		
Buildings	$ 15,733	$ 20,977
Transportation equipment	589	1,005
	$ 16,322	$ 21,982

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	$ -	$ 27,469
Depreciation charge for right-of-use assets		
Buildings	$ 5,244	$ 5,244
Transportation equipment	416	422
	$ 5,660	$ 5,666

In addition to the additions and depreciation listed above, no significant sublease or impairment of right-of-use assets occurred during 2025 and 2024.

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount		
Current	$ 5,663	$ 5,537
Non-current	$ 11,022	$ 16,685

Range of discount rates for lease liabilities was as follows:

	December 31	
	2025	2024
Buildings	2.250%	2.250%
Transportation equipment	2.450%	2.450%

c. Material lease-in activities and terms

The Company leases buildings for factories and offices, and transportation equipment for business use, with lease terms ranging from 3 to 5 years. Lease payments for the underlying land are adjusted based on the officially announced land value. The Company has no bargain purchase options to acquire these assets at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	$ 2,501	$ 1,977
Total cash outflow for leases	$ 8,482	$ 7,961

The Company leases certain stockroom and other leases which qualify as short-term leases. The Company has elected to apply the recognition exemption and therefore did not recognize right-of-use assets and lease liabilities for these leases.

12. INTANGIBLE ASSETS

	Technology License Fees	Software	Total
Cost			
Balance at January 1, 2025	$ 12,031	$ 25,022	$ 37,053
Additions	-	6,225	6,225
Disposals	(694)	(3,491)	(4,185)
Balance at December 31, 2025	$ 11,337	$ 27,756	$ 39,093
Accumulated impairment			
Balance at January 1, 2025	$ 5,565	$ 9,003	$ 14,568
Amortization expense	3,332	8,893	12,225
Disposals	(694)	(3,491)	(4,185)
Balance at December 31, 2025	$ 8,203	$ 14,405	$ 22,608
Net Balance at December 31, 2025	$ 3,134	$ 13,351	$ 16,485

	Technology License Fees	Software	Total
Cost			
Balance at January 1, 2024	$ 12,221	$ 17,197	$ 29,418
Additions	500	12,045	12,545
Disposals	(690)	(2,919)	(3,609)
Reclassification	-	(1,301)	(1,301)
Balance at December 31, 2024	$ 12,031	$ 25,022	$ 37,053
Accumulated impairment			
Balance at January 1, 2024	$ 2,798	$ 7,880	$ 10,678
Amortization expense	3,457	4,570	8,027
Disposals	(690)	(2,919)	(3,609)
Reclassification	-	(528)	(528)
Balance at December 31, 2024	$ 5,565	$ 9,003	$ 14,568
Net Balance at December 31, 2024	$ 6,466	$ 16,019	$ 22,485

No impairment loss was recognized or reversed for the years ended December 31, 2025 and 2024.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Technology license fees	1-5 years
Software	1-3 years

An analysis of the amortization by function:

	For the Year Ended December 31	
	2025	2024
General and administrative expenses	$ 56	$ 954
Research and development expenses	12,169	7,073
	$ 12,225	$ 8,027

13. OTHER ASSETS

	December 31	
	2025	2024
Current		
Prepayments for EDA tools	$ 7,707	$ 7,823
Others	669	426
	$ 8,376	$ 8,249
Non-current		
Prepayments for investments (a)	$ 27,000	$ -
Refundable deposits	$ 1,266	$ 1,226

a. Prepayments for investments

In November 2025, the Board of Directors approved the Company's acquisition of common shares of Tian Yuan Global Corp. for NT$27,000 thousand as a long-term strategic investment. As of December 31, 2025, the Company had remitted the full amount. However, as the registration of the change in shareholding is still in progress, the payment was recognized as "Prepayments for investments."

14. ACCOUNTS PAYABLE

	December 31	
	2025	2024
Accounts payable		
Payable - operating	$ 65,656	$ 90,679

The average credit period on purchases of certain goods was 15-60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

15. OTHER LIABILITIES

	December 31	
	2025	2024
Current		
Other payables		
Payables for salaries or bonuses	$ 178,218	$ 172,836
Payable for mask expense	12,032	31,212
Payable technical service fees	10,917	10,210
Payable labor and health insurance fees	6,216	5,925
Others	15,493	13,209
	$ 222,876	$ 233,392
Other current liabilities		
Refund liabilities (Note 19)	$ 36,012	$ 36,814
Contract liabilities (Note 19)	87	6,080
Receipts under custody	4,402	4,322
	$ 40,501	$ 47,243

16. PROVISIONS

	December 31	
	2025	2024
Non-current provisions		
Decommissioning liabilities	$ 889	$ 889

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	$ 1,592	$ 1,141
Fair value of plan assets	(298)	(255)
Net defined benefit assets	$ 1,294	$ 866

Movements in net defined benefit assets were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Assets Arising from Defined Benefit Obligation
Balance at January 1, 2024	$ 910	($ 213)	$ 697
Service cost			
Current service cost	132	-	132
Interest expense (income)	11	(2)	9
Recognized in profit or loss	143	(2)	141
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(18)	(18)
Actuarial (gain) loss			
changes in financial assumptions	(82)	-	(82)
experience adjustments	170	-	170
Recognized in other comprehensive income	88	(18)	70
Contributions from the employer	-	(22)	(22)
Balance at December 31, 2024	$ 1,141	($ 255)	$ 886

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Assets Arising from Defined Benefit Obligation
Balance at January 1, 2025	$ 1,141	($ 255)	$ 866
Service cost			
Current service cost	145	-	145
Interest expense (income)	18	(4)	14
Recognized in profit or loss	163	(4)	159
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17)	(17)
Actuarial (gain) loss			
changes in financial assumptions	110	-	110
experience adjustments	178	-	178
Recognized in other comprehensive income	288	(17)	271
Benefits paid	-	(22)	(22)
Balance at December 31, 2025	$ 1,592	($ 298)	$ 1,294

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
Research and development expenses	$ 159	$ 141

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

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

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate(s)	1.300%	1.600%
Expected rate(s) of salary increase	4.250%	4.250%
Resignation rate	0%-22%	0%-22%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate(s)		
0.25% increase	($ 90)	($ 67)
0.25% decrease	$ 96	$ 72
Expected rate(s) of salary increase		
1% increase	$ 403	$ 302
1% decrease	($ 322)	($ 239)

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

	December 31	
	2025	2024
The expected contributions to the plan for the next year	$ 22	$ 22
The average duration of the defined benefit obligation	24 years	25 years

18. EQUITY

a. Share capital

1) Ordinary shares:

	December 31	
	2025	2024
Shares authorized (in thousands of shares)	100,000	70,000
Value of authorized shares	$ 1,000,000	$ 700,000
Shares issued and fully paid (in thousands of shares)	60,004	58,443
Shares issued and fully paid	$ 600,040	$ 584,436

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and a right to dividends.

On May 29, 2025, the Company’s shareholders resolved to issue 1,561 thousand new shares through the capitalization of retained earnings, with a par value of NT$10 per share. Subsequent to this capital increase, the paid-in capital was NT$600,040 thousand. Additionally, the Company amended its Articles of Incorporation to set the authorized capital at NT$1,000,000 thousand. These changes were duly registered on July 21, 2025.

b. Capital surplus

	December 31	
	2025	**2024**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Additional paid-in capital	$ 1,252,276	$ 1,285,881

Note) When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

According to the profit distribution policy specified in the Company's articles, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit. Though this limitation is not applicable when the legal reserve has reached the total capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The total number of shareholders' dividends based on the annual surplus shall be distributed at the rate of not less than 10% of the newly added distributable surplus for the year, but shall not be distributed when the annual surplus is less than 1% of the paid-in capital. The aforementioned cash dividends shall not be less than 10% of the total dividends to be distributed to shareholders.

If there is any deduction from shareholders' equity accumulated in prior years or incurred during the current year, and the current year's after-tax profit is insufficient to cover such deduction, a special reserve in the same amount shall be appropriated from the accumulated undistributed earnings and deducted before any distribution proposal is made.

The distribution of dividends and bonuses, or all or part of the legal reserve and capital surplus, in the form of new shares shall be handled in accordance with Article 240 of the Company Act and is subject to the resolution of the shareholders' meeting. If such distribution is made in cash, the Board of Directors is authorized to resolve it with at least two-thirds of the directors present and a majority of the attending directors' consent, and such distribution shall be reported to the shareholders' meeting. For policies regarding the distribution of employees' compensation and remuneration to directors, please refer to Note 20 (g).

The legal reserve shall be appropriated until its balance equals the Company's total paid-in capital. The legal reserve may be used to offset accumulated deficits. If the Company has no deficit, the portion of legal reserve exceeding 25% of the paid-in capital may be capitalized (issued as new shares) or distributed in cash.

The appropriations of earnings for the fiscal years 2024 and 2023 were resolved as follows:

	For Year 2024	**For Year 2023**
Legal reserve	$ 48,200	$ 42,491
special reserve	$ -	($ 12,226)
Cash dividend	$ 418,339	$ 394,494
Stock Dividend	$ 15,604	$ -
Cash dividend per share (NT$)	$ 7.158	$ 6.750
Stock Dividend per Share (NT$)	$ 0.267	$ -

The aforementioned cash dividends were approved for distribution by the Board of Directors on February 26, 2025 and February 20, 2024, respectively. The remaining profit distribution items for the fiscal years 2024 and 2023 were approved at the annual general meetings of shareholders on May 29, 2025 and June 13, 2024, respectively.

In addition, the board of directors resolved on February 26, 2025 and February 20, 2024, to distribute cash dividends of NT$33,605 thousand and NT$14,611 thousand, respectively, from the capital surplus.

The board of directors of the Company resolved the profit distribution plan for the fiscal year 2025 at the meeting held on February 26, 2026 as follows:

	For Year 2025
Legal reserve	$ 51,491
Cash dividend	$ 463,231
Cash dividend per share (NT$)	$ 7.72

In addition, the Company's Board of Directors resolved on February 26, 2026, to distribute cash dividends of NT$76,805 thousand from the capital surplus.

The aforementioned cash dividends have been approved for distribution by the Board of Directors, and the remaining items are pending approval at the annual general meeting of shareholders scheduled to be held on May 29, 2026.

d. Special reserve

	For the Year Ended December 31	
	2025	2024
Beginning at January 1	$ 61,143	$ 73,369
Reversed of special reserve	-	(12,226)
Balance at December 31	$ 61,143	$ 61,143

e. Other equity items

Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Beginning and Ending Balances	($ 61,143)	($ 61,143)

19. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,994,797	$ 1,816,537
Other	4,951	1,390
	$ 1,999,748	$ 1,817,927

a. Contract information

Revenue from the sale of goods

IC products are sold to agents and customers. The Company determines the sales price of products based on orders. It takes into consideration the past purchases of agents and customers in order to estimate the most likely discount amount and return rate. Based on the determination of revenue, the Company recognizes the amount and the liabilities for refunds (accounted for as other current liabilities).

b. Contract balances

	December 31	
	2025	2024
Accounts receivables (Note 8)	$ 287,850	$ 329,047
Contract liabilities - current (Note 15)	$ 87	$ 6,080

c. Disaggregation of revenue

For the Year Ended December 31,2025

	Reportable Segments		
	Direct Sales – IC products	Other	Total
Primary geographical markets			
Taiwan	$ 1,105,347	$ 4,465	$ 1,109,812
China	814,347	486	814,833
Other	75,103	-	75,103
	$ 1,994,797	$ 4,951	$ 1,999,748
Primary products			
IC products	$ 1,994,797	$ -	$ 1,994,797
Other	-	4,951	4,951
	$ 1,994,797	$ 4,951	$ 1,999,748
Timing of revenue recognition			
Satisfied at a point in time	$ 1,994,797	$ -	$ 1,994,797
Satisfied over time	-	4,951	4,951
	$ 1,994,797	$ 4,951	$ 1,999,748

For the Year Ended December 31,2024

	Reportable Segments		
	Direct Sales – IC products	Other	Total
Primary geographical markets			
Taiwan	$ 1,005,300	$ 1,128	$ 1,006,428
China	754,157	100	754,257
Other	57,080	162	57,242
	$ 1,816,537	$ 1,390	$ 1,817,927
Primary products			
IC products	$ 1,816,537	$ -	$ 1,816,537
Other	-	1,390	1,390
	$ 1,816,537	$ 1,390	$ 1,817,927
Timing of revenue recognition			
Satisfied at a point in time	$ 1,816,537	$ -	$ 1,816,537
Satisfied over time	-	1,390	1,390
	$ 1,816,537	$ 1,390	$ 1,817,927

20. Net Profit from Continuing Operations

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	$ 31,605	$ 29,680

b. Other income

	For the Year Ended December 31	
	2025	2024
Rental income		
Operating lease rental income	$ 942	$ 933
Others	6,008	5,410
	$ 6,950	$ 6,343

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Foreign exchange (loss) gain	($ 8,643)	$ 12,704
Fair value changes of financial assets and financial liabilities		
Financial Assets Mandatorily Measured at FVTPL	6,955	7,194
Others	(94)	(9,615)
	($ 1,782)	$ 10,283

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on lease liabilities	$ 445	$ 555
Interest on loans deposit margin	431	649
Other	-	11
	$ 858	$ 1,215

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	$ 253	$ 261
Operating expenses	10,275	10,669
	$ 10,528	$ 10,930
An analysis of amortization by function		
Operating expenses	$ 12,225	$ 8,027

f. Employee benefit expense

	For the Year Ended December 31	
	2025	2024
Short-term benefits	$ 366,714	$ 347,745
Post-employment benefits		
Defined contribution plans	10,467	10,027
Defined benefit plans (Note 17)	159	141
	10,626	10,168
Other employee benefits	8,424	8,021
Total employee benefits expense	$ 385,764	$ 365,934
An analysis of employee benefits expense by function		
Operating costs	$ 13,703	$ 12,836
Operating expenses	372,061	353,098
	$ 385,764	$ 365,934

g. Employees' compensation and remuneration of directors

In accordance with the Articles of Incorporation, the Company allocates employees' compensation and remuneration of directors at rates of no less than 1% and no more than 1.5%, respectively, of net profit before tax, prior to the deduction of the aforementioned compensation and remuneration. Following the amendment to the Securities and Exchange Act in August 2024, the Company's shareholders resolved at the 2025 annual general meeting to amend the Articles of Incorporation to specify that no less than 10% of the allocated employees' compensation shall be designated for non-managerial employees. The estimated employees' compensation and remuneration of directors for the years 2025 and 2024 were resolved by the Board of Directors on February 26, 2026, and February 26, 2025, respectively, as follows:

Estimated allocation rate	For Year 2025	For Year 2024
Compensation of employees	1%	1%
Compensation of directors	1.5%	1.5%

Amount	For Year 2025		For Year 2024	
	Cash	Shares	Cash	Shares
Compensation of employees	$ 6,140	$ -	$ 5,794	$ -
Compensation of directors	9,210	-	8,691	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors distributed for the years 2024 and 2023 and the amounts recognized in the financial statements for the years 2024 and 2023.

Information on the employees' compensation and remuneration of directors resolved by the Company's Board of Directors is available at the "Market Observation Post System" (MOPS) website of the Taiwan Stock Exchange.

h. Gain or loss on exchange rate changes

	For the Year Ended December 31	
	2025	2024
Foreign exchange gains	$ 52,368	$ 27,270
Foreign exchange losses	(61,011)	(14,566)
Net foreign exchange gain (loss)	($ 8,643)	$ 12,704

21. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	$107,205	$ 87,045
Adjustments for prior year	(23,700)	(21,222)
Deferred tax		
In respect of the current year	(41)	17,028
Income tax expense recognized in profit or loss	$ 83,464	$ 82,851

A reconciliation of accounting profit and current income tax expenses is as follows:

	For the Year Ended December 31	
	2025	2024
Profit (loss) before tax	$ 598,643	$ 564,918
Income tax expense calculated at the statutory rate	$ 119,729	$ 112,984
Expenses and losses not deductible for tax purposes	(1,391)	(1,439)
Investment tax credit	(11,119)	(7,570)
Temporary differences	(14)	(16,930)
Deferred tax		
Temporary differences	(41)	17,028
Adjustment to current income tax expense of prior years recognized in the current year	(23,700)	(21,122)
Income tax expense recognized in profit or loss	$ 83,464	$ 82,851

b. Current income tax liabilities

	December 31	
	2025	2024
Current income tax liabilities		
Income tax payable	$ 81,067	$ 59,299

c. Deferred tax assets

The Company offsets certain deferred tax assets and liabilities that meet the criteria for offsetting.

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	$ 5,421	$ -	$ 5,421
Provisions	4,078	(312)	3,766
Others	(477)	353	(124)
	$ 9,022	$ 41	$ 9,063

For the year ended December 31, 2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	$ 15,901	($ 10,480)	$ 5,421
Provisions	7,800	(3,722)	4,078
Depreciation expense	20	(20)	-
Others	2,329	(2,806)	(477)
	$ 26,050	($ 17,028)	$ 9,022

d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2025	2024
Deductible temporary differences	$ 41,871	$ 41,871

e. Income tax assessments

The income tax returns of the Company before 2023 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2025	2024
Basic earnings per share	$ 8.59	$ 8.03
Diluted earnings per share	$ 8.58	$ 8.03

In calculating earnings per share, the effects of retrospective adjustments due to stock dividends have been applied, with the record date for the stock dividends set on July 9, 2025. As a result of these retrospective adjustments, the basic and diluted earnings per share for the year 2024 have been adjusted as follows:

Unit: NT$ Per Share

	As previously reported	As adjusted
Basic earnings per share	$ 8.25	$ 8.03
Diluted earnings per share	$ 8.24	$ 8.03

The profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2025	**2024**
Earnings used in the computation of basic and diluted earnings per share	$ 515,179	$ 482,067

Number of shares

Unit: Thousand Share

	For the Year Ended December 31	
	2025	**2024**
Weighted average number of ordinary shares used in the computation of basic earnings per shares	60,004	60,004
Effect of potential dilutive ordinary shares:		
Employee bonuses	56	39
Weighted average number of ordinary shares used in the computation of diluted earnings per share	60,060	60,043

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23.CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity) attributable to owners of the Company.

The Company is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management of the Company considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at FVTPL				
Non-derivative financial assets –Mutual funds	$ 496,183	$ -	$ -	$ 411,776

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at FVTPL				
Non-derivative financial assets –Mutual funds	$ 411,776	$ -	$ -	$ 411,776

There were no transfers between Levels 1 and 2 in the year ended December 31 2025 and 2024.

2) Valuation techniques and inputs applied for Level 3 fair value measurement.

Some foreign unlisted equity investments are measured using the net asset value method. The Company assesses that the investee's net asset value approximates the fair value of the equity investments. The assessment takes into account the total value of the investee's individual assets and liabilities to reflect the overall value of the business.

c. Categories of financial instruments

	December 31	
	2025	**2024**
Financial assets		
Mandatorily at FVTPL	$ 496,183	$ 411,776
Financial assets at amortized cost (i)	2,338,684	2,406,575
Financial liabilities		
Measured at amortized cost (ii)	120,442	162,461

i) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables (Interest receivable) and refundable deposits.

ii) The balances include financial liabilities at amortized cost, which comprise accounts payable, other accounts payables and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included mutual funds, accounts receivable, lease liability and accounts payable. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company's exposure to market risk in relation to financial instruments and the management and measurement of such risk have not changed.

a) Foreign currency risk

A part of the Company's cash flows is in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange risk management, each foreign-currency item of net assets and liabilities is reviewed regularly.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period, please refers to Note 26.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company sensitivity to a US$1.00 and RMB1.00 increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis considers the currencies of USD and RMB in circulation, and adjusts the end-of-term conversion to exchange rate change of $1.00. The sensitivity analysis covers cash and cash equivalents, accounts receivable accounts payable, other accounts payable and deposit margins. A positive (negative) amount below indicates an increase in pre-tax profit when the NTD weakened by USD$1.00 and RMB1.00 against the relevant currency at the end of the reporting period.

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	($ 6,051)	($ 6,194)

	RMB Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	$ 2,344	$ 2,176

b) Interest rate risk

The risk is managed by the Company through maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	$ 706,956	$ 745,396
Financial liabilities	16,685	22,222
Cash flow interest rate risk		
Financial assets	1,342,433	1,330,410

Sensitivity analysis

The sensitivity analyses below were determined based on the Company’s exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.125% higher/lower and all other variables were held constant, the Company’s pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by $1,678 thousand and $1,663 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual account at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company’s credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company’s concentration of credit risk of 88% and 89% in total accounts receivable (including related parties) as of December 31, 2025 and 2024, respectively, was related to the five largest customers within the property construction business segment. The Company believed that the concentration of credit risk is relatively insignificant for the remaining accounts receivables.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As of December 31, 2025 and 2024, the Company had available unutilized overdraft and financing facilities refer to the following instruction (b) Financing facilities.

a) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay, and therefore bank borrowings that the Company may be required to repay immediately are presented in the earliest time band, without considering the likelihood of the banks exercising such rights. The tables include both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 49,908	$ 22,041	$ 3,246	$ -
Lease liabilities	498	997	4,486	11,279
	$ 50,406	$ 23,038	$ 7,732	$ 11,279

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	$5,981	$11,279

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 75,747	$ 24,156	$ -	$ -
Lease liabilities	498	997	4,486	17,260
	$ 76,245	$ 25,153	$ 4,486	$ 17,260

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	$5,981	$17,260

b) Financing facilities

	December 31	
	2025	2024
Unused unsecured bank overdraft facilities, repayable on demand and subject to annual review.		
Amount unused	$ 491,019	$ 682,143

25. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Sunplus Technology Co., Ltd., which, together with its subsidiaries, held 57% of the Company's ordinary shares as of December 31, 2025 and 2024.

In addition to those disclosed in other notes, the significant transactions between the Company and its related parties are summarized as follows:

a. Name and relationship of related parties

Related Party Name	Related Party Category
Sunplus Technology Co., Ltd.	The Company's parent company
Generalplus Technology Inc.(Generalplus)	Sister company
SunMedia Technology(Chengdu) Co., Ltd.(SunMedia)	Sister company
Worldplus Technology (shenzhen) Co., Ltd.(Worldplus)	Sister company
Tian Yuan Global Corp.(Tian Yuan)	Substantive related party

b. Purchases of goods

	For the Year Ended December 31	
Related Party Type/Name	2025	2024
Sister company	$ 326	$ 439

c. Payables from related parties

		December 31	
Account Item	Related Party Type	2025	2024
Other payables	Sister company		
	Worldplus	$ 7,913	$ 7,755
	SunMedia	3,004	2,455
	Parent company	305	300
		$ 11,222	$ 10,510

d. Prepayments

		December 31	
Account Item	Related Party Type	2025	2024
Prepayments for investments	Substantive related party		
	Tian Yuan	$ 27,000	$ -

e. Other transactions with related parties

Account Item	Related Party Type	For the Year Ended December 31 2025	2024
Manufacturing expenses	Parent company	$ 937	$ 900
Operating expenses	Sister company		
	Worldplus	$ 29,404	$ 30,075
	SunMedia	10,509	8,504
	Parent company	3,376	3,615
		$ 43,289	$ 42,194

The prices and terms of testing services provided by the Company to related parties are comparable to those offered to independent third-party suppliers.

Management support and after-sales services provided between the Company and related parties are charged based on mutually agreed terms. There are no comparable transactions available for benchmarking, and the payment terms are consistent with those applied to ordinary customers.

The pricing and the payment terms of the lease contract between the Company and the related parties were similar to those with external customers.

f. Compensation of key management personnel

	For the Year Ended December 31 2025	2024
Short-term employee benefits	$ 30,166	$ 27,368
Post-employment benefits	216	216
	$ 30,382	$ 27,584

Compensation of directors and other key management personnel was decided in accordance with individual performance and market trends.

26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant foreign-currency-denominated financial assets and liabilities are as follows:

December 31, 2025

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,449	31.43	$ 328,412
JPY	313	0.2008	63
CNY	84	4.496	378
HKD	2	4.038	8

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 4,389	31.43	$ 138,229
CNY	2,428	4.496	10,916

(Concluded)

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 11,793	32.785	$ 386,634
JPY	228	0.2099	48
CNY	104	4.478	466
HKD	5	4.222	21
Financial liabilities			
Monetary items			
USD	$ 5,999	32.785	$ 183,563
CNY	2,280	4.478	10,210

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2025		2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.43 （USD：NTD）	($ 8,175)	32.785 （USD：NTD）	$ 12,526
CNY	4.496 （CNY：NTD）	(462)	4.478 （CNY：NTD）	185
JPY	0.2008 （JPY：NTD）	(5)	0.2099 （JPY：NTD）	(8)
HKD	4.038 （HKD：NTD）	(1)	4.222 （HKD：NTD）	1
		($ 8,643)		$ 12,704

27. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees and b. Information on investees:

1) Financings provided: No.

2) Endorsement/guarantee provided: No.

3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures): Table 1.

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: No.

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: No.

6) Others: Business relationships and significant transactions between the parent company and its subsidiaries, and among subsidiaries, including the related amounts: No.

b. Information on investees: No.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: No.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses No.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

28. SEGMENT INFORMATION

Based on the operating results regularly reviewed by the chief operating decision maker for the purpose of resource allocation and performance assessment, the Company operates as a single operating segment. In addition, the segment information provided to the chief operating decision maker is measured on the same basis as that used in the financial statements.

a. Segment revenues and results

	Segment Revenue	
	For the Year Ended December 31	
	2025	2024
IC	$ 1,994,797	$ 1,816,537
Other income	4,951	1,390
	$ 1,999,748	$ 1,817,927

b. Geographical information

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2025	2024	2025	2024
Taiwan	$ 1,109,812	$ 1,006,428	$ 40,675	$ 55,721
China	814,833	754,257	-	-
Others	75,103	57,242	-	-
	$ 1,999,748	$ 1,817,927	$ 40,675	$ 55,721

Non-current assets exclude financial instruments, deferred tax assets and refundable deposits.

c. Information about major customers

The details of customers accounting for more than 10% of the Company's net operating revenue are as follows:

	For the Year Ended December 31			
	2025		2024	
	Amount	% of Total Sales	Amount	% of Total Sales
Customer A	$ 591,784	30	$ 534,741	29
Customer B	461,010	23	369,432	20
Customer C	418,524	21	325,434	18
Customer D	203,281	10	219,026	12

SUNPLUS INNOVATION TECHNOLOGY INC.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares or Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	10,133,835	$ 145,617	-	$ 145,617	Note
	UPAMC James Bond Money Market Fund	-	Financial assets at FVTPL - current	8,571,465	151,390	-	151,390	Note
	Fubon Money Market Fund	-	Financial assets at FVTPL - current	6,398,853	100,518	-	100,518	Note

Note: The market value was based on the net asset value of the fund as of December 31, 2025.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash	
Cash in banks	
Currency deposits (Note 1)	$ 184,332
Time deposits (Note 2)	1,865,056
Cash on hand and petty cash (Note 3)	220
	$2,049,608

Note 1: Including RMB$62 thousand @4.496, USD$1,314 thousand @31.43 and JPY$19 thousand @0.2008.

Note 2: Time deposits denominated in TWD, maturing successively before the end of December 2025, with interest rates of 0.85%-1.78%.

Note 3: Including JPY $294 thousand @0.2008, RMB$22 thousand @4.496, HKD$2 thousand @4.038 and USD$2 thousand @31.43.

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Units (Thousand)	Cost	Fair Value		Note
			Unit Price	Amount	
Beneficiary certificates of open-end funds					
Taishin 1699 Money Market Fund	10,133,835	$ 140,000	14.3694	$ 145,617	Note
Taishin Ta-Chong Money Market Fund	6,557,231	97,466	15.0457	98,658	Note
UPAMC James Bond Money Market Fund	8,571,465	150,000	17.6620	151,390	Note
Fubon Money Market Fund	6,398,853	100,000	15.7087	100,518	Note
		$ 487,466		$ 496,183	

Note:The market value was based on the net asset value of the fund as of December 31, 2025.

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF ACCOUNT RECEIVABLE, NET
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Unrelated parties	
Client A	$ 108,527
Client B	90,239
Client C	46,246
Client D	17,139
Others (Note)	25,699
	$ 287,850

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

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	$ 69,406	$ 181,912
Work in progress	105,471	501,987
Raw materials	20,348	60,844
Total	$ 195,225	$ 744,743

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

	Land	Transportation Equipment	Total
Cost			
Balance at January 1, 2025	$ 26,221	$ 1,248	$ 27,469
Additions	-	-	-
Lease termination	-	-	-
Balance at December 31, 2025	26,221	1,248	27,469
Accumulated depreciation			
Balance at January 1, 2025	$ 5,244	$ 243	$ 5,487
Depreciation	5,244	416	5,660
Lease termination	-	-	-
Balance at December 31, 2025	$ 10,488	$ 659	$ 11,147
Carrying amount at December 31, 2025	$ 15,733	$ 589	$ 16,322

STATEMENT 6

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Supplier A	$ 39,387
Supplier B	21,128
Supplier C	4,269
Others (Note)	872
	$ 65,656

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

STATEMENT 7

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Lease Term	Discount Rate	Amount
Buildings	2024.01-2028.12	2.250%	$ 16,084
Transportation Equipment	2024.06-2027.05	2.450%	601
Total			16,685
Less: Lease liabilities - current			(5,663)
Lease liabilities -non-current			$ 11,022

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity (Thousand Unit)	Amount
IC	87,793	$ 2,092,316
Other		4,951
		2,097,267
Sales returns and allowances		(97,519)
Net Revenue		$ 1,999,748

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material, beginning of year	$ 7,777
Raw material purchased	624,749
Transferred to expenses and other	(6)
Raw materials, end of year	(20,348)
Raw materials used	612,172
Manufacturing expenses	228,784
Manufacturing costs	840,956
Work in progress, beginning of year	99,188
Transferred to expenses and other	(150)
Work in progress, end of year	(105,471)
Cost of finished goods	834,523
Finished goods, beginning of year	79,265
Transferred to other	(399)
Finished goods, end of year	(69,406)
Total	$ 843,983

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Salary	$ 32,518	$ 69,231	$ 233,371
After-sales and marketing service fees	39,913	-	-
Directors' remuneration	-	9,948	-
Photomask expenses	-	-	74,455
EDA tools	-	-	23,176
Others (Note)	18,189	29,444	72,792
Total	$ 90,620	$ 108,623	$ 393,794

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

SUNPLUS INNOVATION TECHNOLOGY INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2025			2024		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 12,192	$ 325,120	$ 337,312	$ 11,380	$ 308,407	$ 319,787
Labor and health insurance	763	18,691	19,454	732	17,668	18,400
Pension	393	10,233	10,626	378	9,790	10,168
Remuneration of directors	-	9,948	9,948	-	9,558	9,558
Others	354	8,070	8,424	346	7,675	8,021
Total	$ 13,702	$ 372,062	$ 385,764	$ 12,836	$ 353,098	$ 365,934
Depreciation	$ 253	$ 10,275	$ 10,528	$ 261	$ 10,669	$ 10,930
Amortization	$ -	$ 12,225	$ 12,225	$ -	$ 8,027	$ 8,027

Note 1: As of December 31, 2025 and 2024, the Company had 144 and 139 employees, respectively. These figures included 6 directors who did not serve concurrently as employees for both years.

Note 2: Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

1) The average employee welfare expense for the current year is $2,723 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who are not concurrent employees").

   The average employee welfare expense for the current year is 2,680 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who are not concurrent employees").

2) The average employee salary expenses for the current year is $2,444 thousand (the total salary expenses for the current year/"the number of employees in the current year-the number of directors who are not part-time employees").

   The average employee salary expenses for the current year is $2,404 thousand (the total salary expenses for the current year/"the number of employees in the current year-the number of directors who are not part-time employees").

3) Changes in the average employee salary expense adjustment 1.66% ("Average employee salary expense for the current year-Average employee salary expense for the previous year"/Average employee salary expense for the previous year).

4) The Company has established the Audit Committee on 2020, so it has no supervisor in 2025 and 2024.

5) Compensation and Remuneration Policy.

   a. Remuneration of directors is paid at prevailing rates according to the "Directors' Remuneration and Travel Allowance Policy of the Company". When the Company make a profit, the compensation and remuneration of directors is accrued and reviewed by the compensation committee and the board of directors according to the Company's compensation and remuneration policy. The compensation arrangement shall be reported in the shareholders' meeting.

   b. The Company's employee remuneration is determined based on actual operating results, while taking into account individual performance and work achievements, and with reference to industry standards. Remuneration for managers must be reviewed by the Remuneration Committee and approved by the Board of Directors prior to implementation.