

DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
FOR THE YEARS ENDED DECEMBER 31, 2025 AND
2024

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of DAVICOM Semiconductor, Inc.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

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

The Company's key audit matters are as follows:

Evaluation of accounts receivable

Description

Please refer to Note 4(7) for accounting policies on accounts receivable recognition and valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, Note 6(3) for details of accounts receivable. The balance of accounts receivable amounted to NT\$25,825 thousand as at December 31, 2025.

The Company's accounts receivable arises from selling goods, and collecting in accordance with the credit period which is determined by the Credit Quality Control Policy of individual customers' credit quality.

Allowance for uncollectible accounts are based on expected credit losses during its existing period. For the purpose of measurement, underlying receivables should be grouped appropriately and the assumptions should be assessed and analyzed. The aging categories, expected loss ratio and forward-looking information usually include subjective judgement, therefore, the valuation of accounts receivable was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Checked and tested the assumptions of expected credit losses and assessed the reasonableness of the aging categories. Reviewed the subsequent collection of accounts receivable.

2. Verified the accuracy of the aging analysis by vouching to original source documents on a sample basis, and tested credit terms to validate the reasonableness of the accounts receivable aging.
3. Obtained and confirmed that the aging data used by management for the expected credit loss rate was consistent with its source and accurate. We also assessed the reasonableness of management's estimates for expected credit losses, including forward-looking adjustments and the subsequent collection of accounts receivable.

Evaluation of inventories

Description

Please refer to Note 4(10) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, Note 6(4) for details of inventory. The balance of inventory and allowance for inventory valuation losses amounted to NT\$40,599 thousand and NT\$18,091 thousand as at December 31, 2025, respectively.

The Company is engaged in research, development, production, manufacturing and sales of local area network chipset. Due to rapid changes in technology, the life cycle of products is short and easily affected by market prices, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company measures inventory for normal sales at the lower of cost or net realisable value method. For inventory aging over a certain period, individual inventory valuation losses and obsolete inventory, provision for loss is made through individual identification and measured at net realisable value. As a result of the significant amount, numerous items, and since identifying obsolete and damaged inventory usually involves management judgement, it also belongs to one of the audit scopes involving professional judgement. Therefore, the estimate of inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

4. Assessed whether the provision policy of allowance for inventory valuation losses was consistent with those used in the prior period based on our understanding of the business and the industry and confirmed that the provision policy is reasonable.

5. For summary statement that management uses to value loss for market value decline and obsolete and slow-moving inventories, confirming whether it agrees with the statement details generated from system, and verifying that obsolete and slow-moving inventories which were provided valuation losses, has been completely listed in the statement.
6. Tested book value of ending inventory, through selecting samples and obtaining invoices of last period to verify whether they were measured at the lower of cost or net realizable value method, and recalculating and valuating the reasonableness of changes in allowance for inventory valuation losses.
7. Participated and observed the year-end physical inventory count to verify the existence and completeness of inventory and evaluated the effectiveness of management's classification of obsolete inventory and internal control over obsolete inventory.

Other matters

Reference to report of the other auditors

The share of profit or loss of related companies recognised under the equity method, which is recognised based on the audit report of other auditors for the years ended December 31, 2025 and 2024, is NT(\$4,570) thousand and NT\$3,083 thousand, respectively. Additionally, the recognised comprehensive income comprising share of other comprehensive income in subsidiaries, were both NT\$0 thousand for the abovementioned periods. As of December 31, 2025 and 2024, the balance of the related investments accounted for using the equity method was NT\$278,172 thousand and NT\$284,914 thousand, respectively.

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

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the footnote disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Chia-Hung

Hsiao, Chun-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 6, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 314,811	28	\$ 302,536	27
1170	Accounts receivable, net	6(3)	25,825	2	20,369	2
1200	Other receivables		311	-	304	-
1220	Current tax assets		3,921	-	6,511	1
130X	Inventories, net	6(4)	40,599	4	17,275	1
1410	Prepayments		856	-	1,064	-
11XX	Current Assets		<u>386,323</u>	<u>34</u>	<u>348,059</u>	<u>31</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	36,366	3	39,045	3
1550	Investments accounted for under equity method	6(5)	393,626	35	401,153	36
1600	Property, plant and equipment	6(6)	117,431	10	121,173	11
1755	Right-of-use assets	6(7)	78,975	7	83,603	8
1760	Investment property - net	6(9)	101,883	9	105,097	9
1780	Intangible assets		134	-	452	-
1840	Deferred income tax assets	6(24)	5,803	1	6,807	1
1900	Other non-current assets	6(10)	5,975	1	7,170	1
15XX	Non-current assets		<u>740,193</u>	<u>66</u>	<u>764,500</u>	<u>69</u>
1XXX	Total assets		<u>\$ 1,126,516</u>	<u>100</u>	<u>\$ 1,112,559</u>	<u>100</u>

(Continued)

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities		\$ 307	-	\$ 135	-
2150	Notes payable		161	-	154	-
2170	Accounts payable		9,444	1	4,335	-
2200	Other payables	6(11)	19,386	2	22,821	2
2280	Current lease liabilities	6(26)	1,508	-	1,560	-
2310	Advance receipts		1,289	-	1,230	-
21XX	Current Liabilities		<u>32,095</u>	<u>3</u>	<u>30,235</u>	<u>2</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	1,455	-	1,682	-
2580	Non-current lease liabilities	6(26)	66,293	6	69,960	6
2600	Other non-current liabilities	6(12)	2,018	-	3,491	1
25XX	Non-current liabilities		<u>69,766</u>	<u>6</u>	<u>75,133</u>	<u>7</u>
2XXX	Total Liabilities		<u>101,861</u>	<u>9</u>	<u>105,368</u>	<u>9</u>
Equity						
Share capital						
6(14)						
3110	Common stock		831,171	74	831,171	75
Capital surplus						
6(15)						
3200	Capital surplus		64,585	5	58,641	5
Retained earnings						
6(16)						
3310	Legal reserve		102,680	9	100,978	9
3320	Special reserve		5,714	1	12,859	1
3350	Undistributed earnings		30,966	3	17,571	2
Other equity interest						
3400	Other equity interest		(10,461)	(1)	(5,714)	-
Treasury shares						
6(14)						
3500	Treasury shares		-	-	(8,315)	(1)
3XXX	Total equity		<u>1,024,655</u>	<u>91</u>	<u>1,007,191</u>	<u>91</u>
Significant contingent liabilities and						
unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 1,126,516</u>	<u>100</u>	<u>\$ 1,112,559</u>	<u>100</u>

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

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

				Year ended December 31			
				2025		2024	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17)		\$ 177,245	100	\$ 145,870	100
5000	Operating costs	6(4)(22)(23)		(38,357)	(21)	(40,614)	(28)
5900	Net operating margin			<u>138,888</u>	<u>79</u>	<u>105,256</u>	<u>72</u>
	Operating expenses	6(22)(23)					
6100	Selling expenses			(18,278)	(10)	(29,188)	(20)
6200	General and administrative expenses			(49,008)	(28)	(46,110)	(32)
6300	Research and development expenses			(66,991)	(38)	(55,791)	(38)
6450	Impairment on expected credit gains	6(3) and 12(2)		100	-	135	-
6000	Total operating expenses			<u>(134,177)</u>	<u>(76)</u>	<u>(130,954)</u>	<u>(90)</u>
6900	Operating income			<u>4,711</u>	<u>3</u>	<u>(25,698)</u>	<u>(18)</u>
	Non-operating income and expenses						
7100	Interest income	6(18)		3,464	2	4,067	3
7010	Other income	6(19)		28,192	16	28,119	19
7020	Other gains and losses	6(20)		(10,312)	(6)	2,611	2
7050	Finance costs	6(21)		(626)	(1)	(656)	-
7070	Share of (loss) profit of associates and joint ventures accounted for under equity method	6(5)		(608)	-	7,446	5
7000	Total non-operating income and expenses			<u>20,110</u>	<u>11</u>	<u>41,587</u>	<u>29</u>
7900	Income from continuing operations before income tax			<u>24,821</u>	<u>14</u>	<u>15,889</u>	<u>11</u>
7950	Income tax expense	6(24)		(4,461)	(2)	(1,525)	(1)
8000	Profit for the year from continuing operations			<u>20,360</u>	<u>12</u>	<u>14,364</u>	<u>10</u>
8200	Profit for the year			<u>\$ 20,360</u>	<u>12</u>	<u>\$ 14,364</u>	<u>10</u>
	Other comprehensive income, net						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(13)		\$ 2,153	1	\$ 3,319	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)		(431)	-	(664)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss			<u>1,722</u>	<u>1</u>	<u>2,655</u>	<u>2</u>
	Components of other comprehensive (loss) income that will be reclassified to profit or loss						
8361	Financial statement translation differences of foreign operations			(4,747)	(3)	7,145	5
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss			<u>(4,747)</u>	<u>(3)</u>	<u>7,145</u>	<u>5</u>
8300	Other comprehensive (loss) income for the year, net			<u>(\$ 3,025)</u>	<u>(2)</u>	<u>\$ 9,800</u>	<u>7</u>
8500	Total comprehensive income for the year			<u>\$ 17,335</u>	<u>10</u>	<u>\$ 24,164</u>	<u>17</u>
	Basic earnings per share	6(25)					
9750	Total basic earnings per share			<u>\$ 0.25</u>		<u>\$ 0.17</u>	
	Diluted earnings per share	6(25)					
9850	Total diluted earnings per share			<u>\$ 0.24</u>		<u>\$ 0.17</u>	

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

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Notes	Capital surplus				Retained earnings			Financial statements translation differences of foreign operations	Treasury shares	Total equity	
	Common stock	Additional paid-in capital	Treasury share transactions	Others	Legal reserve	Special reserve	Undistributed earnings				
<u>Year ended December 31, 2024</u>											
		\$ 831,171	\$ 18,658	\$ 6,225	\$ 38,714	\$ 95,866	\$ 12,799	\$ 51,157	(\$ 12,859)	(\$ 8,315)	\$ 1,033,416
		-	-	-	-	-	-	14,364	-	-	14,364
		-	-	-	-	-	-	2,655	7,145	-	9,800
		-	-	-	-	-	-	17,019	7,145	-	24,164
Appropriation and distribution of 2024 earnings	6(16)										
Legal reserve		-	-	-	-	5,112	-	(5,112)	-	-	-
Special reserve		-	-	-	-	-	60	(60)	-	-	-
Cash dividends		-	-	-	-	-	-	(45,433)	-	-	(45,433)
Cash dividends distributed from capital surplus	6(15)(16)	-	(4,956)	-	-	-	-	-	-	-	(4,956)
Balance at December 31, 2024		\$ 831,171	\$ 13,702	\$ 6,225	\$ 38,714	\$ 100,978	\$ 12,859	\$ 17,571	(\$ 5,714)	(\$ 8,315)	\$ 1,007,191
<u>Year ended December 31, 2025</u>											
		\$ 831,171	\$ 13,702	\$ 6,225	\$ 38,714	\$ 100,978	\$ 12,859	\$ 17,571	(\$ 5,714)	(\$ 8,315)	\$ 1,007,191
		-	-	-	-	-	-	20,360	-	-	20,360
		-	-	-	-	-	-	1,722	(4,747)	-	(3,025)
		-	-	-	-	-	-	22,082	(4,747)	-	17,335
Appropriation and distribution of 2025 earnings	6(16)										
Legal reserve		-	-	-	-	1,702	-	(1,702)	-	-	-
Reversal of special reserve		-	-	-	-	-	(7,145)	7,145	-	-	-
Cash dividends		-	-	-	-	-	-	(14,130)	-	-	(14,130)
Treasury stock transferred to employees	6(14)	-	-	5,944	-	-	-	-	-	8,315	14,259
Balance at December 31, 2025		\$ 831,171	\$ 13,702	\$ 12,169	\$ 38,714	\$ 102,680	\$ 5,714	\$ 30,966	(\$ 10,461)	\$ -	\$ 1,024,655

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

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 24,821	\$ 15,889
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(6)(7)(9)	9,796	9,770
Amortisation	6(22)	1,405	837
Impairment on expected credit gains	12(2)	(100)	(135)
Net profit on financial assets at fair value through profit or loss	6(2)(20)	2,679	1,482
Interest expense	6(21)	626	656
Interest income	6(18)	(3,464)	(4,067)
Dividend income		(92)	-
Stock-based payment	6(14)	5,934	-
Share of profit of associates accounted for under equity method	6(5)	608	(7,446)
Deferred charges transferred to research and experimental expenses		2,390	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss-non-current		-	(2,000)
Accounts receivable		(5,356)	(2,521)
Other receivables		(2)	(15)
Inventories, net		(23,324)	5,546
Prepayments		208	(178)
Changes in operating liabilities			
Current contract liabilities		172	-
Notes payable		7	1
Accounts payable		5,109	1,998
Other payables		(3,435)	(5,719)
Advance receipts		59	(70)
Net defined benefit liabilities		(3)	98
Cash inflow generated from operations		18,038	14,126
Interest received		3,459	4,026
Dividends received		2,264	-
Interest paid		(626)	(656)
Income tax paid		(1,525)	(4,898)
Net cash flows from operating activities		<u>21,610</u>	<u>12,598</u>

(Continued)

DAVICOM SEMICONDUCTOR, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(6)	(\$ 265)	(\$ 366)
Acquisition of investment property	6(9)	(171)	(78)
Increase in intangible assets		(126)	(180)
Increase in other assets		-	(2,230)
Net cash flows used in investing activities		(562)	(2,854)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in guarantee deposits received	6(12)(26)	(1,473)	-
Repayment of principal portion of lease liabilities	6(7)(26)	(1,495)	(1,546)
Payments of cash dividends	6(16)	(14,130)	(45,433)
Cash dividends from capital surplus	6(15)	-	(4,956)
Employee purchases of treasury shares		8,325	-
Net cash flows used in financing activities		(8,773)	(51,935)
Net increase (decrease) in cash and cash equivalents		12,275	(42,191)
Cash and cash equivalents at beginning of year		302,536	344,727
Cash and cash equivalents at end of year		\$ 314,811	\$ 302,536

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

DAVICOM SEMICONDUCTOR, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Davicom Semiconductor, Inc. (the “Company”) was incorporated in August 1996, as a corporation limited by shares and opened in the same year. The Company is primarily engaged in the research, development, production, manufacturing and sales of communications network ICs. The Company’s stock has been listed on the Taiwan Stock Exchange since August 6, 2007.

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

These financial statements were authorised for issuance by the Board of Directors on March 6, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

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

4. SUMMARY OF MATERIAL SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their

translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
 - (b) Assets that are held primarily for the purpose of trading;
 - (c) Assets that are expected to be realised within twelve months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading ;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

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

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

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

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The Company initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net

realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / Subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", the profit and loss of the parent company only financial statements and other comprehensive gains and losses should be the same as the current profit and loss and other comprehensive gains and losses in the financial statements prepared on an individual basis, which is the share of the owner of the parent company. The parent company only financial statements owner's equity should be included in the financial statements prepared on an individual basis. The owners' equity attributable to the parent company is the same.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	3~50 years
Computer communications equipment	4 years
Transportation equipment	3 years
Other equipment	4 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's

useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 3~50 years.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 7 years.

(16) Impairment of non-financial assets

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

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit

obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

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

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if the employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks. The Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(20) Income tax

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

(21) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(22) Dividends

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

(23) Revenue recognition

A. The Company manufactures and sells communications network ICs. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, when the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. No element of financing is deemed present as the sales are made with a credit term of 30 to 75 days, which is consistent with market practice.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(24) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

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

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

Critical accounting estimates and assumptions

(1) Evaluation of accounts receivable

When there is objective evidence showing signs of impairment, the Company considers future cash flow estimates. The amount of the impairment loss is measured by the difference between the carrying amount of the asset and the estimated future cash flow at the original effective interest rate of the financial asset. If the actual cash flow is less than expected, there may be significant impairment losses. Refer to Note 6(3) for details of estimate impairment loss on accounts receivable.

(2) Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. Refer to Note 6(4) for details of valuation of inventory.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand	\$ 110	\$ 110
Checking accounts and demand deposits	57,595	73,055
Time deposits	257,106	229,371
	<u>\$ 314,811</u>	<u>\$ 302,536</u>

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

B. The Company has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 39,761	\$ 39,761
Limited partnership	10,000	10,000
Subtotal	49,761	49,761
Valuation adjustment	(13,395)	(10,716)
	<u>\$ 36,366</u>	<u>\$ 39,045</u>

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

	Years ended December 31,	
	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 2,875)	(\$ 2,661)
Limited partnership	196	1,179
	<u>(\$ 2,679)</u>	<u>(\$ 1,482)</u>

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

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

(3) Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 26,341	\$ 20,985
Less: Allowance for uncollectible accounts	(516)	(616)
	<u>\$ 25,825</u>	<u>\$ 20,369</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2025	December 31, 2024
	Accounts receivable	Accounts receivable
Not past due	\$ 26,182	\$ 20,534
Up to 30 days	159	451
	<u>\$ 26,341</u>	<u>\$ 20,985</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to \$17,713.

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

(4) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Work in progress	\$ 13,866	(\$ 4,929)	\$ 8,937
Finished goods	44,824	(13,162)	31,662
	<u>\$ 58,690</u>	<u>(\$ 18,091)</u>	<u>\$ 40,599</u>

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Work in progress	\$ 15,392	(\$ 9,348)	\$ 6,044
Finished goods	22,794	(11,563)	11,231
	<u>\$ 38,186</u>	<u>(\$ 20,911)</u>	<u>\$ 17,275</u>

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

	Years ended December 31,	
	2025	2024
Cost of goods sold	\$ 41,177	\$ 38,814
(Gain) loss from price recovery of inventory	(2,820)	1,800
	<u>\$ 38,357</u>	<u>\$ 40,614</u>

For the year ended December 31, 2025, the Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance for inventory valuation losses were subsequently sold.

(5) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Davicom Investment Inc.	\$ 213,113	\$ 214,417
TSCC Inc.	114,851	115,615
Medicom Corp.	603	624
Aidialink Corp.	65,059	70,497
	<u>\$ 393,626</u>	<u>\$ 401,153</u>

- A. The investment (loss) gain recognised by the Company for the years ended December 31, 2025 and 2024 using the equity method are (\$608) and \$7,446, respectively, which were recognised based on the investees' financial statements audited by independent auditors in the same periods.
- B. For information relating to the subsidiaries of the Company, please refer to Note 4(3) of the 2025 consolidated financial statements of the Company.

(6) Property, plant and equipment

	2025				
	Buildings	Computer communications equipment	Transportation equipment	Others	Total
<u>At January 1</u>					
Cost	\$ 190,998	\$ 34	\$ 60	\$ 440	\$ 191,532
Accumulated depreciation	(70,166)	(10)	(2)	(181)	(70,359)
	<u>\$ 120,832</u>	<u>\$ 24</u>	<u>\$ 58</u>	<u>\$ 259</u>	<u>\$ 121,173</u>
Opening net book amount as at January 1	\$ 120,832	\$ 24	\$ 58	\$ 259	\$ 121,173
Additions	193	-	-	72	265
Depreciation charge	(3,861)	(9)	(20)	(117)	(4,007)
Closing net book amount as at December 31	<u>\$ 117,164</u>	<u>\$ 15</u>	<u>\$ 38</u>	<u>\$ 214</u>	<u>\$ 117,431</u>
<u>At December 31</u>					
Cost	\$ 191,106	\$ 34	\$ 60	\$ 402	\$ 191,602
Accumulated depreciation	(73,942)	(19)	(22)	(188)	(74,171)
	<u>\$ 117,164</u>	<u>\$ 15</u>	<u>\$ 38</u>	<u>\$ 214</u>	<u>\$ 117,431</u>
	2024				
	Buildings	Computer communications equipment	Transportation equipment	Others	Total
<u>At January 1</u>					
Cost	\$ 190,982	\$ 496	\$ -	\$ 401	\$ 191,879
Accumulated depreciation	(66,421)	(453)	-	(247)	(67,121)
	<u>\$ 124,561</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 154</u>	<u>\$ 124,758</u>
Opening net book amount as at January 1	\$ 124,561	\$ 43	\$ -	\$ 154	\$ 124,758
Additions	87	16	60	203	366
Depreciation charge	(3,816)	(35)	(2)	(98)	(3,951)
Closing net book amount as at December 31	<u>\$ 120,832</u>	<u>\$ 24</u>	<u>\$ 58</u>	<u>\$ 259</u>	<u>\$ 121,173</u>
<u>At December 31</u>					
Cost	\$ 190,998	\$ 34	\$ 60	\$ 440	\$ 191,532
Accumulated depreciation	(70,166)	(10)	(2)	(181)	(70,359)
	<u>\$ 120,832</u>	<u>\$ 24</u>	<u>\$ 58</u>	<u>\$ 259</u>	<u>\$ 121,173</u>

(7) Leasing arrangements – lessee

A. The Company leases various assets including land. Rental contracts are typically made for periods of 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 52,019	\$ 56,021
Buildings	26,956	27,582
	<u>\$ 78,975</u>	<u>\$ 83,603</u>

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,778	\$ 1,852
Buildings	626	626
	<u>\$ 2,404</u>	<u>\$ 2,478</u>

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

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 569</u>	<u>\$ 601</u>
Expense on short-term lease contracts	<u>\$ 28</u>	<u>\$ 28</u>
Expense on leases of low-value assets	<u>\$ 229</u>	<u>\$ 219</u>

D. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases was \$2,321 and \$2,394, respectively.

(8) Leasing arrangements – lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Company has no overdue lease receivables from the lessee, and the amount of loss arising from credit risk is assessed to be insignificant.

C. For the years ended December 31, 2025 and 2024, the Company recognised rent income in the amounts of \$27,191 and \$27,130, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
2025	\$ -	\$ 24,967
2026	26,623	7,748
2027	24,222	6,451
2028	8,183	-
	<u>\$ 59,028</u>	<u>\$ 39,166</u>

(9) Investment property-Buildings

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>At January 1</u>		
Cost	\$ 167,254	\$ 167,176
Accumulated depreciation	(62,157)	(58,816)
	<u>\$ 105,097</u>	<u>\$ 108,360</u>
Opening net book amount as at January 1	\$ 105,097	\$ 108,360
Additions	171	78
Depreciation charge	(3,385)	(3,341)
Closing net book amount as at December 31	<u>\$ 101,883</u>	<u>\$ 105,097</u>
<u>At December 31</u>		
Cost	\$ 167,362	\$ 167,254
Accumulated depreciation	(65,479)	(62,157)
	<u>\$ 101,883</u>	<u>\$ 105,097</u>

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

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rental income from investment property	<u>\$ 27,191</u>	<u>\$ 27,130</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>(\$ 6,185)</u>	<u>(\$ 6,081)</u>

B. The fair value of the investment property held by the Company as at December 31, 2025 and 2024 was \$200,785 and \$200,118, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	Overall capital interest rate	Profit margin	Ratio of salvage value
Cost approach	2.11%~2.48%	16.00%	5.00%
			Capitalisation rate
Income approach			2.14%~7.50%

(10) Other non-current assets

	December 31, 2025	December 31, 2024
Deferred charges	\$ 1,370	\$ 4,722
Net defined benefit assets	2,363	206
Guarantee deposits paid	102	102
Restricted assets	2,140	2,140
	<u>\$ 5,975</u>	<u>\$ 7,170</u>

Details of the Group's financial assets pledged to others as collateral are provided in Note 8.

(11) Other payables

	December 31, 2025	December 31, 2024
Wages and bonus payable	\$ 15,614	\$ 15,682
Others	3,772	7,139
	<u>\$ 19,386</u>	<u>\$ 22,821</u>

(12) Other non-current liabilities

	December 31, 2025	December 31, 2024
Guarantee deposits received	\$ 2,018	\$ 3,491

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of

December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) Upon approval by the Hsinchu Science Park Bureau, National Science and Technology Council, the Company suspended to contribute pensions for the year ended December 31, 2025.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	(\$ 24,963)	(\$ 27,071)
Fair value of plan assets	<u>27,326</u>	<u>27,277</u>
Net defined benefit asset	<u>\$ 2,363</u>	<u>\$ 206</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit assets</u>
<u>Year ended December 31, 2025</u>			
Balance at January 1	(\$ 27,071)	\$ 27,277	\$ 206
Interest (expense) income	(379)	<u>383</u>	<u>4</u>
	<u>(27,450)</u>	<u>27,660</u>	<u>210</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,159	2,159
Change in demographic assumptions	(1)	-	(1)
Change in financial assumptions	(162)	-	(162)
Experience adjustments	<u>157</u>	<u>-</u>	<u>157</u>
	<u>(6)</u>	<u>2,159</u>	<u>2,153</u>
Pension fund contribution	-	-	-
Paid pension	<u>2,493</u>	<u>(2,493)</u>	<u>-</u>
Balance at December 31	<u>(\$ 24,963)</u>	<u>\$ 27,326</u>	<u>\$ 2,363</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
<u>Year ended December 31, 2024</u>			
Balance at January 1	(\$ 34,853)	\$ 31,838	(\$ 3,015)
Current service cost	(102)	-	(102)
Interest (expense) income	(383)	350	(33)
	<u>(35,338)</u>	<u>32,188</u>	<u>(3,150)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,006	3,006
Change in financial assumptions	295	-	295
Experience adjustments	18	-	18
	<u>313</u>	<u>3,006</u>	<u>3,319</u>
Pension fund contribution	-	37	37
Paid pension	7,954	(7,954)	-
Balance at December 31	<u>(\$ 27,071)</u>	<u>\$ 27,277</u>	<u>\$ 206</u>

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Discount rate	<u>1.20%</u>	<u>1.40%</u>
Future salary increases	<u>2.00%</u>	<u>2.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ 400)	\$ 413	\$ 346	(\$ 338)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 417)	\$ 480	\$ 407	(\$ 351)

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

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

(g) There are no expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026.

(h) As of December 31, 2025, the weighted average duration of the retirement plan is 1.1 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	(\$ 23,861)
1-5 year(s)	(1,102)
Over 5 years	-
	<u>(\$ 24,963)</u>

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

(b) The pension costs under defined contribution pension plans of the company for the years ended December 31, 2025 and 2024, was \$3,937 and \$4,156, respectively.

(14) Share capital

A. As of December 31, 2025, the Company's authorized capital was \$1,200,000, consisting of 120,000 thousand shares of ordinary stock (including 18,000 thousand shares reserved for employee stock options and 400 thousand shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$831,171 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	Years ended December 31,	
	2025	2024
At January 1	\$ 82,605	\$ 82,605
Treasury stock transferred to employees	512	-
At December 31	<u>\$ 83,117</u>	<u>\$ 82,605</u>

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (December 31, 2025: None.):

Name of company holding the shares	Reason for reacquisition	December 31, 2024	
		Number of shares (share in thousand)	Carrying amount
The Company	To be reissued to employees	512	\$ 8,315

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

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

On May 29, 2024, the distribution of cash dividends from capital surplus was approved by the shareholders and amounted to \$4,956.

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings shall first be used to pay all taxes and offset prior years' operating losses and 10% of the remaining amount shall be set aside as legal reserve, then set aside or reverse special reserve in accordance with related regulations. The appropriation of the remainder along with the earnings in prior years shall be proposed by the Board of Directors and resolved at the stockholders' meeting. The Company shall appropriate all the current distributable earnings, taking into consideration the Company's financials, business and operations. Dividends to shareholders can be distributed in the form of cash or shares and cash dividends to shareholders shall account for at least 80% of the total dividends to shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriation of 2024 and 2023 earnings was resolved by the shareholders on May 28, 2025 and May 29, 2024, respectively. Details are as follows:

	<u>Year ended December 31, 2024</u>		<u>Year ended December 31, 2023</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 1,702		\$ 5,112	
(Reversal of) special reserve	(7,145)		60	
Cash dividends	14,130	\$ 0.17	45,433	\$ 0.55

On May 29, 2024, the distribution of cash dividends from capital surplus was approved by the shareholders and amounted to \$4,956.

For the information relating to the abovementioned appropriation of earnings as approved by the Board of Directors and resolved by the shareholders, please refer to the Market Observation Post System.

- E. The appropriation of earnings for the year of 2025 has not been proposed by the Board of Directors on March 6, 2026.

	<u>Year ended December 31, 2025</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 2,208	
(Reversal of) special reserve	4,747	
Cash dividends	20,779	\$ 0.25

As of March 6, 2026, the aforementioned appropriation is yet to be approved by the shareholders.

(17) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	\$ 177,245	\$ 145,870

Disaggregation of revenue from contracts with customers

The Company derives revenue at a point in time in the following geographical regions:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
China	\$ 116,827	\$ 97,628
Taiwan	23,874	21,884
USA	3,657	1,057
Others	32,887	25,301
	<u>\$ 177,245</u>	<u>\$ 145,870</u>

(18) Interest income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 3,464	\$ 4,067

(19) Other income

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rent income	\$ 27,191	\$ 27,130
Dividend income	92	-
Other income, others	909	989
	<u>\$ 28,192</u>	<u>\$ 28,119</u>

(20) Other gains and losses

	Years ended December 31,	
	2025	2024
Net loss on financial assets at fair value through profit or loss	(\$ 2,679)	(\$ 1,482)
Net currency exchange gain (loss)	(1,449)	10,175
Other losses	(6,184)	(6,082)
	<u>(\$ 10,312)</u>	<u>\$ 2,611</u>

(21) Finance costs

	Years ended December 31,	
	2025	2024
Interest expense	<u>\$ 626</u>	<u>\$ 656</u>

(22) Expenses by nature

	Years ended December 31,	
	2025	2024
Change in finished goods, work-in-process and raw materials inventory	\$ 4,407	\$ 19,231
Employee benefit expense	105,588	104,348
Product testing fees	25,252	13,050
Depreciation charges on property, plant and equipment (including right-of-use assets)	6,411	6,429
Amortisation charges	1,405	837
Other costs and expenses	29,471	27,673
Operating costs and expenses	<u>\$ 172,534</u>	<u>\$ 171,568</u>

(23) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 89,048	\$ 87,541
Labour and health insurance fees	7,458	7,691
Pension costs	3,933	4,291
Directors' remuneration	1,931	1,320
Other personnel expenses	3,218	3,505
	<u>\$ 105,588</u>	<u>\$ 104,348</u>

As of December 31, 2025 and 2024, the number of employees of the Company was 65 and 68, respectively, and the number of directors who were not concurrently employees were both 2.

For the years ended December 31, 2025 and 2024, average employee benefits were \$1,645 and \$1,562, respectively; average employee salary were \$1,413 and \$1,326, respectively. The average employee salary increased by 7% year over year.

A. According to the Articles of Incorporation of the Company, a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by at least two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Directors' remuneration shall be distributed in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive employees' compensation in the form of stock or cash are set by the Board of Directors.

B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$2,357 and \$1,509, respectively; directors' and supervisors' remuneration was accrued at \$555 and \$355, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8.5% and 2% of distributable profit of current year as of the end of reporting period.

The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$2,357 and \$555, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2024 as resolved by the meeting of the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

Information about employees' bonus and directors' and supervisors' remuneration of the Company as approved by the meeting of Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 3,506	\$ 1,810
Additional income tax imposed on unappropriated earnings	417	27
Prior year income tax underestimation	192	195
Total current tax	<u>4,115</u>	<u>2,032</u>
Deferred tax:		
Origination and reversal of temporary differences	346	(507)
Income tax expense	<u>\$ 4,461</u>	<u>\$ 1,525</u>

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

	Years ended December 31,	
	2025	2024
Remeasurement of defined benefit obligations	<u>(\$ 431)</u>	<u>(\$ 664)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 4,964	\$ 3,178
Effect from items disallowed by tax regulation	1,001	(323)
Effect from temporary difference	(817)	(897)
Effect from tax credits of investment	(1,296)	(655)
Additional tax on undistributed earnings	417	27
Prior year income tax underestimation	192	195
Income tax expense	<u>\$ 4,461</u>	<u>\$ 1,525</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2025			
	January 1	Recognised	Recognised	December 31
		in profit or loss	in other	
		comprehensive income		
Deferred tax assets:				
–Temporary differences:				
Inventory retirement losses	\$ 814	\$ -	\$ -	\$ 814
Loss for market value decline and obsolete and slow-moving inventories	4,182	(564)	-	3,618
Unused compensated absences	1,336	(9)	-	1,327
Other	475	-	(431)	44
	<u>\$ 6,807</u>	<u>(\$ 573)</u>	<u>(\$ 431)</u>	<u>\$ 5,803</u>
Deferred tax liabilities:				
–Temporary differences:				
Currency temporary differences	(\$ 512)	\$ -	\$ -	(\$ 512)
Unrealised exchange gain	(413)	229	-	(184)
Other	(757)	(2)	-	(759)
	<u>(\$ 1,682)</u>	<u>\$ 227</u>	<u>\$ -</u>	<u>(\$ 1,455)</u>
	<u>\$ 5,125</u>	<u>(\$ 346)</u>	<u>(\$ 431)</u>	<u>\$ 4,348</u>
Year ended December 31, 2024				
	January 1	Recognised	Recognised	December 31
		in profit or loss	in other	
			comprehensive income	
Deferred tax assets:				
–Temporary differences:				
Inventory retirement losses	\$ 814	\$ -	\$ -	\$ 814
Loss for market value decline and obsolete and slow-moving inventories	3,822	360	-	4,182
Unused compensated absences	1,412	(76)	-	1,336
Other	1,139	-	(664)	475
	<u>\$ 7,187</u>	<u>\$ 284</u>	<u>(\$ 664)</u>	<u>\$ 6,807</u>
Deferred tax liabilities:				
–Temporary differences:				
Currency temporary differences	(\$ 512)	\$ -	\$ -	(\$ 512)
Unrealised exchange gain	(616)	203	-	(413)
Other	(777)	20	-	(757)
	<u>(\$ 1,905)</u>	<u>\$ 223</u>	<u>\$ -</u>	<u>(\$ 1,682)</u>
	<u>\$ 5,282</u>	<u>\$ 507</u>	<u>(\$ 664)</u>	<u>\$ 5,125</u>

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

(25) Earnings per share

	Year ended December 31, 2025		
	<u>Amount after tax</u>	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 20,360	83,086	\$ 0.25
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 20,360	83,086	
Employees' bonus	-	106	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 20,360	83,192	\$ 0.24

	Year ended December 31, 2024		
	<u>Amount after tax</u>	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 14,364	82,605	\$ 0.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 14,364	82,605	
Employees' bonus	-	76	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 14,364	82,681	\$ 0.17

(26) Changes in liabilities from financing activities

	Year ended December 31, 2025		
	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 71,520	\$ 3,491	\$ 75,011
Changes in cash flow from financing activities	(1,495)	(1,473)	(2,968)
Changes in other non-cash items	(2,224)	-	(2,224)
At December 31	<u>\$ 67,801</u>	<u>\$ 2,018</u>	<u>\$ 69,819</u>

	Year ended December 31, 2024		
	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 73,066	\$ 3,491	\$ 76,557
Changes in cash flow from financing activities	(1,546)	-	(1,546)
At December 31	<u>\$ 71,520</u>	<u>\$ 3,491</u>	<u>\$ 75,011</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Aidialink Corp.	Subsidiary

(2) Significant related party transactions

A. Other revenue:

	Years ended December 31,	
	2025	2024
Management consulting (shown as miscellaneous income) Aidialink Corp.	<u>\$ 540</u>	<u>\$ 540</u>
Rent income Aidialink Corp.	<u>\$ 1,008</u>	<u>\$ 1,008</u>

(3) Key management compensation

	Years ended December 31,	
	2025	2024
Salaries and other short-term employee benefits	<u>\$ 15,951</u>	<u>\$ 14,958</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Time deposits (shown as other non-current assets)	\$ <u>2,140</u>	\$ <u>2,140</u>	Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHER

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>36,366</u>	\$ <u>39,045</u>
Financial assets at amortised cost and receivables		
Cash and cash equivalents	\$ 314,811	\$ 302,536
Accounts receivable	25,825	20,369
Other receivables	311	304
Guarantee deposits paid	102	102
Other non-current assets	2,140	2,140
	\$ <u>343,189</u>	\$ <u>325,451</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 161	\$ 154
Accounts payable	9,444	4,335
Other accounts payable	19,386	22,821
Guarantee deposits received	2,018	3,491
	<u>\$ 31,009</u>	<u>\$ 30,801</u>
Lease liability	<u>\$ 67,801</u>	<u>\$ 71,520</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The management provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2025</u>					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
Degree of variation				Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 4,400	31.430	\$ 138,292	3%	\$ 4,149	\$ -
CNY:NTD	14	4.500	63	1%	1	-
HK:NTD	499	4.040	2,016	1%	20	-
<u>Investments accounted for using equity method</u>						
USD:NTD	\$ 3,654	31.430	\$ 114,851	3%	\$ -	\$ 3,446
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 166	31.430	\$ 5,217	3%	\$ 157	\$ -

December 31, 2024

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,212	32.790	\$ 72,531	1%	\$ 725	\$ -
CNY:NTD	14	4.480	63	1%	1	-
<u>Investments accounted for using equity method</u>						
USD:NTD	\$ 3,526	32.790	\$ 115,615	1%	\$ -	\$ 1,156
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 61	32.790	\$ 2,000	1%	\$ 20	\$ -

- ii. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to (\$1,449) and \$10,175, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, for the years ended December 31, 2025 and 2024, other components of equity would have increased/decreased by \$364 and \$390, respectively.
- (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independent rated parties with a minimum rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or

external rating in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- v. The Company used the forecast ability of Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2025 and 2024, the provision matrix, loss rate methodology is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2025</u>			
Expected loss rate	0.05%	4.10%~8.17%	
Total book value	\$ 24,462	\$ 1,879	\$ 26,341
Loss allowance	\$ 12	\$ 504	\$ 516
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2024</u>			
Expected loss rate	0.03%	4.10%~4.11%	
Total book value	\$ 18,026	\$ 2,959	\$ 20,985
Loss allowance	\$ 5	\$ 611	\$ 616

- vi. Movement in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
At January 1	\$ 616	\$ 751
Reversal of impairment loss	(100)	(135)
At December 31	<u>\$ 516</u>	<u>\$ 616</u>

According to the above method, the allowance loss on the accounts receivable as of December 31, 2025 and 2024, should be \$84 and \$125, respectively, which is not significantly different from the amount of allowance loss on the current account. For the years ended December 31, 2025 and 2024, there was no impairment loss arising from customers' contracts.

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management will be invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2025				
Lease liability	\$ 2,065	\$ 2,065	\$ 6,194	\$ 67,950
Other financial liabilities (shown as other non- current liabilities)	1,042	-	976	-

Non-derivative financial liabilities:	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2024				
Lease liability	\$ 2,148	\$ 2,148	\$ 6,444	\$ 72,115
Other financial liabilities (shown as other non- current liabilities)	2,515	-	976	-

(3) Fair value information

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

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

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

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

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

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

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 10,908	\$ 10,908
Limited partnership	-	-	25,458	25,458
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,366</u>	<u>\$ 36,366</u>

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 28,333	\$ 28,333
Limited partnership	-	-	10,712	10,712
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,045</u>	<u>\$ 39,045</u>

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

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging stocks</u>
Market quoted price	Closing price	Last transaction price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

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

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

	Years ended December 31,	
	2025	2024
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 39,045	\$ 38,527
Acquired in the period	-	2,000
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	(2,679)	(1,482)
At December 31	<u>\$ 36,366</u>	<u>\$ 39,045</u>

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

G. Finance department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments.

Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 25,458	Market comparable companies	Discount for lack of marketability	0.25	The higher the discount for lack of marketability, the lower the fair value
		Net asset value	Control premium	0.20	The higher the control premium, the higher the fair value
			Discount for lack of marketability	0.25	The higher the discount for lack of marketability, the lower the fair value
Limited partnership	10,908	Net asset value	Not applicable	-	Not applicable
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 28,333	Market comparable companies	Discount for lack of marketability	1.47	The higher the discount for lack of marketability, the lower the fair value
		Net asset value	Control premium	0.65	The higher the control premium, the higher the fair value
			Discount for lack of marketability	0.66	The higher the discount for lack of marketability, the lower the fair value
Limited partnership	10,712	Net asset value	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Mainland China investment information

- A. Basic information: None.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

Not applicable.

DAVICOM Semiconductor, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2025				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
The Company	Unitech Capital Inc.	—	Financial assets at fair value through profit or loss - non-current	1,000,000	\$ 25,045	2.00%	\$ 25,045	
The Company	Mesh Cooperative Ventures, Inc.	—	Financial assets at fair value through profit or loss - non-current	1,000,000	10,908	0.82%	10,908	
The Company	M2 COMMUNICATION INC.	—	Financial assets at fair value through profit or loss - non-current	250,000	413	2.47%	413	
Davicom Investment Inc.	Global Mobile Corp.	—	Financial assets at fair value through profit or loss - non-current	892,458	-	0.32%	-	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

DAVICOM Semiconductor, Inc.
Information on investees (not including investees in Mainland China)
December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
The Company	TSCC Inc.	Samoa	General investment	\$ 143,224	\$ 143,224	4,400,000	100.00%	\$ 114,851	\$ 3,983	\$ 3,983	-
The Company	Davicom Investment Inc.	Taiwan	General investment	222,000	222,000	21,200,000	100.00%	213,113	869	869	-
The Company	Medicom Corp.	Taiwan	Designing and manufacturing of IC	20,036	20,036	100,000	100.00%	603	(21)	(21)	-
The Company	Aidialink Corp.	Taiwan	Wireless communication machinery and equipment manufacturing industry	81,070	81,070	8,000,000	100.00%	65,059	(5,439)	(5,439)	-
TSCC Inc.	Jubilink Ltd.	British Virgin Islands	General investment	-	-	22,775,207	100.00%	-	-	-	-

DAVICOM SEMICONDUCTOR, INC.

CASH

DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 1

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Footnote</u>
Petty cash		\$ 110	
Cash in banks			
Checking accounts		2,302	
Demand deposits		5,131	
Foreign currency deposits	USD 1,594	50,100	Exchange rate 31.43
	CNY 14	62	Exchange rate 4.496
Time deposits		257,106	
		<u>\$ 314,811</u>	

DAVICOM SEMICONDUCTOR, INC.
ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 2

Client's name	Summary	Amount	Footnote
A		\$ 7,767	
C		6,273	
B		5,896	
E		2,044	
F		1,475	
K		1,383	
Others		<u>1,503</u>	The balance of each client is less than 5% of this account.
		26,341	
Less: Allowance for uncollectible accounts		(<u>516</u>)	
		<u>\$ 25,825</u>	

DAVICOM SEMICONDUCTOR, INC.

INVENTORIES

DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 3

Items	Summary	Amount		Footnote
		Cost	Value	
Work in process		\$ 13,866	\$ 10,936	The net realizable value of work in process and finished goods is the market price.
Finished goods		<u>44,824</u>	<u>38,398</u>	
		58,690	<u>\$ 49,334</u>	
Less: Allowance for valuation loss and obsolescence		(<u>18,091</u>)		
		<u>\$ 40,599</u>		

DAVICOM SEMICONDUCTOR, INC.
SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Detail List 4

Items	Quantity	Amount	Footnote
Sales revenue			
Network control chipset	3,708,314 PCS	\$ 167,736	
Electronic paper	36,396 PCS	746	
Video Decoder	87,164 PCS	4,814	
Data processor chipset	31 PCS	3,949	
		<u>\$ 177,245</u>	

DAVICOM SEMICONDUCTOR, INC.
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 5

Items	Amount
Cost of purchases	\$ -
Purchased in this period	28,643
Less: Engineering experiment requirements	(947)
Raw materials used in this period	27,696
Manufacturing expense	33,950
Manufacturing cost	61,646
Add: Beginning work in progress	15,392
Less: Ending work in progress	(13,866)
Cost of finished goods	63,172
Add: Beginning finished goods	22,794
Purchased in this period	50
Less: Ending finished goods	(44,824)
Engineering experiment requirements	(15)
Cost of goods sold	41,177
Loss from price recovery of inventory	(2,820)
Operating costs	<u>\$ 38,357</u>

DAVICOM SEMICONDUCTOR , INC.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 6

Item	Amount
Selling expenses	
Salary expenditure	\$ 11,706
Insurance expenses	1,158
Depreciation	983
Other expenses	4,431
Subtotal	<u>18,278</u>
General & administrative expenses	
Salary expenditure	28,584
Services expense	2,875
Depreciation	2,581
Other expenses	14,968
Subtotal	<u>49,008</u>
Research and development expenses	
Salary expenditure	46,311
Research and experiment expenses	4,516
Insurance expenses	4,153
Other expenses	12,011
Subtotal	<u>66,991</u>
Reversal of impairment loss	(100)
Total	<u>\$ 134,177</u>

DAVICOM SEMICONDUCTOR , INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 7

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 4,378	\$ 84,670	\$ 89,048	\$ 3,849	\$ 83,692	\$ 87,541
Labour and health insurance fees	430	7,028	7,458	410	7,281	7,691
Pension costs	203	3,730	3,933	200	4,091	4,291
Directors' remuneration	-	1,931	1,931	-	1,320	1,320
Other personnel expenses	196	3,022	3,218	203	3,302	3,505
Depreciation Expense	319	6,092	6,411	299	6,130	6,429
Amortisation Expense	1,206	199	1,405	617	220	837

Note:

1. As of December 31, 2025 and 2024, the number of employees of the Company was 65 and 68, respectively. The number of directors who were not employees were both 2.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) For the years ended December 31, 2025 and 2024, average employee benefits were \$1,645 and \$1,562, respectively.
 - (2) For the years ended December 31, 2025 and 2024, average employee salary were \$1,413 and \$1,326, respectively.
 - (3) The average employee salary increased by 7% year over year.

DAVICOM SEMICONDUCTOR , INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 7

3. Please disclose the Company's remuneration policy (including directors, individual directors, managerial officers and employees).

- (1) Directors and Independent Director's remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risk and time spent:
 - A. According to the standard of payment on attendance and transportation by board of directors, directors' remuneration were paid on normal level.
 - B. According to the Articles 28 of Incorporation of the Company, the Board of Directors is authorised to determine a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- (2) Managerial officers' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risk and time spent:
 - A. The total compensation paid to the executive officers is decided based on their job responsibility, contribution, and company performance. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.
 - B. According to the Articles 28 of Incorporation of the Company, the Board of Directors is authorised to determine a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- (3) Employees' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risk and time spent:
 - A. The compensation policy of employees have a positive correlation with contribution for company, personal performance, and operating performance. And the Company has control to future risk appropriately, so compensation policy was also related to future risks to a certain degree. Salary compensations were composed of three parts: basic wages, bonus and employee compensation, benefit. The payment standard for basic wages is based on company policy and market competition about his/her position. Bonus and employee compensation are based on company operating performance and targets completed by employees or departments. Employee benefits, prior to compliance with laws and regulations, are based on integrated needs of employees to create excellent benefits.

DAVICOM SEMICONDUCTOR , INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 7

- B. According to the Article 28 of the Company's Articles of Incorporation, the Board of Directors is authorised to determine a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- (4) The company has set up an audit committee, so there is no supervisors' remuneration.