

Princeton Technology Corp.
Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024
Together with Independent Auditors' Report

Independent Auditors' Report

The Board of Directors and Stockholders
Princeton Technology Corp.

Opinion

We have audited the accompanying parent company only financial statements of Princeton Technology Corp. (the Company), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of 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 Statements 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 Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Allowance for Inventory Valuation and Obsolescence Losses

The Company's inventories consist of wafers and integrated circuits. Due to the rapid technological changes and volatile market, the estimate of the realizable value of inventories and the identification of slow-moving inventories require significant management judgment. We believe that the allowance for inventory valuation and obsolescence losses is a Key Audit Matter item. Refer to Notes 4, 5&9.

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

1. Assessed the adequacy of inventory valuation policy adopted by the management.
2. Obtained the valuation report of inventories prepared by the management ; Selected samples to examine whether inventories are stated at the lower of cost or net realizable value and assessed the reasonableness of the management's assumption.
3. Obtained, tested and inspected the inventory aging report prepared by the management ; Observed physical inventory-taking to evaluate whether the allowance of inventories obsolescence losses was appropriate.

Other Matter

As shown in the accompanying parent company only financial statements, the Company had long-term investment in Microlink Communications Inc. accounted for under equity method based on financial

statements as of December 31, 2025 and 2024, which were audited by the other auditor. Our audit, insofar as it related to the investment accounted for under the equity method balances both to NT\$0 as of December 31, 2025 and 2024, the related share of the investment loss from the associates and joint ventures both amounted to NT\$0 for the years then ended, are based solely on the report of the other independent accountant.

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

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

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

Those charged with governance (including members of 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 parent company only 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 judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 auditors' 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 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 and appropriate audit evidence regarding the financial information of 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 group audit. We remain solely responsible for our audit opinion.

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

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

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

WU MENG TA

PAN JIN SHU

Crowe (TW) CPAs

March 6, 2026

Notice to Readers

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

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

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

Princeton Technology Corp.
Parent Company Only Balance Sheets
December 31, 2025 and 2024
(Expressed in Thousand New Taiwan Dollars)

Assets	Note	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	Note 6	\$ 94,514	5	\$ 184,491	9
Accounts receivable, net	Note 8	48,688	3	39,242	2
Accounts receivable, net- related parties	Notes 8&26	44,261	3	74,476	4
Other receivables	Notes 8&26	4,182	-	3,324	-
Current tax assets	Note 23	312	-	486	-
Inventories, net	Note 9	231,047	12	277,490	14
Prepayments		3,049	-	4,580	-
Other financial assets	Notes 6&27	27,414	1	27,053	1
Total current assets		<u>453,467</u>	<u>24</u>	<u>611,142</u>	<u>30</u>
Non-current assets					
Financial assets at fair value through other comprehensive income	Note 7	4,029	-	3,705	-
Investments accounted for under the equity method	Note 10	1,155,945	61	1,167,876	58
Property, plant and equipment	Notes 11&27	223,104	12	206,624	10
Deferred tax assets	Note 23	2,148	-	5,227	-
Net defined benefit assets	Note 15	8,951	-	-	-
Other noncurrent assets	Notes 12&28	45,482	3	44,024	2
Total non-current assets		<u>1,439,659</u>	<u>76</u>	<u>1,427,456</u>	<u>70</u>
Total assets		<u>\$ 1,893,126</u>	<u>100</u>	<u>\$ 2,038,598</u>	<u>100</u>
Liabilities and stockholders' equity					
Current liabilities					
Short-term loans	Notes 13&27	\$ 60,000	3	\$ -	-
Contract liability	Note 18	1,414	-	289	-
Accounts payable		73,652	4	56,499	3
Accounts payable - related parties	Note 26	1,817	-	439	-
Other payables	Note 14	59,579	3	62,277	3
Other current liabilities		176	-	367	-
Total current liabilities		<u>196,638</u>	<u>10</u>	<u>119,871</u>	<u>6</u>
Non-current liabilities					
Deferred tax liabilities		14,653	1	16,426	1
Net defined benefit liability	Note 15	-	-	2,835	-
Refundable deposits	Note 16	20,777	1	32,507	2
Total non-current liabilities		<u>35,430</u>	<u>2</u>	<u>51,768</u>	<u>3</u>
Total liabilities		<u>232,068</u>	<u>12</u>	<u>171,639</u>	<u>9</u>
Equity attributable to the parent company					
Capital	Note 17	1,809,437	96	1,809,437	88
Additional paid-in capital	Note 17	73,923	4	73,923	3
Retained earnings	Note 17				
Legal reserve		118,086	6	118,086	6
Special capital reserve		5,957	-	45,891	2
Accumulated losses		(327,739)	(17)	(174,421)	(8)
Total retained earnings		<u>(203,696)</u>	<u>(11)</u>	<u>(10,444)</u>	<u>-</u>
Other components of equity	Note 17	(18,606)	(1)	(5,957)	-
Total equity		<u>1,661,058</u>	<u>88</u>	<u>1,866,959</u>	<u>91</u>
Total liabilities and equity		<u>\$ 1,893,126</u>	<u>100</u>	<u>\$ 2,038,598</u>	<u>100</u>

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

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

Princeton Technology Corp.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2025 & 2024

(Expressed in Thousand New Taiwan Dollars, Except for Earnings Per Share Amounts)

	Note	2025		2024	
		Amount	%	Amount	%
Net sales	Notes 18&26	\$ 655,876	100	\$ 631,460	100
Cost of goods sold	Notes 9.15&19	(456,428)	(70)	(455,626)	(72)
Gross profit		199,448	30	175,834	28
Unrealized profit from sales		(865)	-	(2,594)	-
Realized profit from sales		2,594	-	2,498	-
Gross profit from operations		201,177	30	175,738	28
Operating expenses	Notes 15.19&26				
Marketing		(20,205)	(3)	(17,821)	(3)
General and administrative		(122,159)	(18)	(93,884)	(15)
Research and development		(259,193)	(39)	(269,083)	(43)
Total operating expenses		(401,557)	(60)	(380,788)	(61)
Operating loss		(200,380)	(30)	(205,050)	(33)
Non-operating income and expenses					
Interest income	Note 20	988	-	2,464	-
Other gain and loss	Notes 21&26	773	-	43,514	7
Finance costs	Note 22	(663)	-	(16)	-
Share of loss of associates and joint ventures	Note 10	7,828	1	(21,240)	(3)
Subtotal		8,926	1	24,722	4
Loss from continuing operations before income tax		(191,454)	(29)	(180,328)	(29)
Income tax expense	Note 23	(6,295)	(1)	(1,201)	-
Net loss		(197,749)	(30)	(181,529)	(29)
Other comprehensive income and loss					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 15	9,890	1	7,559	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	Note 17	1,726	-	(645)	-
Share of other comprehensive gain (loss) of subsidiaries and associates		416	-	(2,298)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss	Note 23	(1,978)	-	(1,512)	-
Subtotal		10,054	1	3,104	1
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	Note 17	(18,489)	(2)	53,507	9
Share of other comprehensive income of subsidiaries and associates		-	-	71	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss	Notes 17&23	3,698	-	(10,701)	(2)
Subtotal		(14,791)	(2)	42,877	7
Total other comprehensive income, net of tax		(4,737)	(1)	45,981	8
Total comprehensive income		\$ (202,486)	(31)	\$ (135,548)	(21)
Earnings per share	Note 24				
Basic earnings per share		\$ (1.09)		\$ (1.00)	
Diluted earnings per share		\$ (1.09)		\$ (1.00)	

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

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

Princeton Technology Corp.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2025 & 2024

(Expressed in Thousand New Taiwan Dollars)

	Additional paid-in capital					Retained earnings			Other components of equity			Total Equity
	Common Stock	Premiums	Recognize changes in subsidiaries' ownership	Share of changes in equities of associates and joint venture	Employee stock options	Legal reserve	Special reserve	Unappropriated earnings (Accumulated losses)	Exchange differences arising on translation of foreign operations	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		
Balance as of January 1, 2024	\$ 1,809,437	\$ 1,102	\$ 39	\$ 68,190	\$ 4,592	\$ 112,070	37,193	\$ 61,011	\$ (9,122)	\$ (36,769)	\$ 2,047,743	
Appropriations of 2023 earnings												
Legal reserve	-	-	-	-	-	6,016	-	(6,016)	-	-	-	
Special reserve	-	-	-	-	-	-	8,698	(8,698)	-	-	-	
Cash dividends to shareholders	-	-	-	-	-	-	-	(45,236)	-	-	(45,236)	
Net loss for the year ended December 31, 2024	-	-	-	-	-	-	-	(181,529)	-	-	(181,529)	
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	-	6,047	42,877	(2,943)	45,981	
Total comprehensive income	-	-	-	-	-	-	-	(175,482)	42,877	(2,943)	(135,548)	
Balance as of December 31, 2024	1,809,437	1,102	39	68,190	4,592	118,086	45,891	(174,421)	33,755	(39,712)	1,866,959	
Appropriations of 2024 earnings												
Reversal of special reserve	-	-	-	-	-	-	(39,934)	39,934	-	-	-	
Net loss for the year ended December 31, 2025	-	-	-	-	-	-	-	(197,749)	-	-	(197,749)	
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	-	-	7,912	(14,791)	2,142	(4,737)	
Total comprehensive income	-	-	-	-	-	-	-	(189,837)	(14,791)	2,142	(202,486)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	(3,415)	-	-	(3,415)	
Balance as of December 31, 2025	\$ 1,809,437	\$ 1,102	\$ 39	\$ 68,190	\$ 4,592	\$ 118,086	\$ 5,957	\$ (327,739)	\$ 18,964	\$ (37,570)	\$ 1,661,058	

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

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

Princeton Technology Corp.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2025 & 2024

(Expressed in Thousand New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net loss before tax	\$ (191,454)	\$ (180,328)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	38,142	29,157
Finance costs	663	16
Interest income	(988)	(2,464)
Share of (gain) loss of associates and joint ventures	(7,828)	21,240
Unrealized profit from sales	865	2,594
Realized profit from sales	(2,594)	(2,498)
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Accounts receivable	(9,446)	122,039
Accounts receivable- related parties	30,215	(25,869)
Other receivables	(857)	1,471
Inventories	46,443	64,224
Prepayments	1,531	768
Other financial asset	(361)	(25,022)
Increase (decrease) in :		
Contract liability	1,125	(2,249)
Accounts payable	17,153	(5,210)
Accounts payable- related parties	1,378	(1,220)
Other payables	(670)	(5,798)
Other current liabilities	(191)	226
Net defined benefit liabilities	<u>(1,896)</u>	<u>(1,872)</u>
Cash used in operations	(78,770)	(10,795)
Interest received	987	2,434
Interest paid	(612)	(16)
Dividend paid	—	(45,236)
Income tax paid	<u>(3,095)</u>	<u>(48)</u>
Net cash used in operating activities	<u>(81,490)</u>	<u>(53,661)</u>

(Continued)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Capital reduction and withdrawal of shares of financial assets at fair value through other comprehensive income	1,402	—
Acquisition of property, plant and equipment	(59,917)	(27,795)
Decrease in other noncurrent assets	1,758	124,890
Dividend received	—	6,987
Net cash (used in) provided by investing activities	<u>(56,757)</u>	<u>104,082</u>
Cash flows from financing activities		
Increase in short-term loans	60,000	—
Increase in guarantee deposits received	—	2,059
Decrease in guarantee deposits received	(11,730)	—
Net cash provided by financing activities	<u>48,270</u>	<u>2,059</u>
Net (decrease) increase in cash and cash equivalents	(89,977)	52,480
Cash and cash equivalents at beginning of period	<u>184,491</u>	<u>132,011</u>
Cash and cash equivalents at end of period	<u>\$ 94,514</u>	<u>\$ 184,491</u>

(Concluded)

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

English Translation of Financial Statements Originally Issued in Chinese
Princeton Technology Corp.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2025 & 2024
(Expressed in Thousand New Taiwan Dollars, unless otherwise specified)

1. Company establishment

Princeton Technology Corp. (PTC) was established in May 1986. It specializes in the development, design, testing and sales of high quality, high value-added consumer integrated circuits (ICs). PTC's common shares were publicly listed on the Gre Tai Securities Market (GTSM) in December, 2001.

2. Date and procedures of authorization of financial statements for issue

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 6, 2026.

3. Newly issued or revised standards and interpretations

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 21 "Lack of Exchangeability"	January 1, 2025
The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company accounting policies.	

b. Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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
Amendments 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
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"—the amendments are described as follows:	

- The amendments clarify and add further guidance on assessing whether financial assets meet the solely payments of principal and interest (SPPI) criteria, including the scope of contract terms that modify cash flows based on contingent events (e.g., interest rates linked to environmental, social, and governance (ESG) goals), instruments with nonrecourse features, and contract-linked instruments.
- The amendments add that instruments with contract terms that can change cash flows (e.g., some instruments with features related to ESG goals) should disclose qualitative descriptions of the contingent nature of such terms; quantitative information about the range

of possible changes in contractual cash flows resulting from such terms; and the gross carrying amount of financial assets and the amortized cost of financial liabilities under such terms.

- The amendments clarify the dates of recognition and derecognition of certain financial assets and liabilities, adding that when using an electronic payment system to settle a financial liability (or part of a financial liability) in cash, an entity is permitted to consider the liability as discharged before the settlement date only when the entity has initiated a payment instruction that results in the following circumstances:
 - (a)The entity does not have the ability to revoke, stop, or cancel the payment instruction.
 - (b)The entity, as a result of the payment instruction, does not have the practical ability to access the cash that will be used for settlement.
 - (c)The settlement risk associated with the electronic payment system is not significant.
- The amendments update that equity instruments designated at fair value through other comprehensive income (FVTOCI) by an irrevocable choice should disclose their fair value by category, rather than by each individual asset. Additionally, they should disclose the fair value gains and losses recognized in other comprehensive income during the reporting period, separately showing the fair value gains and losses related to investments derecognized during the reporting period, and the fair value gains and losses related to investments still held at the end of the reporting period. They should also disclose the cumulative gains and losses transferred to equity from derecognized investments during the reporting period.

As of the date the accompanying consolidated financial statements were issued, the above amended standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

c.The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027(Note)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note: In its press release on September 25, 2025, the Financial Supervisory Commission announced that publicly listed companies will be required to apply IFRS 18 starting in 2028; additionally, if companies wish to apply IFRS 18 early, they may choose to do so after IFRS 18 has been approved by FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements”

- IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1, updates the structure of the statement of comprehensive income, introduces disclosures for management performance measures, and enhances the principles of aggregation and disaggregation applied in the primary financial statements and notes.

As of the date the accompanying consolidated financial statements were issued, the Company continue to evaluate the impact of the above amended standards and interpretations on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of significant accounting policies

Significant accounting policies are summarized as follows:

Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, as explained in the accounting policies below.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the parent company only financial statements, there are no differences of the accounting treatment between the parent company only basis and the consolidated basis.

Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation or a partial disposal of a subsidiary that includes a foreign operation that result in a loss of significant influence of joint control, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

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

includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash or cash equivalent, sold or consumed within 12 months from the end of the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the end of the reporting period.

Current liabilities are obligations incurred for trading purposes, obligations expected to be settled within 12 months from the end of the reporting periods and obligations for which the Company does not have the substantial right at the end of the reporting period to defer settlement of the liabilities for at least 12 months after the reporting period.

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

Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and 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 (including the original maturity of the time deposits within three months).

Financial Instruments

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

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

Financial Assets

A. Category of financial assets and measurement

Financial assets are classified into the following categories:

a. Investments in equity instruments at FVTOCI

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

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

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

b. Financial assets at amortized cost

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

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

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

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable), investments in debt instrument that are measured at FVTOCI as well as contract assets.

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

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

C. Derecognition of financial assets

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

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

Equity Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

If the Company reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

A. Subsequent measurement

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

B. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Inventories

Inventories consist of raw materials, work in process, finished goods and merchandise. Inventories are stated at actual purchase costs and the weight-average method is applied in computing the cost of inventories.

Inventories are valued at the lower of cost or net realizable value item by item. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries and associates.

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company continues recognizing its share of further losses.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Profits or losses resulting from downstream transactions are eliminated in full only in the

parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The operating results and assets and liabilities of associates are incorporated in these parent company only financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the parent company only statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognized the changes in the share of equity of associates.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, The Company accounts for all amounts

previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent that interests in the associate are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

A. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate

cannot be readily determined, the Company uses the lessee's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in the amounts expected to be payable under a residual value guarantee, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

B. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

Intangible Assets

A. Intangible assets acquired separately

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

B. Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria mentioned above.

The subsequent measurement of such intangible asset is stated at cost less any accumulated amortization and accumulated impairment losses.

C. Derecognition of intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized 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 and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of reporting period, which is discounted using a pre-tax discount

rate that reflect the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of a qualified assets, is capitalized as part of the cost of the assets until substantially all necessary activities to reach the intended use or status for sale of the assets have been completed.

To the extent that the Company borrows funds specially for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except for the aforementioned, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

Retirement Benefits

Short-term employee benefits

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

Retirement benefits

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

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

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

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Other long-term employee benefits

Employees' and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation 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.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Revenue Recognition

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

The Company transfer a promised good or service to a customer and the date the customer

pays for that good or service is one year or less, the Company do not adjust the promised amount of consideration for any effect of a significant financing component.

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company are consumer integrated circuits (ICS) and revenue is recognized based on the consideration stated in the contract.

The Company does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

The Company guarantee that merchandise could work smoothly as expected and such transactions are recognized in accordance with IAS37.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract. However, for some contracts, part of the consideration was received from customers before transferring the goods, then the Company has the obligation to transfer the goods subsequently and it should be recognized as contract liabilities.

Rendering of services

The Company provides IC design services. Revenues are recognized based on the stage of completion of the contracts.

The contractual considerations of the Company are received in accordance with the payment schedule set by the contracts. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Taxation

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

Current tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Income tax on unappropriated earnings is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all

deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Current and deferred tax for the year

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

5. Critical accounting judgments and key sources of estimation and uncertainty

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

The main sources of significant accounting judgments, estimates and assumptions are as follows:

Impairment of tangible and intangible assets other than goodwill

The Company measures the useful life of individual assets and the probable future economic benefits in a specific asset group, which depends on subjective judgment, asset characteristics and industry, during the impairment testing process. Any change in accounting estimates due to economic circumstances and business strategies might cause material impairment in the future.

Allowance for inventory valuation and obsolescence losses

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a significant effect on the estimation of net realizable value.

Fair value measurements and valuation processes

If some of the Company's assets and liabilities measured at fair value have no quoted prices in active markets, the Company determine the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers based on managements' judgement and related regulations.

Where Level 1 inputs are not available, the Company would determine appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

For information about the valuation techniques and inputs used in determining the fair value of various investments.

6. Cash and cash equivalents

	<u>December 31,2025</u>	<u>December 31,2024</u>
Cash on hand	\$ 363	\$ 356
Checking and savings accounts	94,151	184,135
	<u>\$ 94,514</u>	<u>\$ 184,491</u>

As of December 31, 2025 and 2024, the pledged certificates of bank deposits have been reclassified to other financial assets. Refer to Note 27.

7. Financial assets at FVTOCI

a. The details of financial assets at FVTOCI are as follows:

	<u>December 31,2025</u>	<u>December 31,2024</u>
<u>Financial assets at FVTOCI, non-current</u>		
Investment in equity instruments		
Non-publicly traded stocks	\$ 4,029	\$ 3,750

b. These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

c. On May, 2025, the shareholder's meeting of Innorich Venture Capital Corp., the investee of the Company, resolved to reduce the capital and refund shares in cash. The Company received the refund of share capital in November 2025.

d. The above financial assets at FVTOCI were all not pledged.

8. Notes and accounts receivable, net and other receivable

	<u>December 31,2025</u>	<u>December 31,2024</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 95,008	\$ 115,777
Less: allowance for doubtful accounts	(2,059)	(2,059)
	<u>\$ 92,949</u>	<u>\$ 113,718</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 4,182	\$ 3,324
Less: allowance for doubtful accounts	—	—
	<u>\$ 4,182</u>	<u>\$ 3,324</u>

a. The Company applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for all trade receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial positions, as well as the forward-looking indicators such as macroeconomic business indicator. The Company estimates expected credit losses based on the number of days for which receivables are past due. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status is not further distinguished according to the Company's different customer base.

b. The following table details the loss allowance of accounts receivable and other receivables.

	December 31, 2025					Total
	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	
Gross carrying amount	\$ 97,131	\$ —	\$ —	\$ —	\$ 2,059	\$ 99,190
Estimates expected credit loss rate	0%	0%	0%	0%	100%	
Loss allowance (Lifetime ECL)	—	—	—	—	(2,059)	(2,059)
Amortized cost	<u>\$ 97,131</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 97,131</u>
	December 31, 2024					Total
	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	
Gross carrying amount	\$ 117,042	\$ —	\$ —	\$ —	\$ 2,059	\$ 119,101
Estimates expected credit loss rate	0%	0%	0%	0%	100%	
Loss allowance (Lifetime ECL)	—	—	—	—	(2,059)	(2,059)
Amortized cost	<u>\$ 117,042</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 117,042</u>

The movements of the allowance for doubtful accounts and other receivables

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 2,059	\$ 2,059
Effect of exchange rate changes	—	—
Balance, end of year	<u>\$ 2,059</u>	<u>\$ 2,059</u>

c. The above notes and accounts receivable, net and other receivables were all not pledged.

9. Inventories, net

	December 31, 2025	December 31, 2024
Merchandises	\$ 4,178	\$ 2,764
Finished goods	36,608	29,144
Work in progress	111,935	134,096
Raw materials	78,326	111,486
	<u>\$ 231,047</u>	<u>\$ 277,490</u>

a. The cost of goods sold of the Company consisted of the following:

	2025	2024
Selling cost of inventories	\$ 450,900	\$ 438,826
Loss on decline in value of inventory	5,592	16,931
Others	(64)	(131)
	<u>\$ 456,428</u>	<u>\$ 455,626</u>

b. The above inventories, net were all not pledged.

10. Investments accounted for under the equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment in subsidiaries	\$ 1,143,841	\$ 1,153,586
Investments in associates	<u>12,104</u>	<u>14,290</u>
	<u>\$ 1,155,945</u>	<u>\$ 1,167,876</u>

a. Investment in subsidiaries

<u>Name of Subsidiaries</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying value</u>	<u>%</u>	<u>Carrying value</u>	<u>%</u>
Princeton Silicon Ltd.	\$ 951,852	100.00%	\$ 963,986	100.00%
Princeton Capital Corp.	<u>191,989</u>	<u>100.00%</u>	<u>189,600</u>	<u>100.00%</u>
	<u>\$ 1,143,841</u>		<u>\$ 1,153,586</u>	

Refer to the consolidated financial statements as of December 31, 2025, for the details of the subsidiaries of the Company.

b. Investments in associates

<u>Name of Associate</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying value</u>	<u>%</u>	<u>Carrying value</u>	<u>%</u>
Associates are not individually material				
Foresight Energy Technology Co., Ltd.	\$ 12,104	2.59%	\$ 13,840	2.59%
Morelink Technology Corporation	—	7.87%	450	7.87%
Microlink Communications Inc.	<u>—</u>	<u>25.00%</u>	<u>—</u>	<u>25.00%</u>
	<u>\$ 12,104</u>		<u>\$ 14,290</u>	

(a) Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.

(b) As of December 31, 2025, the Company's equity in Foresight Energy Technology Co., Ltd. and Morelink Technology Corporation were 8.80% and 7.87%, respectively. The Company held less than 20% of Foresight Energy Technology Co., Ltd. and Morelink Technology Corporation's stock with voting rights, but has significant influence over this investee and accounted for the investment by equity method.

(c) The stockholders' equity of Morelink Technology Corporation and Microlink Communications Inc. had become negative, and the Company didn't intend to continue its support for the investee company. The Company recognized investment loss that make the carrying amount of long-term investment equal to zero.

Unrecognized investment loss of Morelink Technology Corporation and Microlink Communications Inc. was summarized as follows:

	<u>2025</u>	<u>2024</u>
Unrecognized investment loss:		
Current year amount	<u>\$ 2,476</u>	<u>\$ 1,635</u>
Accumulated amount	<u>\$ 29,548</u>	<u>\$ 27,763</u>

(c) Financial information of the Company's associates was summarized as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total assets	<u>\$ 955,495</u>	<u>\$ 813,055</u>
Total liabilities	<u>\$ 629,323</u>	<u>\$ 387,608</u>

	<u>2025</u>	<u>2024</u>
Net revenue	\$ 241,971	\$ 191,176
Net loss	\$ (101,574)	\$ (177,283)
The Company's share of other comprehensive income of associates	\$ (2)	\$ 812

(d)The investment gain (loss) for the years ended December 31, 2025 and 2024 were based on the investees' financial statements audited by the auditors for the same years.

c.All the investments accounted for under equity method were not pledged.

11. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Furniture</u>	<u>Other equipment</u>	<u>Subtotal</u>
Cost :							
January 1,2025	\$ 133,228	\$ 119,461	\$ 980	\$ —	\$ 3,684	\$ 33,596	\$ 290,949
Addition	—	—	90	3,430	602	50,500	54,622
Disposals	—	—	(980)	—	(436)	(24,768)	(26,184)
December 31,2025	<u>\$ 133,228</u>	<u>\$ 119,461</u>	<u>\$ 90</u>	<u>\$ 3,430</u>	<u>\$ 3,850</u>	<u>\$ 59,328</u>	<u>\$ 319,387</u>
January 1,2024	\$ 133,228	\$ 119,461	\$ 1,580	\$ 3,805	\$ 3,516	\$ 28,084	\$ 289,674
Addition	—	—	—	—	168	29,706	29,874
Disposals	—	—	(600)	(3,805)	—	(24,194)	(28,599)
December 31,2024	<u>\$ 133,228</u>	<u>\$ 119,461</u>	<u>\$ 980</u>	<u>\$ —</u>	<u>\$ 3,684</u>	<u>\$ 33,596</u>	<u>\$ 290,949</u>
Accumulated depreciation :							
January 1,2025	\$ 6,201	\$ 61,659	\$ 949	\$ —	\$ 2,014	\$ 13,502	\$ 84,325
Addition	—	3,671	36	524	896	33,015	38,142
Disposals	—	—	(980)	—	(436)	(24,768)	(26,184)
December 31,2025	<u>\$ 6,201</u>	<u>\$ 65,330</u>	<u>\$ 5</u>	<u>\$ 524</u>	<u>\$ 2,474</u>	<u>\$ 21,749</u>	<u>\$ 96,283</u>
January 1,2024	\$ 6,201	\$ 57,988	\$ 1,389	\$ 3,752	\$ 1,116	\$ 13,321	\$ 83,767
Addition	—	3,671	160	53	898	24,375	29,157
Disposals	—	—	(600)	(3,805)	—	(24,194)	(28,599)
December 31,2024	<u>\$ 6,201</u>	<u>\$ 61,659</u>	<u>\$ 949</u>	<u>\$ —</u>	<u>\$ 2,014</u>	<u>\$ 13,502</u>	<u>\$ 84,325</u>

a.Depreciation is computed by the average method over these estimated service life to reflect estimated salvage value :

Buildings	10~55 years
Machinery and equipment	2~3 years
Transportation equipment	5 years
Furniture	1~3 years
Other equipment	1~3 years

b.All the property, plant and equipment were pledged. Refer to Notes 13 & 27.

12. Other noncurrent assets

	<u>December 31,2025</u>	<u>December 31,2024</u>
Capacity guarantee	\$ 40,667	\$ 42,425
Balance prepaid-machinery and equipment	3,216	—
Rental deposit	156	156
Others	1,443	1,443
	<u>\$ 45,482</u>	<u>\$ 44,024</u>

In order to ensure steady capacity, the Company entered into some capacity reservation contracts with suppliers and paid for the purchases over the long-term prepayments in order to ensure fulfillment to the contract. The long-term prepayment will be refunded when terms and conditions set forth in the contract have been satisfied.

13. Short-term loans

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured loans		
Bank loans	\$ 60,000	\$ —
Range of interest rate	1.998%	—

a. The details of assets pledged as collateral for short-term loans are set in Notes 11 & 27.

b. Unused credit line as of December 31, 2025 and 2024, were amounted to NT\$140,000 thousand and NT\$0 thousand, respectively.

14. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and wages payable	\$ 44,316	\$ 40,790
Service payable	4,342	7,279
Balance payable-machinery and equipment	—	2,079
Others	10,921	12,129
	<u>\$ 59,579</u>	<u>\$ 62,277</u>

15. Retirement benefit plans

a. Defined contribution plans

The pension mechanism under the Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, the Company have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Pursuant to the aforementioned Act and local regulations, the Company recognized expenses of NT\$11,012 thousand and NT\$10,731 thousand in the parent company only statements of comprehensive income for the years ended December 31, 2025 and 2024, respectively. The net pension cost under the Labor Pension Act amounted to NT\$2,140 thousand and NT\$2,147 thousand were not paid as of December 31, 2025 and 2024, respectively.

b. Defined benefit plans

The Company have defined benefit plans under the Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The Company contribute an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The amounts arising from the defined benefit obligation of the Company in the parent company only balance sheets were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	\$ 53,077	\$ 71,016
Fair value of plan assets	<u>(62,028)</u>	<u>(68,181)</u>
Net defined benefit (asset) liability	<u>\$ (8,951)</u>	<u>\$ 2,835</u>

Movements in the present value of the defined benefit obligation were as follows:

	<u>2025</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2025	\$ 71,016	\$ (68,181)	\$ 2,835
Service cost			
Current service cost	95	—	95
Interest expense (income)	<u>1,118</u>	<u>(1,091)</u>	<u>27</u>
Recognized in profit or loss	<u>1,213</u>	<u>(1,091)</u>	<u>122</u>
Remeasurement			
Return on plan assets	—	(4,558)	(4,558)
Actuarial (gain) loss			
Changes in demographic assumptions	1	—	1
Changes in financial assumptions	1,055	—	1,055
Experience adjustments	<u>(6,388)</u>	<u>—</u>	<u>(6,388)</u>
Recognized in other comprehensive income	<u>(5,332)</u>	<u>(4,558)</u>	<u>(9,890)</u>
Contributions by plan participants	—	(2,018)	(2,018)
Benefits paid	<u>(13,820)</u>	<u>13,820</u>	<u>—</u>
December 31, 2025	<u>\$ 53,077</u>	<u>\$ (62,028)</u>	<u>\$ (8,951)</u>
	<u>2024</u>		
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2024	\$ 72,329	\$ (60,063)	\$ 12,266
Service cost			
Current service cost	95	—	95
Interest expense (income)	<u>856</u>	<u>(722)</u>	<u>134</u>
Recognized in profit or loss	<u>951</u>	<u>(722)</u>	<u>229</u>
Remeasurement			
Return on plan assets	—	(5,295)	(5,295)
Actuarial (gain) loss			
Changes in demographic assumptions	7	—	7
Changes in financial assumptions	(1,928)	—	(1,928)
Experience adjustments	<u>(343)</u>	<u>—</u>	<u>(343)</u>
Recognized in other comprehensive income	<u>(2,264)</u>	<u>(5,295)</u>	<u>(7,559)</u>
Contributions by plan participants	—	(2,101)	(2,101)
December 31, 2024	<u>\$ 71,016</u>	<u>\$ (68,181)</u>	<u>\$ 2,835</u>

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 3	\$ 9
Marketing expenses	8	19
General and administrative expenses	53	83
Research and development expenses	<u>58</u>	<u>118</u>
	<u>\$ 122</u>	<u>\$ 229</u>

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

- (a) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- (b) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- (c) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	<u>Measurement Date</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	<u>1.30%</u>	<u>1.90%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>
The weighted average duration of the defined benefit obligation	6 years.	6 years.

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

	<u>Measurement Date</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	<u>\$ (882)</u>	<u>\$ (1,164)</u>
0.25% decrease	<u>\$ 908</u>	<u>\$ 1,196</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 899</u>	<u>\$ 1,188</u>
0.25% decrease	<u>\$ (878)</u>	<u>\$ (1,162)</u>

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the parent company only balance sheets.

The Company expects to make contributions of NT\$1,895 thousand to the defined benefit plans in the next year starting from December 31, 2025.

16. Guarantee deposits

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Capacity guarantee	\$ 20,777	\$ 32,507

Capacity guarantee deposit mainly consisted of cash received under deposit agreements with customers to ensure they have access to the Company's specified capacity. Guarantee deposits will be refunded to customers when terms and conditions set forth in the deposit agreements have been satisfied.

17. Equity

a. Capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized shares (thousand shares)	250,000	250,000
Authorized	\$ 2,500,000	\$ 2,500,000
Issued and paid capital shares (thousand shares)	180,943.7	180,943.7
Issued	\$ 1,809,437	\$ 1,809,437

As of December 31, 2025 and 2024, the authorized capital shares are 250,000 thousand shares, with par value of \$10 per share entitled the right to vote and to receive dividends.

b. Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)</u>		
Premiums	\$ 1,102	\$ 1,102
<u>May be used to offset a deficit only (b)</u>		
Recognize changes in subsidiaries' ownership	39	39
Share of changes in equities of associates and joint venture	68,190	68,190
<u>May not be used for any purpose</u>		
Employee stock options	4,592	4,592
	<u>\$ 73,923</u>	<u>\$ 73,923</u>

(a) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

(b) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

According to the retained earnings distribution policy in the Incorporation of the Company, if

the Company has earning upon settlement for a fiscal year, after taxes are paid by law and accumulated deficits are set off, ten percent shall be appropriated as legal earning reserves; however, if the amount of the legal earning reserves has attained the amount of paid-in capital of the Company, no further appropriation shall be made. The remainder shall be appropriated or reversed as special earning reserves. If there still has balance, considering together with accumulated undistributed earnings, the Board of Directors shall prepare the proposal for earning distribution, which shall be submitted to the stockholders' meeting for a resolution of distribution of dividends and bonuses to stockholders.

According the amended Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of stockholders; provided. However, the amount of proposed earning distribution of current year may not be less than 50% of accumulated distributable earnings. In distributing dividends and bonuses to stockholders, the distribution may be made by stocks or cash, of which cash dividends may not be less than 50% of total amount of dividends.

The Company no longer has supervisors since June 13, 2008. The required duties of supervisors are being fulfilled by the Audit Committee.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain/loss from available-for-sale financial assets, gain/loss from changes in fair value of hedging instruments in cash flow hedges, etc. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The resolution of 2024 deficit compensation had been proposed by the Board of Directors on February 27, 2025. The Company didn't appropriate dividend, besides reverse special reserve NT\$39,934 thousand.

The Company still had accumulated deficit to be offset as of December 31, 2025, therefore the Company didn't disclosure information about dividend per share.

Information about the bonus to employees and remuneration to directors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

d. Others

(a) Foreign Currency Translation Reserve

	2025	2024
Balance, beginning of year	\$ 33,755	\$ (9,122)
Foreign currency translation reserve	(18,489)	53,507
Share of other comprehensive loss of subsidiaries and associates	—	71
Income tax effect	3,698	(10,701)
Balance, end of year	<u>\$ 18,964</u>	<u>\$ 33,755</u>

The exchange differences arising from the translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. When those foreign operation's net assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

(b) Changes in Unrealized gain (loss) on financial assets at FVTOCI

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ (39,712)	\$ (36,769)
Changes in unrealized loss on financial assets at FVTOCI	1,726	(645)
Share of other comprehensive gain (loss) of subsidiaries and associates	<u>416</u>	<u>(2,298)</u>
Balance, end of year	<u>\$ (37,570)</u>	<u>\$ (39,712)</u>

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

18. Revenue

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Net revenue from sale of goods	\$ 652,322	\$ 623,794
Net revenue from rendering of services	<u>3,554</u>	<u>7,666</u>
	<u>\$ 655,876</u>	<u>\$ 631,460</u>

Relevant information of revenue from contracts with customers for the years ended December 31, 2025 and 2024 are as follows:

a. Disaggregation of revenue

The revenue of the Company could be breakdown by major products and geographical locations, the related information was refer to Note 35. The disaggregation of revenue recognition point is as follows:

	<u>2025</u>	<u>2024</u>
Revenue recognition point:		
At a point in time	\$ 652,322	\$ 623,794
Satisfies the performance obligation over time	<u>3,554</u>	<u>7,666</u>
	<u>\$ 655,876</u>	<u>\$ 631,460</u>

b. Contract balances

	<u>2025</u>	<u>2024</u>
Contract liabilities - current		
Sales of goods	<u>\$ 1,414</u>	<u>\$ 289</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized revenue from the beginning balance of contract liability, which amounted to NT\$287 thousand and NT\$2,387 thousand for the years ended December 31, 2025 and 2024, respectively.

c. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2025 and 2024, there is no need to provide relevant information of the unsatisfied performance obligations as the contracts with customers about the sales of goods are all lower than one year.

d. Assets recognized from costs to fulfil a contract: None.

19. Additional information of expenses by nature

	2025			2024		
	As cost of goods sold	As operating expenses	Total	As cost of goods sold	As operating expenses	Total
Employment expenses						
Salaries	\$ 4,216	\$ 222,411	\$ 226,627	\$ 5,059	\$ 199,846	\$ 204,905
Insurance	564	19,174	19,738	683	18,319	19,002
Pension						
Defined contribution plans	236	10,776	11,012	294	10,437	10,731
Defined benefit plans	3	119	122	9	220	229
Remuneration of directors	—	750	750	—	1,253	1,253
Others	338	7,975	8,313	429	7,451	7,880
	<u>\$ 5,357</u>	<u>\$ 261,205</u>	<u>\$ 266,562</u>	<u>\$ 6,474</u>	<u>\$ 237,526</u>	<u>\$ 244,000</u>
Depreciation expenses	<u>\$ 541</u>	<u>\$ 37,601</u>	<u>\$ 38,142</u>	<u>\$ 685</u>	<u>\$ 28,472</u>	<u>\$ 29,157</u>

In accordance with to the R.O.C. Company Act and the articles of incorporation of the Company, the Company shall allocate 5%~20% of profit as employees' profit sharing bonus and no more 1.5% of profit as directors' compensation for each profitable fiscal year. However, the Company's accumulated losses shall be reserved. The employees' profit sharing bonus under the preceding paragraph will be entitled to receive shares or cash. The employees of the PTC's subsidiaries who fulfill specific requirements finalized by the Board of Directors may be granted such bonus. The appropriations of profit sharing bonus to employees and compensation to directors shall be submitted to the stockholders' meeting. The Company loss of profit for the years ended December 31, 2025 and 2024, therefore the Company didn't accrue any compensation expenses.

Information about the profit sharing bonus to employees and compensation to directors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

20. Other income

	2025	2024
Interest income		
Bank deposits	<u>\$ 988</u>	<u>\$ 2,464</u>

21. Other gains and losses

	2025	2024
Other gains:		
Net exchange gain	\$ —	\$ 21,482
Others	7,330	22,032
Other losses:		
Net exchange loss	(6,557)	—
	<u>\$ 773</u>	<u>\$ 43,514</u>

The Company applied to the Ministry of Economic Affairs for a subsidy under the "Industrial Upgrading and Innovation Platform Counseling Program" amounted to NT\$25,000 thousand, approved by Ministry of Economic Affairs official letter Ji – 1130006617. As of December 31, 2025 and 2024, the Company had allocated NT\$5,000 and NT\$20,000 thousand, accounted for under "other gains".

22. Finance costs

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Interest Expense:		
Bank deposits	\$ <u>663</u>	\$ <u>16</u>

23. Income tax

a. Income tax expense consisted of the following

(a) Income tax expense recognized in profit or loss:

	<u>2025</u>	<u>2024</u>
Current income tax expense		
Current tax expense recognized for the current period	\$ —	\$ 11
Income tax adjustments on prior years	<u>3,269</u>	<u>34</u>
	<u>3,269</u>	<u>45</u>
Deferred income tax expense		
Temporary differences	<u>3,026</u>	<u>1,156</u>
	<u>3,026</u>	<u>1,156</u>
Income tax expense recorded in profit or loss	\$ <u>6,295</u>	\$ <u>1,201</u>

(b) Income tax (benefit) expense recognized in other comprehensive income:

	<u>2025</u>	<u>2024</u>
Deferred income tax (benefit) expense		
Foreign currency translation reserve	\$ (3,698)	\$ 10,701
Remeasurement of defined benefit plan	<u>1,978</u>	<u>1,512</u>
	<u>\$ (1,720)</u>	<u>\$ 12,213</u>

b. The differences between the expected income tax based on the pre-tax loss at the statutory income tax rate and the actual income tax expenses reported in the accompanying statements of income are summarized as follows:

	<u>2025</u>	<u>2024</u>
Expected income tax expenses calculated using the statutory tax rate	\$ (38,291)	\$ (36,066)
Additional income tax on the unappropriated earnings	—	11
Permanent differences	(695)	127
Tax adjustments of previous year	3,269	34
Tax loss carry forward	40,389	28,442
(Benefit) Loss recognized by equity method	(1,566)	4,248
Loss on decline in value of inventory	<u>3,189</u>	<u>4,405</u>
Income tax expenses recorded in profit or loss	\$ <u>6,295</u>	\$ <u>1,201</u>

c. Current tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current tax assets		
Income tax receivable	\$ <u>312</u>	\$ <u>486</u>

d. The analysis of deferred income tax in the parent company only balance sheets was as follows:

<u>Year Ended December 31, 2025</u>	Balance, Beginning of Year	<u>Recognized in</u>		Balance, End of Year
		<u>Profit or Loss</u>	<u>Other Comprehensive Income</u>	
Deferred income tax assets				
Loss on decline value of inventory	\$ 4,560	\$ (2,610)	\$ —	\$ 1,950
Unrealized intercompany profits	519	(346)	—	173
Others	148	(123)	—	25
	<u>\$ 5,227</u>	<u>\$ (3,079)</u>	<u>\$ —</u>	<u>\$ 2,148</u>
Deferred income tax liabilities				
Unrealized foreign exchange gain	\$ 498	\$ (53)	\$ —	\$ 445
Foreign currency translation reserve	12,796	—	(3,698)	9,098
Actuarial gains and losses on defined benefit plan	3,132	—	1,978	5,110
	<u>\$ 16,426</u>	<u>\$ (53)</u>	<u>\$ (1,720)</u>	<u>\$ 14,653</u>
<u>Year Ended December 31, 2024</u>	Balance, Beginning of Year	<u>Recognized in</u>		Balance, End of Year
		<u>Profit or Loss</u>	<u>Other Comprehensive Income</u>	
Deferred income tax assets				
Loss on decline value of inventory	\$ 6,075	\$ (1,515)	\$ —	\$ 4,560
Unrealized intercompany profits	500	19	—	519
Others	197	(49)	—	148
	<u>\$ 6,772</u>	<u>\$ (1,545)</u>	<u>\$ —</u>	<u>\$ 5,227</u>
Deferred income tax liabilities				
Unrealized foreign exchange gain	\$ 887	\$ (389)	\$ —	\$ 498
Foreign currency translation reserve	2,095	—	10,701	12,796
Actuarial gains and losses on defined benefit plan	1,620	—	1,512	3,132
	<u>\$ 4,602</u>	<u>\$ (389)</u>	<u>\$ 12,213</u>	<u>\$ 16,426</u>

e. Unrecognized deferred tax assets and liabilities were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax loss carry forward	\$ <u>344,151</u>	\$ <u>169,129</u>
Deductible temporary differences	\$ <u>27,934</u>	\$ <u>27,497</u>

f. Investment tax credits, tax loss carry forward and five-year exemption from tax on income from sales:

There were no unused investment tax credits available as of December 31, 2025.

Tax loss carry forward were as follows:

	<u>Unused tax loss carry forward</u>	<u>Expiration date</u>
PTC	\$ <u>344,151</u>	December 31, 2035

g. Income tax examination

The tax authorities have examined income tax returns of PTC through 2023.

24. Earning per shares

	2025	2024
<u>Earning per shares</u>		
Basic EPS	\$ (1.09)	\$ (1.00)
Diluted EPS	\$ (1.09)	\$ (1.00)
<u>Net loss</u>		
Net loss used to compute the basic and diluted EPS	\$ (197,749)	\$ (181,529)
<u>The number of common stocks(in thousands)</u>		
Weighted average number of common shares used in the computation of basic EPS and diluted EPS	180,944	180,944

25. Cash flow information

a. Non-cash transactions:

	2025	2024
Additions of property, plant and equipment	\$ 54,622	\$ 29,874
Changes in prepaid to contractors and equipment suppliers	3,216	—
Changes in payables to contractors and equipment suppliers	2,079	(2,079)
Payments for acquisition of property, plant and equipment	\$ 59,917	\$ 27,795

b. Reconciliation of liabilities arising from financing activities:

Year Ended December 31, 2025	Balance, Beginning of Year	Financing Cash Flow	Non-cash changes		Balance, End of Year
			Other Changes		
Short-term loans	\$ 32,507	\$ (11,730)	\$ —		\$ 20,777
Guarantee deposits	—	—	60,000		60,000
	<u>\$ 32,507</u>	<u>\$ (11,730)</u>	<u>\$ 60,000</u>		<u>\$ 80,777</u>
Year Ended December 31, 2024	Balance, Beginning of Year	Financing Cash Flow	Non-cash changes		Balance, End of Year
Guarantee deposits	<u>\$ 30,448</u>	<u>\$ 2,059</u>	<u>\$ —</u>		<u>\$ 32,507</u>

26. Related-party transactions

The following is a summary of transactions between the Company and related parties:

a. Related party name and nature of relationship

Related Parties	Relationship
Princeton Silicon Ltd.	Subsidiaries
Princeton Technology (Chengdu) Corp.	Subsidiaries
Morelink Technology Corporation	Associates
Foresight Energy Technology Co., Ltd.	Associates
All directors, supervisors, general manager and deputy general manager	Main manager echelon of the Company

b. Sales

	<u>2025</u>	<u>2024</u>
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ 240,739	\$ 311,375
Associates	<u>52</u>	<u>—</u>
	<u>\$ 240,791</u>	<u>\$ 311,375</u>

The sales to the above related parties were dealt with in the ordinary course of business with the sales price made in the way similar to the sales to third-party customers. The collection period for the third-party customers was 30~90 days, while the terms for related parties, associates was 90 days.

c. Purchase

	<u>2025</u>	<u>2024</u>
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ <u>20,890</u>	\$ <u>16,556</u>

The terms of the foregoing transactions with related parties are similar to those for third parties.

d. Professional fee

	<u>Account</u>	<u>2025</u>	<u>2024</u>
Subsidiaries			
Princeton Technology (Chengdu) Corp.	Manufacturing expenses	\$ <u>1,943</u>	\$ <u>2,059</u>
Associates	Other revenue	\$ <u>1,143</u>	\$ <u>1,143</u>

e. Receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable		
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ <u>44,261</u>	\$ <u>74,476</u>
Other receivables		
Associates	\$ <u>100</u>	\$ <u>100</u>
Accounts payable		
Subsidiaries		
Princeton Technology (Chengdu) Corp.	\$ <u>1,817</u>	\$ <u>439</u>

f. Compensation of key management personnel

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 13,688	\$ 11,886
Retirement benefits	<u>2,561</u>	<u>295</u>
	<u>\$ 16,249</u>	<u>\$ 12,181</u>

The information about the Company's appropriation of remuneration to all directors, supervisors, general manager and deputy general manager is available on the shareholders' meeting annual report.

27. Assets mortgaged or pledged

As of December 31, 2025 and 2024, the following assets had been pledged or mortgaged as collateral:

	<u>December 31,2025</u>	<u>December 31,2024</u>
Land	\$ 80,881	\$ —
Buildings	31,291	—
Other financial assets-bank deposits	<u>27,414</u>	<u>27,053</u>
	<u>\$ 139,586</u>	<u>\$ 27,053</u>

28. Significant contingent liabilities and unrecognized commitments

1. Under certain agreement, the Company shall pay royalties at a percentage of net sales (as defined in the agreement) with respect to certain products.
2. Refer to Table of Note 34 (Table 2) for endorsements/guarantees provided.
3. In order to ensure steady capacity, the Company entered into some capacity reservation contracts with suppliers and paid for the purchases over the long-term prepayments in order to ensure fulfillment to the contract. The long-term prepayment will be refunded when terms and conditions set forth in the contract have been satisfied.

29. Significant loss: None.

30. Subsequent events: None.

31. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value.

The management reviews the capital structure of the Company quarterly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. According to the management's suggestion, the Company maintains a balanced capital structure through paying cash dividends, increasing its share capital, purchasing treasury stock, proceeds from new debt or repayment of debt.

32. Disclosure of financial instruments

a. Fair values of financial instruments :

	<u>December 31,2025</u>	<u>December 31,2024</u>
<u>Financial assets</u>		
FVTOCI		
Equity instruments	\$ 4,029	\$ 3,705
Financial assets measured at amortized cost (Note 1)	<u>259,882</u>	<u>371,167</u>
	<u>\$ 263,911</u>	<u>\$ 374,872</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	<u>\$ 215,825</u>	<u>\$ 151,722</u>

Note 1: Including cash and cash equivalents, financial assets at amortized cost , notes & accounts receivable-net, other receivables, refundable deposit and other financial assets.

Note 2: Including short-term loans, notes & accounts payable, other payables, refundable deposits and other financial liabilities.

b. Fair value of financial instruments

(a) The Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Fair value of financial instruments carried at amortized cost

The Company considers that the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values.

(c) Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Non-publicly traded stocks	\$ —	\$ —	\$ 4,029	\$ 4,029
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Non-publicly traded stocks	\$ —	\$ —	\$ 3,705	\$ 3,705
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There were no transfers between Level 1 and 2 for the years ended December 31, 2025 and 2024.

(d) Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks and money market funds).
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair values of private funds are determined using the asset based approach. The Company assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Company assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.

(e) Reconciliation of Level 3 recurring fair value measurements of financial instruments:

	<u>Financial Assets at FVTOCI</u>
<u>For the year ended December 31, 2025</u>	
Balance, beginning of Year	\$ 3,705
Additional	—
Disposals	(1,402)
Recognized in profit or loss	—
Recognized in other comprehensive income	1,726
Balance, end of Year	<u>\$ 4,029</u>
<u>For the year ended December 31, 2024</u>	
Balance, beginning of Year	\$ 4,350
Additional	—
Recognized in profit or loss	—
Recognized in other comprehensive income	(645)
Balance, end of Year	<u>\$ 3,705</u>

(f) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement:

As of December 31, 2025:

Financial assets :

Financial assets at FVTOCI :

	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Interrelationship between inputs and fair value</u>	<u>Sensitivity analysis of the inputs to fair value</u>
Stock	Assets Approach	Lack of marketability and Price-Book ratio of similar entities	1.71-35.07	The higher the lack of marketability, the lower the fair value estimated	10% increase (decrease) in the Price-Book ratio of the equity instruments would result in an increase (decrease) in equity by NT\$403 thousand

As of December 31, 2024:

Financial assets :

Financial assets at FVTOCI :

	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Interrelationship between inputs and fair value</u>	<u>Sensitivity analysis of the inputs to fair value</u>
Stock	Assets Approach	Lack of marketability and Price-Book ratio of similar entities	2.36-30.21	The higher the lack of marketability, the lower the fair value estimated	10% increase (decrease) in the Price-Book ratio of the equity instruments would result in an increase (decrease) in equity by NT\$371 thousand

c. Financial risk management objectives

The Company seeks to ensure sufficient cost-efficient funding readily available when needed. The Company manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Audit Committees and/or Board of

Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

(a) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries. Some assets and liabilities of the Company denominated in the same foreign currency and were expected to mostly offset gains or losses of changes in foreign exchange rate. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The carrying amounts of significant foreign currency denominated monetary assets and monetary liabilities are as follows:

	December 31, 2025		December 31, 2024	
	Foreign Currency (thousand)	Exchange Rate	Foreign Currency (thousand)	Exchange Rate
(Foreign currencies : functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : TWD	\$ 6,629	31.38	\$ 6,090	32.735
JPY : TWD	39,577	0.1988	45,786	0.2079
HKD : TWD	5	4.008	5	4.192
EUR : TWD	2	36.70	2	33.94
<u>Investments accounted for under the equity method</u>				
USD : TWD	\$ 28,856	31.385	\$ 28,076	32.735
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : TWD	\$ 2,230	31.48	\$ 2,224	32.835
JPY : TWD	847	0.2028	1,141	0.2119

The Company's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming depreciation / appreciation of 1% in the foreign exchanges against the New Taiwan dollar, the net loss for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$1,457 thousand and NT\$1,360 thousand, respectively.

(b) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans at floating interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Sensitivity analysis of interest is calculated based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period.

If interest rates had been 0.25% higher/lower, the Company's net cash flows for the nine

months ended December 31, 2025 and 2024 would increase/decrease by NT\$7 thousand and NT\$0 thousand.

(c)Other price risk

The Company were exposed to equity price risk through their investments in Financial assets at FVTPL.

The sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy. Please refer to Note 32.

e.Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

(a)Business related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions. The Company holds some of the credit enhancements such as prepayments and collateral to mitigate its credit risks.

As of December 31, 2025 and 2024, the Company's ten largest customers accounted for 92% and 97% of total trade receivables, respectively.

(b)Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits, fixed income investments and other financial instruments were evaluated and monitored by Corporate Treasury function. The Company only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

f.Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	December 31, 2025				
	Less Than 1 Year	2-3 Years	4 to 5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Short-term loans	\$ 60,000	—	—	—	\$ 60,000
Accounts payable (including related parties)	75,469	—	—	—	75,469
Other payables	59,579	—	—	—	59,579
	<u>\$ 195,048</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 195,048</u>
December 31, 2024					

	Less Than 1 Year	2-3 Years	4 to 5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable (including related parties)	\$ 56,938	—	—	—	\$ 56,938
Other payables	62,277	—	—	—	62,277
	<u>\$ 119,215</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 119,215</u>

33.Reclassifications

Certain 2024 accounts have been reclassified to conform to the 2025 financial statement presentation.

34.Additional disclosures

Following are the additional disclosures:

- a.Financial provided : Table 1 (attached)
- b.Endorsement/guarantee provided : Table 2 (attached)
- c.Marketable securities held (excluding investments in subsidiaries and jointly controlled entities): Table 3 (attached)
- d.Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : Table 4 (attached)
- e.Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None
- f.Derivate financial transaction : None
- g.Names, locations and related information of investees on which the Company exercises significant influence : Table 5 (attached)
- h.Investment in Mainland China : Table 6 (attached)

35.Operating segments information

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

Table 1

Financial provided

For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars and RMB Dollars, unless otherwise specified)

No	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 1)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 3)	Financing Company's Total Financing Amount Limits (Notes 4)
													Item	Value		
1	Princeton Technology (Shenzhen) Ltd..	Princeton Technology (Chengdu) Corp.	Other receivables from related parties	Yes	RMB30,000	RMB30,000	—	—	Note 2	—	Operating capital	—	—	—	196,894	236,272

Note1 : The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note2 : The need for short-term financing.

Note3 : The amount that can be financing limits for each borrowing company is 50% of the guarantor's net assets.

$$(NT\$ 393,787 \times 50\% = NT\$196,894)$$

Note4 : The amount that can be financing company's total financing is 60% of the guarantor's net assets.

$$(NT\$ 393,787 \times 60\% = NT\$236,272)$$

Table 2

Endorsement/guarantee provided

For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars and US Dollars, unless otherwise specified)

No	Endorser/ guarantor	Counter-party		Limits on endorsement/ guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Value of collaterals property, plant, or equipment	Ratio of accumulated amount of collateral to net equity as shown in the latest financial statement	Maximum collateral/ guarantee amounts allowable	The holding company to subsidiary	Subsidiary to holding company	Endorsement/ guarantee t in Mainland China
		Name	Relation(Note1)										
0	Princeton Technology Corp.	Princeton Technology (Chengdu) Corp.	2	747,476	16,578	15,690	—	—	0.94%	813,918	Y	N	Y
1	Princeton Technology (Shenzhen)	Princeton Technology (Chengdu) Corp.	4	118,136	44,717	44,717	—	—	11.36%	157,515	N	N	Y

Note1 : Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note2 : The amount for guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 45% and 30% of the Company's and its subsidiaries net worth, which was audited by Certified Public Accountant.

Note3 : The total amount for guarantees and endorsements provided by the Company and its subsidiaries to other entities shall not exceed 49% and 40% of the Company's and its subsidiaries net worth, which was audited by Certified Public Accountant.

Table 3

Marketable securities held

For the year ended December 31, 2025

(Shares in thousands ,Amounts in Thousands of New Taiwan Dollars, unless specified)

Investor	Description of Stock		Relationship with the Investor	Financial statement account	December 31, 2025			
					Shares	Carrying value	Percentage of ownership	Fair Value
Princeton Technology Corp.	Common stock	Innorich Venture Capital Corp.	—	Financial assets at FVTOCI	939	4,029	—	4,029
Princeton Capital Corp.	Fund	Capital Money Market Fund	—	Financial assets at FVTPL- current	1,219	20,815	—	20,815
Princeton Capital Corp.	Fund	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL- current	746	10,723	—	10,723
Princeton Capital Corp.	Fund	Eastspring Investments Umbrella Fund - Global Bond Fund of Fund A TWD	—	Financial assets at FVTPL- current	471	6,653	—	6,653
Princeton Capital Corp.	Fund	UPAMC Quality Low Volatility Multi-Asset Fund-ACC	—	Financial assets at FVTPL- current	1,000	11,427	—	11,427
Princeton Capital Corp.	Limited partnership	Foryou Private Equity Limited Partnership	—	Financial assets at FVTPL – non current	—	21,207	—	21,207
Princeton Capital Corp.	Limited partnership	Qingfeng Capital Venture Capital Limited Partnership	—	Financial assets at FVTPL – non current	—	28,731	—	28,731
Princeton Capital Corp.	Limited partnership	CDIB-TEN Capital Limited Partnership	—	Financial assets at FVTPL – non current	—	17,794	—	17,794
Princeton Capital Corp.	Common stock	Advanced Microelectronic Products Inc.	—	Financial assets at FVTOCI	288	—	—	—
Chengdu Chip-Rail Microelectronics Co.,Ltd.	Wealth management products	Bank of Communications contains wealth-type structured deposits	—	Financial assets at FVTPL- current	16,000	71,583	—	71,583
Princeton Silicon LTD	Unlisted equity investment	ARK HDPS SEMICONDUCTOR PTE. (Shenzhen) Ltd.	—	Financial assets at FVTOCI	—	46,129	3.07%	46,129

Table 4

Total purchase from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars, unless specified)

Related Party	Nature of relationship	Transaction Details				Abnormal transaction		Notes/accounts payable or receivable		Note
		Purchase /sale	Amount	% to Total	Payment term			Ending balance	% to Total	
						Unit price	Payment terms			
Princeton Technology (Chengdu) Corp.	Equity-method investee of Princeton Silicon Inc.	Sales	240,739	36.70%	OA90days	—	—	Accounts receivable	44,261	46.59%

Table 5

Name, locations, and other information of investee on which the Company exercises significant influence

For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Chinese Yuan, unless otherwise specified)

Investor	Investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2025			Net income (loss) of the investee	Equity in net income (net loss)
				Dec 31, 2025	Dec 31, 2024	Shares (in thousand)	Percentage of ownership	Carrying value		
Princeton Technology Corp.	Princeton Silicon LTD	Hong Kong	Holding company	1,056,197	1,056,197	33,500	100.00%	951,852	7,197	7,107
Princeton Technology Corp.	Princeton Capital Corp.	Taiwan	Investment holding	150,000	150,000	15,000	100.00%	191,989	2,907	2,907
Princeton Technology Corp.	Microlink Communications Inc.	Taiwan	Wireless communications products research , manufacture and sales & marketing	80,000	80,000	8,000	25.00%	—	2,764	—
Princeton Technology Corp	Morelink Technology Corporation	Taiwan	Wireless communications products and Electronic components maintenance & sales; Importer of Restricted RF/Telecom device	15,800	15,800	1,580	7.87%	—	(37,184)	(450)
Princeton Technology Corp	Foresight Energy Technology Co., LTD	Taiwan	Electronic components and battery manufacturing, Electric equipment wholesale, Electronic material wholesale and sales	13,442	13,442	1,344	2.59%	12,104	(67,154)	(1,736)
Princeton Capital Corp.	Foresight Energy Technology Co., LTD	Taiwan	Electronic components and battery manufacturing, Electric equipment wholesale, Electronic material wholesale and sales	40,905	40,905	3,229	6.21%	29,079	(67,154)	(4,171)
Princeton Technology (Shenzhen) Ltd..	Chengdu Chip-Rail Microelectronics Co ., Ltd.	China	Computer systems development, IC design, computer hardware and software design and technical services	RMB 42,030	RMB 16,530	10,625	85.00%	RMB 66,464	RMB 6,723	RMB 4,999

Table 6

Investment in Mainland China

For the year ended December 31, 2025

(Amounts in Thousands of New Taiwan Dollars and US Dollars, unless otherwise specified)

Investee	Main business and products	Total amount of paid-in capital	Investment type	Accumulated outflow of investment from Taiwan as of December 31, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income of the investee	% Ownership director or indirect investment	Investment gain(loss)	Carrying value as of December 31, 2025	Accumulated inward remittance of earnings as of December 31, 2025
					Outflow	Inflow						
Princeton Technology (Shenzhen) Ltd.	IC sales, design & marketing and software research; the research and development of separators for lithium-ion batteries; communications equipment technical consulting and after-sale service	417,942 (USD13,000)	Indirect : Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	417,942 (USD13,000)	—	—	417,942 (USD13,000)	18,575 (USD 596)	100%	18,603	393,787	—
Princeton Technology (Chengdu) Corp.	IC design and software research, technology transfer, technical consulting, after-sales service; modular design of electronic systems, development and sale; IC sale, import and export, communications equipment research, sales, import and export, technical consulting, after-sale service; lithium-ion batteries research, sales, import and export; own house rental	591,690 (USD19,000)	Indirect : Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	591,690 (USD19,000)	—	—	591,690 (USD19,000)	(12,220) (USD (392))	100%	(12,367)	511,722	—
ARK HDPS SEMICONDUCTOR PTE. (Shenzhen) Ltd.	R&D and sales of semiconductors, testing equipment, automation equipment, electromechanical equipment and related equipment, materials and consumables; related technical consulting, technology transfer and scientific and technological services; technology development, technology transfer and technical services in the field of new energy; import and export related matters	RMB10,905	Indirect : Through Princeton Silicon Inc(a wholly owned subsidiary of Princeton Technology Corp.)	43,343 (USD 1,396)	—	—	43,343 (USD1,396)	(286,409)	3.07%	Note2	46,129	—

Accumulated investment in Mainland China as of December 31, 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment defined by Investment Commission, MOEA(Note1)
1,052,975(USD 33,396)	1,056,197(USD 33,500)	996,635

Note1: Recognition of the upper limit was based on audited financial statement as of December 31, 2025. The limit was NT\$996,635 (NT\$1,661,058× 60% = NT\$996,635)

Note2: Financial assets measured at FVTOCI – non- current.