

Inpaq Technology Co., Ltd. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Inpaq Technology Co., Ltd. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Inpaq Technology Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Inpaq Technology Co., Ltd.

Chairman: Yu-Heng Chiao

Date: February 25, 2026.



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Independent Auditors' Report

To the Board of Directors of Inpaq Technology Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Inpaq Technology Co., Ltd. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Customer contract sales revenue cut-off

Please refer to note 4(15) and note 6(21) for accounting policy and detailed disclosure of revenue, respectively.



Description of key audit matter:

The Group's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, the accuracy of revenue recognition timing is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's internal controls surrounding the sales process and cash collection transaction process; selecting samples of sales transactions to assess the adequacy of the Group's timing on revenue recognition; and evaluating the rationale for any identified significant sales fluctuations, incurred within a certain period before or after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of Inventories

Please refer to note 4(8), note 5, and note 6(4) for accounting policies, accounting assumptions and estimation uncertainty, as well as related disclosure information for inventory, respectively.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, the advance of new electronic products may significantly change consumer demands, which may lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Consequently, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include selecting samples to examine their net realizable values to verify the accuracy of inventory aging; evaluating the reasonableness of the Group's inventory valuation policy and the management's assumption used when measuring the allowance for inventory valuation and obsolescence losses; performing a retrospective review of the Group's historical accuracy of judgments with reference to inventory valuation and compare them with the current year's calculation to evaluate the appropriateness of the estimation and assumption used for inventory valuation; and evaluating the adequacy of the Group's disclosure for inventories.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.



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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2025		December 31, 2024			Liabilities and Equity	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (note 6(1))	\$ 1,787,804	13	1,067,422	8	2100	Short-term borrowings(notes 6(12) and 8)	\$ 715,000	5	376,095	3
1110 Current financial assets at fair value through profit or loss (note 6(13))	76	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6(13))	-	-	1,464	-
1120 Current financial assets at fair value through other comprehensive income (note 6(2))	-	-	229,490	2	2170	Notes and accounts payable	1,335,002	10	1,319,588	10
1136 Current financial assets at amortised cost, net (notes 6(1) and (5))	101,099	1	144,145	1	2180	Accounts payable to related parties (note 7)	35,335	-	21,721	-
1150 Notes receivable, net (note 6(3))	191,171	1	230,159	2	2201	Salary and bonus payable (note 6(22))	312,178	2	337,427	2
1170 Accounts receivable, net(note 6(3))	2,082,264	15	2,153,774	16	2213	Payable on machinery and equipment	34,208	-	60,351	-
1180 Accounts receivable due from related parties (notes 6(3) and 7)	157,812	1	205,287	2	2220	Other payables to related parties (notes 7)	11,043	-	11,732	-
1210 Other receivables due from related parties, net (note 7)	3,874	-	2,178	-	2280	Lease liability-current (notes 6(15) and 7)	12,836	-	7,686	-
1310 Inventories (note 6(4))	1,168,723	8	1,168,737	9	2321	Bonds payable, current portion (note 6(13))	688,070	5	675,287	5
1479 Other current assets (note 6(11))	348,922	3	382,839	3	2322	Long-term borrowings, current portion (notes 6(12) and 8)	536,158	4	504,074	4
	<u>5,841,745</u>	<u>42</u>	<u>5,584,031</u>	<u>43</u>	2399	Other current liabilities	492,859	4	503,824	4
							<u>4,172,689</u>	<u>30</u>	<u>3,819,249</u>	<u>28</u>
Non-current assets:						Non-current liabilities:				
1510 Non-current financial assets at fair value through profit or loss (note 6(2))	-	-	98,545	1	2540	Long-term borrowings (notes 6(12) and 8)	1,739,165	13	1,767,063	14
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(2))	1,075,965	8	1,060,779	8	2570	Deferred tax liabilities (note 6(18))	230,839	2	265,954	2
1535 Non-current financial assets at amortised cost, net (note 6(5))	2,583,806	19	2,330,230	17	2580	Lease liabilities – non-current (notes 6(15) and 7)	36,153	-	30,869	-
1550 Investments accounted for using the equity method (note 6(6))	12,161	-	11,931	-	2630	Long-term deferred revenue (notes 6(12) and (14))	23,370	-	30,900	-
1600 Property, plant and equipment (notes 6(7),(12),7 and 8)	3,852,441	28	4,066,779	29	2640	Net defined benefit liability, non-current (note 6(17))	2,789	-	7,058	-
1755 Right-of-use assets (notes 6(8), (15) and 7)	61,013	1	50,685	-	2645	Guarantee deposits received	2,786	-	6,122	-
1760 Investment property, net (notes 6(9) and (16))	7,173	-	7,906	-	2600	Other non-current liabilities	8,432	-	8,432	-
1780 Intangible assets (note 6(10))	167,447	1	168,894	1			<u>2,043,534</u>	<u>15</u>	<u>2,116,398</u>	<u>16</u>
1840 Deferred tax assets (note 6(18))	59,996	1	82,776	1		Total liabilities	<u>6,216,223</u>	<u>45</u>	<u>5,935,647</u>	<u>44</u>
1920 Refundable deposits (notes 7 and 8)	43,125	-	43,342	-		Equity (notes 6(13) and (19)):				
1990 Other non-current assets (note 6(11))	66,153	-	45,848	-	3100	Ordinary share capital	1,489,803	11	1,489,803	11
	<u>7,929,280</u>	<u>58</u>	<u>7,967,715</u>	<u>57</u>	3200	Capital surplus	3,256,361	24	3,244,157	24
					3300	Retained earnings	3,288,795	24	3,043,222	22
					3400	Other equity	(343,045)	(3)	(181,206)	(1)
					3500	Treasury shares	(171,091)	(1)	(19,499)	-
							<u>7,520,823</u>	<u>55</u>	<u>7,576,477</u>	<u>56</u>
					36XX	Non-controlling interests	33,979	-	39,622	-
						Total equity	<u>7,554,802</u>	<u>55</u>	<u>7,616,099</u>	<u>56</u>
Total assets	<u>\$ 13,771,025</u>	<u>100</u>	<u>13,551,746</u>	<u>100</u>		Total liabilities and equity	<u>\$ 13,771,025</u>	<u>100</u>	<u>13,551,746</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Inpaq Technology Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2025		2024	
	Amount	%	Amount	%
4000 Net operating revenue (notes 6(21) and 7)	\$ 7,619,503	100	7,366,410	100
5000 Operating costs (notes 6(4), (22) and 7)	<u>5,735,663</u>	<u>75</u>	<u>5,336,032</u>	<u>72</u>
5900 Gross profit	<u>1,883,840</u>	<u>25</u>	<u>2,030,378</u>	<u>28</u>
6000 Operating expenses (notes 6(3), (15), (22) and 7):				
6100 Selling expenses	374,993	5	341,273	5
6200 Administrative expenses	423,209	6	357,439	5
6300 Research and development expenses	382,692	5	382,038	5
6450 Expected credit loss (note 6(3))	<u>(1,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,179,024</u>	<u>16</u>	<u>1,080,750</u>	<u>15</u>
6900 Net operating income	<u>704,816</u>	<u>9</u>	<u>949,628</u>	<u>13</u>
7000 Non-operating income and expenses:				
7100 Interest revenue (note 6(23))	174,567	3	153,042	2
7020 Other gains and losses, net (notes 6(23) and 7)	95,960	1	25,212	-
7050 Finance costs (notes 6(13), (15), (23) and 7)	(67,409)	(1)	(55,190)	(1)
7230 Foreign exchange loss (note 6(24))	(135,993)	(2)	200,551	3
7770 Share of profit of associates and joint ventures accounted for using the equity method (note 6(6))	<u>202</u>	<u>-</u>	<u>(2,099)</u>	<u>-</u>
Total non-operating income and expenses	<u>67,327</u>	<u>1</u>	<u>321,516</u>	<u>4</u>
7900 Profit before income tax	772,143	10	1,271,144	17
7950 Less: income tax expenses (note 6(18))	<u>136,101</u>	<u>2</u>	<u>291,725</u>	<u>4</u>
Net income	<u>636,042</u>	<u>8</u>	<u>979,419</u>	<u>13</u>
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8311 Gains on remeasurements of defined benefit plans (note 6(18))	2,760	-	7,930	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(122,166)</u>	<u>(1)</u>	<u>(75,428)</u>	<u>(1)</u>
Total items that may not be reclassified subsequently to profit or loss	<u>(119,406)</u>	<u>(1)</u>	<u>(67,498)</u>	<u>(1)</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(75,928)	(1)	212,817	3
8367 Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	21,047	-	(32,736)	-
8371 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	28	-	(538)	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss (note 6(18))	<u>(15,180)</u>	<u>-</u>	<u>42,456</u>	<u>1</u>
Total items that may be reclassified subsequently to profit or loss	<u>(39,673)</u>	<u>(1)</u>	<u>137,087</u>	<u>2</u>
8300 Other comprehensive income	<u>(159,079)</u>	<u>(2)</u>	<u>69,589</u>	<u>1</u>
8500 Total comprehensive income	<u>\$ 476,963</u>	<u>6</u>	<u>1,049,008</u>	<u>14</u>
Net profit attributable to:				
Owners of the Company	\$ 641,685	8	984,576	13
Non-controlling interests	<u>(5,643)</u>	<u>-</u>	<u>(5,157)</u>	<u>-</u>
Total comprehensive income attributable to:	<u>\$ 636,042</u>	<u>8</u>	<u>979,419</u>	<u>13</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 482,606	6	1,054,165	14
Non-controlling interests	<u>(5,643)</u>	<u>-</u>	<u>(5,157)</u>	<u>-</u>
Earnings per share (New Taiwan Dollars) (note 6(20))				
9750 Basic earnings per share	<u>\$ 4.36</u>		<u>6.61</u>	
9850 Diluted earnings per share	<u>\$ 4.19</u>		<u>6.31</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Inpaq Technology Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest		Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements					Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2024	\$ 1,489,803	3,244,157	290,693	246,228	1,811,756	2,348,677	(188,333)	(52,047)	(240,380)	-	6,842,257	44,779	6,887,036
Net income (loss) for the period	-	-	-	-	984,576	984,576	-	-	-	-	984,576	(5,157)	979,419
Other comprehensive income (loss) for the period	-	-	-	-	7,930	7,930	169,823	(108,164)	61,659	-	69,589	-	69,589
Total comprehensive income (loss) for the period	-	-	-	-	992,506	992,506	169,823	(108,164)	61,659	-	1,054,165	(5,157)	1,049,008
Appropriation and distribution of retained earnings:													
Appropriation of legal reserve	-	-	75,957	-	(75,957)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	(5,848)	5,848	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(297,961)	(297,961)	-	-	-	-	(297,961)	-	(297,961)
Liquidate an overseas subsidiary	-	-	-	-	-	-	(2,485)	-	(2,485)	-	(2,485)	-	(2,485)
Treasury stock repurchase	-	-	-	-	-	-	-	-	-	(19,499)	(19,499)	-	(19,499)
Balance at December 31, 2024	<u>1,489,803</u>	<u>3,244,157</u>	<u>366,650</u>	<u>240,380</u>	<u>2,436,192</u>	<u>3,043,222</u>	<u>(20,995)</u>	<u>(160,211)</u>	<u>(181,206)</u>	<u>(19,499)</u>	<u>7,576,477</u>	<u>39,622</u>	<u>7,616,099</u>
Net income (loss) for the period	-	-	-	-	641,685	641,685	-	-	-	-	641,685	(5,643)	636,042
Other comprehensive income (loss) for the period	-	-	-	-	2,760	2,760	(60,720)	(101,119)	(161,839)	-	(159,079)	-	(159,079)
Total comprehensive income (loss) for the period	-	-	-	-	644,445	644,445	(60,720)	(101,119)	(161,839)	-	482,606	(5,643)	476,963
Appropriation and distribution of retained earnings:													
Appropriation of legal reserve	-	-	99,251	-	(99,251)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	(59,174)	59,174	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(398,872)	(398,872)	-	-	-	-	(398,872)	-	(398,872)
Treasury stock repurchase	-	-	-	-	-	-	-	-	-	(253,418)	(253,418)	-	(253,418)
Treasury shares transferred to employees	-	12,204	-	-	-	-	-	-	-	101,826	114,030	-	114,030
Balance at December 31, 2025	<u>\$ 1,489,803</u>	<u>3,256,361</u>	<u>465,901</u>	<u>181,206</u>	<u>2,641,688</u>	<u>3,288,795</u>	<u>(81,715)</u>	<u>(261,330)</u>	<u>(343,045)</u>	<u>(171,091)</u>	<u>7,520,823</u>	<u>33,979</u>	<u>7,554,802</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 772,143	1,271,144
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	451,975	458,796
Amortization expense	13,973	19,451
Expected credit loss	(1,870)	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,299	(9,179)
Finance costs	67,409	55,190
Interest income	(174,567)	(153,042)
Dividend income	(42,941)	(3,732)
Share-based payment transactions	12,514	-
Share of loss (gain) of associates accounted for using the equity method	(202)	2,099
Loss from disposal of property, plant and equipment	(300)	7,685
Gain on disposal of investments	3,607	(2,217)
Provision for inventory devaluation loss	46,559	57,396
Others	(2,179)	(1,806)
Total adjustments to reconcile profit	376,277	430,641
Changes in operating assets and liabilities:		
Notes receivable	38,988	70,081
Accounts receivable	73,380	(203,121)
Accounts receivable due from related parties	47,475	(697)
Other receivable due from related parties	(1,696)	(1,239)
Inventories	(46,545)	(313,307)
Other current assets	29,098	(25,894)
Notes and accounts payable	15,414	283,356
Accounts payable to related parties	13,614	(6,142)
Other payables to related parties	(689)	(462)
Salary and bonus payable	(25,249)	64,290
Other current liabilities	24,718	10,174
Total adjustments	544,785	307,680
Cash inflow generated from operations	1,316,928	1,578,824
Interest received	154,629	136,012
Dividends received	42,941	3,732
Interest paid	(54,216)	(42,867)
Income taxes paid	(155,852)	(327,902)
Net cash flows from operating activities	1,304,430	1,347,799

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Inpaq Technology Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(187,097)	(875,233)
Proceeds from disposal of financial assets at fair value through other comprehensive income	277,979	-
Acquisition of financial assets at fair value through profit or loss	(12,196)	(308,090)
Proceeds from disposal of financial assets at fair value through profit or loss	108,016	269,018
Acquisition of financial assets measured at amortized cost	(366,603)	(2,766,987)
Proceeds from disposal of financial assets measured at amortized cost	50,592	1,085,567
Acquisition of property, plant and equipment	(259,552)	(341,255)
Proceeds from disposal of property, plant and equipment	30,516	6,760
Decrease (increase) in refundable deposits	217	(1,342)
Acquisition of intangible assets	(11,920)	(8,360)
Increase in other non-current assets	(37,492)	(30,839)
Net cash flows used in investing activities	(407,540)	(2,970,761)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,520,000	3,861,534
Repayment of short-term borrowings	(4,177,669)	(3,903,570)
Increase in long-term borrowings	500,000	835,000
Repayment of long-term borrowings	(503,344)	(429,677)
Decrease in guarantee deposits received	(3,336)	-
Payment of lease liabilities	(13,950)	(15,739)
Cash dividends paid	(398,872)	(297,961)
Treasury shares transferred to employees	101,826	-
Treasury stock repurchase	(253,418)	(19,499)
Net cash flows from financing activities	(228,763)	30,088
Effect of exchange rate changes on cash and cash equivalents	52,255	137,475
Net increase (decrease) in cash and cash equivalents	720,382	(1,455,399)
Cash and cash equivalents at beginning of period	1,067,422	2,522,821
Cash and cash equivalents at end of period	\$ 1,787,804	1,067,422

See accompanying notes to consolidated financial statements.

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Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

Inpaq Technology Co., Ltd. (hereinafter referred to as the “Company”) was established with the approval of the Ministry of Economic Affairs on June 23, 1998, and its registered address is 11 Keyi Street, Zhunan Town, Miaoli County. The Company’s shares have been listed for trading at the Taipei Exchange in R.O.C. since June 29, 2004.

The Company and its subsidiaries (together referred to as the “Group”) mainly engaged in the research, development, manufacturing and sales of integrated protection components, microwave composite miniature antennas and modules, and multilayer microwave communication components and their modules.

2. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2026.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

- (3) The impact of IFRS Accounting Standards issued by International Accounting Standards Board ("IASB"), but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial assets measured at fair value through profit or loss (FVTPL) in accordance with fair value measurement principles;
- (b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value;
- (c) Financial liabilities at fair value through profit or loss (FVTPL) are measured at fair value; and
- (d) The net defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

B. Functional and presentation currency

The functional currency of each Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements is as follows:

Name of Investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2025	December 31, 2024	
The Company	Inpaq (BVI) Ltd. (Inpaq BVI)	General investing	100%	100%	
The Company	Inpaq Technology USA, Inc. (Inpaq USA)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%	

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2025	December 31, 2024	
The Company	Inpaq Technology Japan Co., Ltd. (Inpaq Japan)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%	
The Company	Inpaq Malaysia Snd. Bhd. (Inpaq Malaysia)	Manufacture and sales of new high-frequency electronic components, power electronic components, optoelectronic devices, sensor components and supporting products	100%	100%	
The Company	Inpaq Technology Singapore Pte.Ltd. (Inpaq Singapore)	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	-	Note 1
Inpaq BVI	Inpaq (Cayman Islands) Ltd. (Inpaq Cayman)	General investing	100%	100%	
Inpaq Cayman	Holypaq Tech (Suzhou) Co., Ltd.	Manufacture and sales of new high-frequency electronic components, power electronic components, optoelectronic devices, sensor components and supporting products	100%	100%	
Inpaq Cayman	Inpaq Technology (China) Co., Ltd.	Development and production of new electronic components, chip components, sensitive components and sensors, power electronic components, new electromechanical components and sales	100%	100%	
Holypaq Tech (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	General investing	100%	100%	
Holypaq Tech (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components, computer products and peripheral input and output equipment, communication products and components, antenna wholesale, commission agency and after-sales service	100%	100%	
Holypaq Tech (Suzhou) Co., Ltd.	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	100%	100%	
Holypaq (HK) Co., Limited	Taiwan Inpaq Electronic Co., Ltd.	Electronic components manufacturing, wholesale and retail	100%	100%	
The Company	Averex Technology Co., Ltd. (Averex)	Manufacturing and sales of electronic components	72.9%	72.9%	

Inpaq Technology Co., Ltd. and subsidiaries
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Note 1: The company established a new subsidiary, Inpaq Japan, in the Third quarter of 2025.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (a) an investment in equity securities designated as at fair value through other comprehensive income;
- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (c) qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(5) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

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Notes to the Consolidated Financial Statements

- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash comprise cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI) – debt investment; or FVOCI – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

Inpaq Technology Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or tWA or higher per Taiwan Ratings.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

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(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition.

The costs of finished goods and work-in-process include a proportionate share of production overhead based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings: 3 to 51 years
- (b) Machinery and equipment: 1 to 15 years
- (c) Other equipment: 1 to 20 years

Buildings and construction constitute mainly buildings, mechanical and electrical power equipment, laboratory engineering, related engineering, etc. Each constituent is depreciated based on its useful life between 50 years and 20 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments (including in substance fixed payments);
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the assessment regarding the purchase option; or
- (d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or
- (e) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(12) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(13) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less, accumulated amortization and any accumulated impairment losses.

Other intangible assets, including computer software, customer relationships, patents and trademarks and others that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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The estimated useful lives for current and comparative periods are as follows:

- (a) Computer software: 1~10 years
- (b) Customer relationships: 5 years
- (c) Trademarks and patents: 5 years
- (d) Others: 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(15) Revenue from contract with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

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A. Sale of goods

The Group involves in research, develop, design, manufacture and sales of integrated protection components, microwave composite miniature antennas and modules. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customer's. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of goods are made, which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(16) Government grants and government assistance

The Group recognizes an unconditional government grant related to the long-term borrowing in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

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B. Defined benefit plans

The Group's net obligation in respect of the defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability. Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(19) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases.

Deferred taxes are recognized except for the following:

- A. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences ;
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as the convertible bonds and employee remuneration through the issuance of shares.

(21) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, the Group uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description of the valuation of inventories.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group's finance department conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The Group's financial department also periodically adjusts valuation models, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities.

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Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(24) for assumptions used in measuring fair value.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and demand deposits	\$ 1,419,429	965,704
Time deposits	368,375	101,718
	\$ 1,787,804	1,067,422

As of December 31, 2025 and 2024, deposits with original maturities of more than three months were \$50,833 and \$95,528, respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

Please refer to note 6(24) for the exchange rate risk of the financial assets and liabilities of the Group.

(2) Financial assets

	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss — non-current:	\$	
Foreign funds	-	24,968
Foreign listed stocks	-	73,577
	\$ -	98,545

For the information of fair value of financial instruments, please refer to note 6(23).

Financial assets at fair value through other comprehensive income — current:

	December 31, 2025	December 31, 2024
Debt investments at fair value through other comprehensive income:		
Debt instruments:		
Foreign listed corporate bonds	\$ -	229,490

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	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Financial assets at fair value through other comprehensive income — non-current:		
Debt instruments:		
Foreign listed corporate bonds	\$ <u>180,099</u>	<u>232,842</u>
Equity investments at fair value through other comprehensive income:		
Stocks listed on domestic markets	\$ 670,469	609,699
Domestic and foreign unlisted company stocks	<u>225,397</u>	<u>218,238</u>
	<u>895,866</u>	<u>827,937</u>
	<u>\$ 1,075,965</u>	<u>1,060,779</u>

A. Debt investment at fair value through other comprehensive income

The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

In the first quarter of 2025, the consolidated entity disposed of U.S. dollar-denominated corporate bonds issued by Australia & New Zealand Banking Group. The fair value at the time of disposal was NT\$232,274 thousand, resulting in a disposal loss of NT\$2,764 thousand.

In the third quarter of 2025, the consolidated entity disposed of U.S. dollar-denominated corporate bonds issued by Bank of America. The fair value at the time of disposal was NT\$45,705 thousand, resulting in a disposal loss of NT\$843 thousand.

B. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for strategic purposes.

In the second quarter of 2024, the Group invested in the equity of PSA Japan Investment. The fair value at the time of acquisition was \$186,556, with a shareholding ratio of 12%.

In the second and third quarters of the 2025 and 2024, the Group purchased common shares of TXC Corporation. The fair value at the time of acquisition was \$187,097 and \$688,677, with a shareholding ratio of 2.62% and 1.97%.

Please refer to note 6(23) for the dividends income received from the equity investments at fair value through other comprehensive income during the years ended December 31, 2025 and 2024.

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(3) Notes and accounts receivable (included related parties)

A. Notes receivable

	December 31, 2025	December 31, 2024
Notes receivable from operating activities	\$ 191,171	230,159

B. Accounts receivables, net

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 2,086,848	2,163,975
Less: Loss allowance	(4,584)	(10,201)
	\$ 2,082,264	2,153,774

C. Accounts receivable due from related parties:

	December 31, 2025	December 31, 2024
Accounts receivable due from related parties	\$ 157,812	205,287

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:

December 31, 2025			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,394,249	-%	-
1 to 90 days past due	40,239	8.05%	3,241
91 to 180 days past due	1,343	100%	1,343
	\$ 2,435,831		4,584
December 31, 2024			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,530,924	-	-
1 to 90 days past due	61,083	5.18%	3,163
91 to 180 days past due	4,139	91%	3,763
More than 181 days past due	3,275	100%	3,275
	\$ 2,599,421		10,201

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The movements in the allowance for notes and accounts receivable were as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 10,201	9,870
Impairment loss recognized	(1,870)	-
Amounts written off	(3,602)	-
Effect of movements in foreign exchange	(145)	331
Balance at December 31	<u>\$ 4,584</u>	<u>10,201</u>

(4) Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	\$ 285,155	325,046
Work in progress and semi-finished goods	244,708	192,921
Finished goods and merchandise	638,860	650,770
	<u>\$ 1,168,723</u>	<u>1,168,737</u>

The details of operating costs were as follows:

	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 5,752,586	5,310,676
Provision for inventory obsolescence and devaluation loss	46,559	57,396
Revenue from sales of scrap	(63,482)	(32,040)
	<u>\$ 5,735,663</u>	<u>5,336,032</u>

As of December 31, 2025 and 2024, the Group's inventories were not pledged.

(5) Financial assets measured at amortized cost - current and non-current

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current:		
Time deposit (over three-month)	\$ 50,833	95,528
Others	50,266	48,617
	<u>\$ 101,099</u>	<u>144,145</u>
Non-current:		
Domestic and foreign corporate bonds	<u>\$ 2,583,806</u>	<u>2,330,230</u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

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Information on foreign corporate bonds is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Maturity date	February 2028 ~ May 2034	February 2028 ~ May 2034
Coupon rate	2.25%~7.13%	2.25%~5.80%
Effective rate	4.37%~5.83%	4.37%~5.83%

As of December 31, 2025 and 2024, none of the financial assets measured at amortized cost of the consolidated entity were pledged as collateral.

(6) Investments accounted for using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates	<u>\$ 12,161</u>	<u>11,931</u>

The Group's financial information for investments accounted for using the equity method as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total assets	<u>\$ 93,131</u>	<u>103,565</u>
Total liabilities	<u>\$ 54,648</u>	<u>64,468</u>
	<u>2025</u>	<u>2024</u>
Revenue	<u>\$ 90,403</u>	<u>117,750</u>
Net income (loss)	<u>\$ (1,152)</u>	<u>(5,425)</u>

In 2025 and 2024, the Group's share of the net income (loss) of associates was as follows:

	<u>2025</u>	<u>2024</u>
Gain (loss) from continuing operations	<u>\$ 202</u>	<u>(2,099)</u>

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2025	\$ 423,424	2,401,658	4,036,581	1,102,057	97,689	8,061,409
Additions	-	6,479	125,068	39,856	62,006	233,409
Disposal and obsolescence	-	(1,681)	(155,706)	(25,305)	-	(182,692)
Reclassification	-	588	74,871	9,023	(67,721)	16,761
Effect of movements in exchange rates	-	1,175	611	433	828	3,047
Balance on December 31, 2025	<u>\$ 423,424</u>	<u>2,408,219</u>	<u>4,081,425</u>	<u>1,126,064</u>	<u>92,802</u>	<u>8,131,934</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Balance on January 1, 2024	\$ 423,424	2,105,572	3,852,880	1,039,585	274,736	7,696,197
Additions	-	54,752	99,588	47,294	73,270	274,904
Disposal and obsolescence	-	-	(46,764)	(15,802)	-	(62,566)
Reclassification	-	206,502	86,374	16,425	(250,585)	58,716
Effect of movements in exchange rates	-	34,832	44,503	14,555	268	94,158
Balance on December 31, 2024	<u>\$ 423,424</u>	<u>2,401,658</u>	<u>4,036,581</u>	<u>1,102,057</u>	<u>97,689</u>	<u>8,061,409</u>
Accumulated depreciation:						
Balance on January 1, 2025	\$ -	614,594	2,606,612	773,424	-	3,994,630
Depreciation for the year	-	81,837	269,383	85,281	-	436,501
Disposal and obsolescence	-	(1,681)	(128,026)	(22,769)	-	(152,476)
Effect of movements in exchange rates	-	997	(502)	343	-	838
Balance on December 31, 2025	<u>\$ -</u>	<u>695,747</u>	<u>2,747,467</u>	<u>836,279</u>	<u>-</u>	<u>4,279,493</u>
Balance on January 1, 2024	\$ -	521,647	2,348,499	679,396	-	3,549,542
Depreciation for the year	-	79,938	266,183	95,616	-	441,737
Disposal and obsolescence	-	-	(36,384)	(11,737)	-	(48,121)
Effect of movements in exchange rates	-	13,009	28,314	10,149	-	51,472
Balance on December 31, 2024	<u>\$ -</u>	<u>614,594</u>	<u>2,606,612</u>	<u>773,424</u>	<u>-</u>	<u>3,994,630</u>
Carrying amounts:						
Balance on December 31, 2025	<u>\$ 423,424</u>	<u>1,712,472</u>	<u>1,333,958</u>	<u>289,785</u>	<u>92,802</u>	<u>3,852,441</u>
Balance on January 1, 2024	<u>\$ 423,424</u>	<u>1,583,925</u>	<u>1,504,381</u>	<u>360,189</u>	<u>274,736</u>	<u>4,146,655</u>
Balance on December 31, 2024	<u>\$ 423,424</u>	<u>1,787,064</u>	<u>1,429,969</u>	<u>328,633</u>	<u>97,689</u>	<u>4,066,779</u>

Please refer to note 7 for the Group's transaction of property, plant and equipment with related parties.

The property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(8) Right-of-use assets

The changes in the right-of-use assets recognized in respect of land, buildings and structures leased by the consolidated entity, including the cost, depreciation and any impairment losses recognized or reversed, are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ 29,465	50,262	79,727
Additions	7,353	40,106	47,459
Disposals	(13,586)	(36,292)	(49,878)
Effect of movements in exchange rates	19	-	19
Balance at December 31, 2025	<u>\$ 23,251</u>	<u>54,076</u>	<u>77,327</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2024	\$ 28,259	41,994	70,253
Additions	670	21,333	22,003
Disposals	-	(13,065)	(13,065)
Effect of movements in exchange rates	<u>536</u>	<u>-</u>	<u>536</u>
Balance at December 31, 2024	<u>\$ 29,465</u>	<u>50,262</u>	<u>79,727</u>
Accumulated depreciation:			
Balance at January 1, 2025	\$ 8,312	20,730	29,042
Depreciation for the year	1,911	12,850	14,761
Disposals	<u>(6,793)</u>	<u>(20,696)</u>	<u>(27,489)</u>
Balance at December 31, 2025	<u>\$ 3,430</u>	<u>12,884</u>	<u>16,314</u>
Balance at January 1, 2024	\$ 6,374	12,095	18,469
Depreciation for the year	1,867	14,452	16,319
Disposals	-	(5,817)	(5,817)
Effect of movements in exchange rates	<u>71</u>	<u>-</u>	<u>71</u>
Balance at December 31, 2024	<u>\$ 8,312</u>	<u>20,730</u>	<u>29,042</u>
Carrying amount:			
Balance at December 31, 2025	<u>\$ 19,821</u>	<u>41,192</u>	<u>61,013</u>
Balance at January 1, 2024	<u>\$ 21,885</u>	<u>29,899</u>	<u>51,784</u>
Balance at December 31, 2024	<u>\$ 21,153</u>	<u>29,532</u>	<u>50,685</u>

Please refer to note 7 for the Group's transaction of right-of-use assets with related parties.

As of December 31, 2025 and December 31, 2024, the Group's right-of-use assets were not provided as collateral or security.

(9) Investment property

	<u>Buildings</u>
Cost:	
Balance as of January 1, 2025	\$ 15,995
Effect of movements in exchange rates	<u>20</u>
Balance as of December 31, 2025	<u>\$ 16,015</u>
Balance as of January 1, 2024	\$ 15,432
Effect of movements in exchange rates	<u>563</u>
Balance as of December 31, 2024	<u>\$ 15,995</u>
Accumulated depreciation and impairment losses:	
Balance as of January 1, 2025	\$ 8,089
Depreciation for the year	713
Effect of movements in exchange rates	<u>40</u>
Balance as of December 31, 2025	<u>\$ 8,842</u>

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	Buildings
Balance as of January 1, 2024	\$ 7,089
Depreciation for the year	740
Effect of movements in exchange rates	260
Balance as of December 31, 2024	\$ 8,089
Carrying amounts:	
Balance at December 31, 2025	\$ 7,173
Balance as of January 1, 2024	\$ 8,343
Balance at December 31, 2024	\$ 7,906
Fair value:	
Balance at December 31, 2025	\$ 8,318
Balance at December 31, 2024	\$ 11,259
Balance as of January 1, 2024	\$ 9,622

Investment property comprises commercial real estate owned by the Group leased to third parties by operating lease. The leases of investment properties contain an initial non-cancellable lease term of 3 years. The lessee have the option to extend the lease term pursuant to the lease contract.

Please refer to note 6(16) for the details of the related rental income.

As of December 31, 2025 and 2024, the Group's investment properties were not pledged.

(10) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2025 and 2024, were as follows:

	Goodwill	Patent and client relationships	Computer software and others	Total
Costs:				
Balance at January 1, 2025	\$ 124,829	53,243	202,408	380,480
Additions	-	-	11,920	11,920
Disposals	-	-	(874)	(874)
Reclassification	-	-	486	486
Effect of movement in exchange rates	-	9	309	318
Balance at December 31, 2025	\$ 124,829	53,252	214,249	392,330
Balance at January 1, 2024	\$ 124,829	52,996	192,899	370,724
Additions	-	-	8,391	8,391
Effect of movement in exchange rates	-	247	1,118	1,365
Balance at December 31, 2024	\$ 124,829	53,243	202,408	380,480

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	<u>Goodwill</u>	<u>Patent and client relationships</u>	<u>Computer software and others</u>	<u>Total</u>
Accumulated amortization:				
Balance at January 1, 2025	\$ -	48,888	162,698	211,586
Amortization for the year	-	4,332	9,641	13,973
Disposal	-	-	(798)	(798)
Effect of movement in exchange rates	-	32	90	122
Balance at December 31, 2025	<u>\$ -</u>	<u>53,252</u>	<u>171,631</u>	<u>224,883</u>
Balance at January 1, 2024	\$ -	39,993	151,291	191,284
Amortization for the year	-	8,706	10,745	19,451
Effect of movement in exchange rates	-	189	662	851
Balance at December 31, 2024	<u>\$ -</u>	<u>48,888</u>	<u>162,698</u>	<u>211,586</u>
Carrying value:				
Balance at December 31, 2025	<u>\$ 124,829</u>	<u>-</u>	<u>42,618</u>	<u>167,447</u>
Balance at January 1, 2024	<u>\$ 124,829</u>	<u>13,003</u>	<u>41,608</u>	<u>179,440</u>
Balance at December 31, 2024	<u>\$ 124,829</u>	<u>4,355</u>	<u>39,710</u>	<u>168,894</u>

As of December 31, 2025 and 2024, the Group's intangible assets were not pledged.

Impairment test of goodwill

For the purposes of impairment testing, goodwill and other intangible assets arising from the Group's acquisition are allocated to the following cash-generating units (or group of cash generating units), that are expected to benefit from the synergies of the combination.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
High-frequency component department	\$ 120,073	120,073
Passive component department	4,756	4,756
	<u>\$ 124,829</u>	<u>124,829</u>

Goodwill acquired in a business combination is tested for impairment at least annually. The key assumptions used in the estimation of value in use were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	12.80%~13.06%	13.66%~13.90%

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The discount rate is estimated based on the industry weighted-average cost of capital and the risk premium is adjusted to reflect the increasing risk of general investment in equity and the specific systemic risk of cash-generating units. Cash flow projections are based on five-year financial budgets approved by management and extrapolated to subsequent years at a flat growth rate. The growth rate estimated by extrapolated cash flow is 0% sustainable growth.

The values of the aforementioned key assumptions represent management's assessment of the future trends of related industries and consider historical information from internal and external sources. According to the impairment test assessment in the year of 2025 and 2024, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

(11) Other current assets and other non-current assets

The other current assets others and other non-current assets of the Group were as follows:

	December 31, 2025	December 31, 2024
Tax receivables and prepaid income tax	\$ 216,238	230,359
Prepayments for business facilities	59,484	42,004
Net input VAT	89,820	98,481
Prepaid expenses	38,260	48,651
Prepayments to suppliers	1,526	3,061
Others	<u>9,747</u>	<u>6,131</u>
	<u>\$ 415,075</u>	<u>428,687</u>
Other current assets	\$ 348,922	382,839
Other non-current assets	<u>66,153</u>	<u>45,848</u>
	<u>\$ 415,075</u>	<u>428,687</u>

(12) Short-term and long-term borrowings

A. Short-term borrowings

	December 31, 2025	December 31, 2024
Secured bank loans	\$ 15,000	5,000
Unsecured bank loans	<u>700,000</u>	<u>371,095</u>
	<u>\$ 715,000</u>	<u>376,095</u>
Unused credit lines	<u>\$ 6,732,959</u>	<u>6,642,541</u>
Range of interest rate	<u>1.84%~1.94%</u>	<u>0.70%~2.80%</u>

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B. Long-term borrowings:

<u>Financial institution</u>	<u>Objective</u>	<u>Maturity date</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Far Eastern Bank	Working capital	November, 2027	\$ 600,000	600,000
KGI Commercial Bank	Working capital	September, 2030	500,000	-
Chang Hwa Bank	Working capital	July, 2028	258,333	300,000
Chang Hwa Bank	Purchase of additional building	April, 2031	263,324	314,138
Chang Hwa Bank	Working capital	August, 2027	233,169	378,969
CTBC Bank	Purchase of additional equipment	December, 2026	190,601	388,060
Chang Hwa Bank	Working capital	June, 2029	200,000	200,000
Chang Hwa Bank	Working capital	May, 2029	29,896	35,000
E. Sun Bank	Purchase of additional equipment	March, 2025	-	54,970
Less: Long-term borrowings, current portion			<u>(536,158)</u>	<u>(504,074)</u>
			<u>\$ 1,739,165</u>	<u>1,767,063</u>
Unused credit lines			<u>\$ 400,000</u>	<u>400,000</u>
Range of interest rate			<u>1.775%~</u>	<u>1.775%~</u>
			<u>2.220%</u>	<u>2.220%</u>

For information relating to liquidity risk and foreign exchange risk exposures, please refer to Note 6(14).

For assets pledged as collateral for borrowings, please refer to note 8.

C. Government low-interest loan

According to “Loans for Returning Overseas Taiwanese Businesses”, starting from March 2020, the Group has successively obtained project loans from E. Sun Bank, Chang Hwa Bank and CTBC Bank, respectively. The total loans amounted to \$1,833,820. The market interest rates of the loans were 1.775%, 1.825% and 2.125%, respectively, which were used to recognize and measure the book value of the loans. The preferential interest rates of the loans were 1.275%, 1.325% and 1.625%, respectively. The difference between the market interest rate and preferential interest rate was deemed as government subsidies. Please refer to note 6(14) for details.

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(13) Convertible bonds payable

The Group issued the third unsecured convertible bonds on December 14, 2023. Information about the convertible bonds payable are as follows:

	December 31, 2025	December 31, 2024
Convertible bonds payable	\$ 700,000	700,000
Unamortized discounted convertible bonds payable	(11,930)	(24,713)
Less: callable bonds with put option executable within one year	(688,070)	(675,287)
Carrying amount	\$ -	-
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	\$ 76	-
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	\$ -	1,464
Equity component – conversion options (recorded in capital surplus – share options)	\$ 94,718	94,718
	2025	2024
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	\$ 1,540	910
Interest expenses	\$ 12,783	12,545

The following are the issuance conditions:

- A. Issue amount: The total amount of the issue is \$700,000 thousand, with a face value of \$100 thousand. Issued at 108.68% of face value.
- B. Tenor: The bonds were issued for a period of 3 years. The issue date is December 14, 2023, and the maturity date is December 14, 2026.
- C. Coupon rate: 0%
- D. Conversion period: One month after the issue date and 10 days before the maturity date.
- E. Conversion price and adjustments:

The Company used November 24, 2023 as the base date for setting the conversion price. The base day (exclusive) is the business day before, the three business days before, and the five business days before the company. Choose one of the simple arithmetic average of the closing prices of common stocks as the base price, and then multiply the base price by 110% as the calculation basis, which is the conversion price of the convertible bonds (calculated to TWD cents, rounded off to the next cent). If there is ex-rights or ex-dividend before the pricing base date, the closing price that is sampled and used to calculate the conversion price should first be calculated as the post-ex-right or ex-dividend price; after the conversion price is determined and before the actual issuance date, if there is ex-right or ex-dividend, it should be adjusted according to the conversion price adjustment formula. The conversion price at the time of issuance was TWD92.0 per share. From the ex-dividend date of July 24, 2024, the conversion price was adjusted to TWD90.0 per share and the conversion price was further adjusted to NT\$86.6 subsequent to the ex-dividend date on July 25, 2025.

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After the Company converts the bonds except for the exchange of various securities issued by the Company (or private placement) with common stock conversion rights or stock options for common shares or the issuance of new shares due to employee bonuses, in the event that if the number of ordinary shares issued (or privately placed) increases, the Company shall adjust the conversion price according to the formula stipulated in the conversion regulations.

- F. The Company's right to redeem the above-mentioned converted corporate bonds:
- (a) After 3 months of the issue date (March 15, 2024), if the closing price of the Company's common shares on the stock exchange exceeds the current conversion price of the convertible bonds by not less than 30% for thirty consecutive business days, the Company may redeem the bonds forty days before the maturity date (November 4, 2026). The Company may notify the bondholders within the next thirty business days, and the bond will be redeemed from the bondholders in cash according to the face value of the bond.
 - (b) After 3 months of the issue date (March 15, 2024), if the balance of outstanding convertible bonds is less than 10% of the original total issued amount, the Company may redeem the bonds forty days before the maturity date (November 4, 2026). The Company may notify the bondholders at any time and redeem the bonds from the bondholders in cash according to the face value of the bond.

G. Bondholder's put right:

The bondholders can sell back the bonds 2 years after the bonds issuance (December 14, 2025). A written notice is required to be given to the Company's stock agency before 40 days of the sell back date to request to sell back the bonds with the face value of the bonds plus interest compensation. The aforementioned interest compensation is calculated at 100% of the face value of the bonds (the return of sell back is 0%). When the Company accepts the sell back request, it should be redeemed in cash within five business days after the sell back base date.

(14) Long-term deferred revenue

	December 31, 2025	December 31, 2024
Long-term deferred revenue – government subsidies	\$ 23,370	30,900

If the Group does not comply with the specified project loan guidelines in note 6(12), the National Development Fund will cease to subsidize the Group, and the Group shall pay the interest according to the original agreed interest rate, plus, the annual interest rate.

(15) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	\$ 12,836	7,686
Non-current	36,153	30,869
	\$ 48,989	38,555

For maturity analysis, please refer to note 6(24).

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The amounts recognized in profit or loss were as follows:

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ <u>1,201</u>	<u>716</u>
Expenses relating to short-term leases	\$ <u>22,803</u>	<u>23,896</u>

The amounts recognized in the statement of cash follow by the Group:

	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>37,954</u>	<u>40,351</u>

A. Land and building leases

The Group leases land and buildings for its parking spaces, office space and factories. The leases of land typically run for a period of 10 years, and of buildings for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

B. Other leases

The Group leases dormitories and vehicles, with lease terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(16) Operating lease

The Group leases out its investment properties and offices. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The maturity analysis of lease payments is based on the undiscounted total lease payments to be received after the reporting date as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Less than one year	\$ <u>235</u>	<u>243</u>
Total undiscounted lease payments	\$ <u>235</u>	<u>243</u>

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(17) Employee benefits

A. Defined benefit plans

Reconciliations of the defined benefit obligation at present value and plan asset at fair value are as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Present value of the defined benefit obligations	\$ 49,323	49,299
Fair value of plan assets	<u>(46,534)</u>	<u>(42,241)</u>
Net defined benefit liabilities	<u>\$ 2,789</u>	<u>7,058</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$46,534 as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company was as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations at January 1	\$ 49,299	58,471
Current service costs and interest cost	738	730
Benefits paid from plan assets	(1,019)	(5,636)
Remeasurements gain	<u>305</u>	<u>(4,266)</u>
Defined benefit obligations at December 31	<u>\$ 49,323</u>	<u>49,299</u>

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(c) Movements of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets at January 1	\$ 42,241	41,745
Contributions made	1,600	1,936
Interest income	647	532
Benefits paid from plan assets	(1,019)	(5,636)
Remeasurements gain	<u>3,065</u>	<u>3,664</u>
Fair value of plan assets at December 31	<u>\$ 46,534</u>	<u>42,241</u>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Net interest of net liabilities for the defined benefit obligations	<u>\$ 91</u>	<u>198</u>

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Discount rate	1.3198 %	1.4961 %
Future salary increase rate	2.50 %	2.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2025 is \$1,639.

The weighted-average lifetime of the defined benefits plans is 10 years.

(f) Sensitivity analysis

The Company's remeasurements of the net defined benefit liability as of years ended December 31, 2025 and 2024 amounted to \$2,789 and \$7,058, respectively. If the future salary increase rate rises or falls by 0.25%, net defined benefit liability would have increase by \$1,283 and \$1,322 or decrease by \$1,246 and \$1,280, respectively.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$27,278 and \$27,715 for the years ended December 31, 2025 and 2024, respectively.

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Foreign subsidiaries within the Group have also set up defined contribution plans, as necessary, in accordance with the regulations in respective countries. The pension costs incurred from the foreign subsidiaries amounted to \$37,566 and \$41,772 for the years ended December 31, 2025 and 2024, respectively.

(18) Income taxes

A. Income tax expenses

The components of income tax for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Current tax expense		
Current period	\$ 133,256	151,360
Withholding tax on subsidiary earnings	-	85,629
Adjustment for prior periods	-	1,812
	<u>133,256</u>	<u>238,801</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>2,845</u>	<u>52,924</u>
Income tax expense	<u>\$ 136,101</u>	<u>291,725</u>

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Exchange differences on translation of foreign financial statements	<u>\$ (15,180)</u>	<u>42,456</u>

Reconciliation of income tax and profit before tax for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Profit before income tax	\$ 772,143	1,271,144
Income tax using the Company's domestic tax rate	154,429	254,229
Effect of tax rates in foreign jurisdiction	135,445	159,266
Gain on investments accounted for equity method and permanent differences	(163,503)	(185,480)
Tax incentives	(3,020)	(16,102)
Withholding tax on subsidiary earnings	-	85,629
Additional tax on undistributed earning	6,040	5,563
Change in provision in prior periods	<u>6,710</u>	<u>(11,380)</u>
Total	<u>\$ 136,101</u>	<u>291,725</u>

B. Deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

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As of December 31, 2025, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Recognized tax loss	Expiry date
2025 (assessed)	\$ <u><u>132,806</u></u>	2035

As of December 31, 2025, the information of the Taiwan Inpaq Electronic Co., Ltd.'s unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2022 (filed)	<u><u>22,474</u></u>	2032

(a) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities amounting \$604,370 and \$400,343, respectively.

(b) Recognized deferred tax assets and liabilities

	January1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2025
Temporary differences:				
Provision for inventory obsolescence and devaluation loss	\$ 21,092	294	-	21,386
Deferred unrealized gains	5,407	(4,844)	-	563
Unrealized foreign exchange gain	(14,028)	13,677	-	(351)
Unrealized foreign exchange loss	-	3,857	-	3,857
Loss carryforward	55,711	(24,655)	-	31,056
Share of subsidiary's profits recognized using the equity method	(221,624)	8,167	-	(213,457)
Foreign currency translation differences for foreign operations	(23,254)	-	15,180	(8,074)
Acquisition of subsidiary-Property, plant and equipment	(261)	-	-	(261)
Valuation gain on convertible bonds	-	(308)	-	(308)
Acquisition of subsidiary-Intangible asset	(6,787)	(1,601)	-	(8,388)
Others	566	2,568	-	3,134
Deferred tax expense		\$ <u><u>(2,845)</u></u>	<u><u>15,180</u></u>	
Deferred tax assets, net	\$ <u><u>(183,178)</u></u>			<u><u>(170,843)</u></u>
The information presented in the balance sheet:				
Deferred tax assets	\$ <u><u>82,776</u></u>			<u><u>59,996</u></u>
Deferred tax liabilities	\$ <u><u>(265,954)</u></u>			<u><u>(230,839)</u></u>

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	<u>January1, 2024</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2024</u>
Temporary differences:				
Provision for inventory obsolescence and devaluation loss	\$ 20,144	948	-	21,092
Deferred unrealized gains	2,032	3,375	-	5,407
Unrealized foreign exchange loss (gain)	14,760	(28,788)	-	(14,028)
Loss carryforward	75,943	(20,232)	-	55,711
Share of subsidiary's profits recognized using the equity method	(214,516)	(7,108)	-	(221,624)
Foreign currency translation differences for foreign operations	19,202	-	(42,456)	(23,254)
Acquisition of subsidiary-Property, plant and equipment	(213)	(48)	-	(261)
Acquisition of subsidiary- Intangible asset	(5,279)	(1,508)	-	(6,787)
Others	129	437	-	566
Deferred tax expense		<u>\$ (52,924)</u>	<u>(42,456)</u>	
Deferred tax assets, net	<u>\$ (87,798)</u>			<u>(183,178)</u>
The information presented in the balance sheet:				
Deferred tax assets	<u>\$ 132,210</u>			<u>82,776</u>
Deferred tax liabilities	<u>\$ (220,008)</u>			<u>(265,954)</u>

C. The Company's corporate income tax returns have been assessed and approved by the tax authorities up to the 2023 fiscal year.

(19) Capital and other equity

A. Ordinary shares

As of December 31, 2025 and 2024, the authorized ordinary shares of the Company amounted to \$3,000,000, included the shares reserved for the exercising of employee share options of \$150,000; the issued ordinary share capital with a par value of \$10 per share amounted to \$1,489,803.

Reconciliation of shares outstanding for 2025 and 2024 was as follows (in thousands of shares):

	<u>Ordinary shares</u>	
	<u>2025</u>	<u>2024</u>
Balance on January 1	148,731	148,981
Add: Exercise of share options	1,440	-
Less: Treasury stock repurchase	<u>(3,500)</u>	<u>(250)</u>
Balance of December 31	<u>146,671</u>	<u>148,731</u>

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B. Capital surplus

The balances of capital surplus as of December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Premium of common stock	\$ 2,977,270	2,977,270
Treasury shares transferred to employees	149,012	136,808
Premium of corporate bonds converted to common stock	15,722	15,722
Stock options – fair value differences of associates under equity method	16,570	16,570
Convertible bonds payable	94,718	94,718
Donation from shareholders	1,917	1,917
Effect of capital increase of associates	1,152	1,152
	\$ 3,256,361	3,244,157

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock, treasury shares transferred to employees and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

The Company chose to apply the exemption under IFRS 1 - "First-time Adoption of International Financial Reporting Standards" at its initial adoption of IFRS Accounting Standards. The cumulative translations adjustments originally reported under shareholders' equity were reclassified to retained earnings, amounting to \$46,817. The net increase in retained earnings due to the first adoption of IFRS 1 on the conversion date was \$9,173. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. When there is any subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and proportionately appropriate the earnings distribution originally allocated to special reserve. As of December 31, 2025 and 2024, the aforementioned special reserve both amounted to \$9,173.

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In accordance with abovementioned ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

Earnings distribution for 2024 and 2023 was decided by the resolution adopted, at the general meeting of shareholders held on June 20, 2025 and June 14, 2024 as follows:

	2024		2023	
	Total amount	Amount per share	Total amount	Amount per share
Appropriation of legal reserve	\$ 99,251		75,957	
Appropriation of legal reserve	(59,174)		(5,848)	
Appropriation (reversal) of special reserve	398,872	2.70	297,961	2.00
	<u>\$ 438,949</u>		<u>368,070</u>	

The related information is available on the Market Observation Post System website. The aforementioned distribution amounts are consistent with those approved by the Board of Directors of the Company.

D. Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interest	Total
Balance at January 1, 2025	\$ (20,995)	(160,211)	39,622	(141,584)
Exchange differences on translation of foreign financial statements	(60,743)	-	-	(60,743)
Share of other comprehensive income of associates accounted for using equity method	23	-	-	23
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(101,119)	-	(101,119)
Changes in non-controlling interest	-	-	(5,643)	(5,643)
Balance at December 31, 2025	<u>\$ (81,715)</u>	<u>(261,330)</u>	<u>33,979</u>	<u>(309,066)</u>

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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interest	Total
Balance at January 1, 2024	\$ (188,333)	(52,047)	44,779	(195,601)
Exchange differences on translation of foreign financial statements	170,254	-	-	170,254
Share of other comprehensive income of associates accounted for using equity method	(431)	-	-	(431)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(108,164)	-	(108,164)
Disposal of investment accounted for using equity method	(2,485)	-	-	(2,485)
Changes in non-controlling interest	-	-	(5,157)	(5,157)
Balance at December 31, 2024	<u>\$ (20,995)</u>	<u>(160,211)</u>	<u>39,622</u>	<u>(141,584)</u>

E. Treasury stock

The Company implements the treasury stock system, and the reasons for the repurchase were listed as follows:

Unit: Thousand shares

Reason	2025			
	Outstanding at January 1	Granted during the year	Exercised during the year	Outstanding at December 31
Transferred to employee	<u>250</u>	<u>3,500</u>	<u>1,440</u>	<u>2,310</u>
Reason	2024			
	Outstanding at January 1	Granted during the year	Exercised during the year	Outstanding at December 31
Transferred to employee	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Group should not be pledged, and do not hold any shareholder rights before their transfer.

For the fiscal years 2025 and 2024, the Company repurchased 3,500 thousand shares and 250 thousand shares of treasury stock, respectively, in accordance with Article 28-2 of the Securities and Exchange Act for the purpose of transferring the shares to employees.

Treasury shares held by the Company may not be pledged and do not carry shareholders' rights prior to being transferred, in accordance with the Securities and Exchange Act.

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In November 2025, the Company transferred \$101,826 treasury shares to employee. The Company used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The Company recognized compensation cost amounting to \$12,514 for the year ended December 31, 2025.

(20) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share as of December 31, 2025 and 2024 were as follows:

	2025	2024
Basic earnings per share:		
Net profit for the period attributable to the Company	<u>\$ 641,685</u>	<u>984,576</u>
Issued ordinary shares at 1 January (in thousands of shares)	148,731	148,981
Add: Exercise of share options	146	-
Less: Treasury stock repurchase	(1,722)	(29)
Weighted average number of ordinary shares (in thousands of shares)	<u>147,155</u>	<u>148,952</u>
Basic earnings per share	<u>\$ 4.36</u>	<u>6.61</u>
Diluted earnings per share:		
Net profit	\$ 641,685	984,576
Add: Interest expense on convertible bonds, net of tax	<u>10,226</u>	<u>10,036</u>
Net profit for the period attributable to the Company	<u>\$ 651,911</u>	<u>994,612</u>
Weighted average number of ordinary shares (in thousands of shares) (basic)	147,155	148,952
Effect of dilutive potential ordinary shares:		
Effect of employee share bonus	505	825
Effect of conversion of convertible bonds	<u>8,083</u>	<u>7,778</u>
Weighted average number of ordinary shares (in thousands of shares) (diluted)	<u>155,743</u>	<u>157,555</u>
Diluted earnings per share	<u>\$ 4.19</u>	<u>6.31</u>

(21) Revenue from contracts with customers

A. Major products lines and primary geographical markets

	2025			2024		
	Antenna department	Component department	Total	Antenna department	Component department	Total
China	\$ 2,540,871	1,711,365	4,252,236	2,368,884	1,702,164	4,071,048
Taiwan	740,164	449,515	1,189,679	646,184	492,704	1,138,888
Others	<u>1,264,903</u>	<u>912,685</u>	<u>2,177,588</u>	<u>1,184,757</u>	<u>971,717</u>	<u>2,156,474</u>
	<u>\$ 4,545,938</u>	<u>3,073,565</u>	<u>7,619,503</u>	<u>4,199,825</u>	<u>3,166,585</u>	<u>7,366,410</u>

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B. Contract balances

For details on accounts receivable and loss allowance, please refer to note 6(3).

(22) Employee compensation and directors' remuneration

On June 20, 2025, the Company's shareholders approved an amendment to the Articles of Incorporation. Under the amended Articles, when the Company generates profit for the year, no less than 5% of such profit shall be allocated as employee compensation (of which no less than 50% shall be distributed to non-management employees). The distribution shall be determined by the Board of Directors and may be made in shares or in cash, and the eligible recipients may include employees of subsidiaries who meet specified criteria. In addition, the Board of Directors shall allocate no more than 3% of such profit as remuneration to directors. However, if the Company has accumulated deficits, the profit shall first be reserved to offset such deficits before allocating compensation based on the aforementioned percentages.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to \$33,111 and \$61,693, and directors' remuneration amounting to \$13,244 and \$24,677, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2025 and 2024. The numbers of shares to be distributed for 2025 and 2024 were calculated based on the closing price of the Company's ordinary shares on the day before the date of the board meeting. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year.

The employee and directors' remuneration for the year 2024 and 2023 were approved by the Board of Directors on February 20, 2025 and February 22, 2024. For the years ended December 31, 2024 and 2023, the employee remuneration amounting to \$61,693 and \$40,754, and directors' remuneration amounting to \$24,677 and \$16,301 respectively, both were paid in cash. The appropriation of remunerations were in agreement with those amounts recognized in the 2024 and 2023 financial statements. The related information is available on the Market Observation Post System website.

(23) Non-operating income and expenses

A. Interest income

	2025	2024
Interest income from bank deposits	\$ 45,921	58,081
Interest income from financial assets measured at at amortised cost	119,297	72,968
Interest income from financial assets measured at fair value through other comprehensive income	9,304	21,944
Others	45	49
	\$ 174,567	153,042

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B. Other gains and losses

	2025	2024
Dividend income (Note)	\$ 42,941	3,732
Compensation income	26,608	-
Government grant	7,180	6,243
Sample mold revenue	5,467	4,891
Technical service revenue	3,368	2,836
Losses on disposals of property, plant and equipment	294	(7,685)
Valuation gains (losses) on financial assets and financial liabilities	(5,906)	9,179
Others	16,008	6,016
	\$ 95,960	25,212

Note: For related party transactions, please refer to note 7.

C. Finance costs

	2025	2024
Interest expense on borrowings	\$ 53,425	41,929
Interest expenses on bonds	12,783	12,545
Interest expenses on lease liabilities (Note)	1,201	716
	\$ 67,409	55,190

Note: For related party transactions, please refer to note 7.

(24) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The Group has a large customer base located in diverse areas and does not significantly concentrate on transactions with a single customer; therefore, there was no concentration of credit risk. In order to reduce credit risk, the Group also regularly and continuously evaluates the financial situation of its customers, but usually does not require customers to provide any collateral.

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(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(3).

Financial assets measured at amortized cost include time deposits with maturities of more than three months and investments in bonds, please refer to note 6(5) for details of relevant investments.

For debt investments at fair value through other comprehensive income, please refer to note 6(2).

All of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2025							
Non-derivative financial liabilities							
Short-term borrowings \$	715,000	717,159	712,126	5,033	-	-	-
Long-term borrowings (including current portion)	2,275,323	2,451,181	261,209	292,514	1,166,409	701,232	29,817
Notes and accounts payable (including related parties)	1,381,380	1,381,380	1,381,380	-	-	-	-
Salary and bonus payable	312,178	312,178	312,178	-	-	-	-
Payable on machinery and equipment	34,208	34,208	34,208	-	-	-	-
Bonds payable, current portion	688,070	700,000	-	700,000	-	-	-
Lease liabilities (current and noncurrent)	48,989	50,921	6,858	6,858	13,715	23,490	-
Guarantee deposits received	2,786	2,786	-	-	2,786	-	-
	<u>\$ 5,457,934</u>	<u>5,649,813</u>	<u>2,707,959</u>	<u>1,004,405</u>	<u>1,182,910</u>	<u>724,722</u>	<u>29,817</u>

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December 31, 2024	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Non derivative financial liabilities							
Short-term borrowing	\$ 376,095	386,087	86,273	299,814	-	-	-
Long-term borrowings (including current portion)	2,271,137	2,321,108	271,546	249,002	1,142,684	589,272	68,604
Notes and accounts payable (including related parties)	1,353,041	1,353,041	1,353,041	-	-	-	-
Salary and bonus payable	337,427	337,427	337,427	-	-	-	-
Payable on machinery and equipment	60,351	60,351	60,351	-	-	-	-
Bonds payable, current portion	675,287	700,000	-	-	700,000	-	-
Lease liabilities (current and non-current)	38,555	40,343	4,164	4,109	7,531	18,797	5,742
Guarantee deposits received	6,122	6,122	-	-	6,122	-	-
	\$ 5,118,015	5,204,479	2,112,802	552,925	1,856,337	608,069	74,346

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2025		
	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 148,552	31.4380	4,670,178
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	31,792	31.4380	999,477
	December 31, 2024		
	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 130,375	32.7810	4,273,823
JPY	63,777	0.2099	13,387

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	December 31, 2024		
	Foreign currency	Exchange rate	TWD
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	35,936	32.7810	1,178,018
JPY	107,155	0.2099	22,492

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, accounts and other receivables (including related parties), financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, short-term borrowings, and accounts payable (including related parties) which are denominated in foreign currencies. A strengthening (weakening) of 1% of the TWD against the USD and the JPY as of December 31, 2025 and 2024, would have increased or decreased the net profit after tax by \$29,366 thousand and \$24,694 thousand, respectively. The analysis assumed that all other variables remain constant, and is performed on the same basis for both periods.

(c) Foreign exchange gain and loss on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended December 31, 2025 and 2024, foreign exchange gain (including realized and unrealized portions) amounted to \$(135,993) and \$200,551, respectively.

D. Other market price risk

The sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	2025		2024	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
	Increasing 5%	\$ 43,039	-	51,611
Decreasing 5%	\$ (43,039)	-	(51,611)	(3,942)

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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		December 31, 2025				
		<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through other comprehensive income						
Corporate bonds	\$	180,099	180,099	-	-	180,099
Stocks listed on domestic markets		670,469	383,508	286,961	-	670,469
Domestic and foreign unlisted company stocks		<u>225,397</u>	<u>-</u>	<u>-</u>	<u>225,397</u>	<u>225,397</u>
	\$	<u>1,075,965</u>	<u>563,607</u>	<u>286,961</u>	<u>225,397</u>	<u>1,075,965</u>
Financial assets at fair value through profit or loss						
Call option and put option	\$	<u>76</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>76</u>
		December 31, 2024				
		<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through profit or loss						
Foreign funds	\$	24,968	24,968	-	-	24,968
Foreign stocks		<u>73,577</u>	<u>73,577</u>	<u>-</u>	<u>-</u>	<u>73,577</u>
	\$	<u>98,545</u>	<u>98,545</u>			<u>98,545</u>
Financial assets at fair value through other comprehensive income						
Corporate bonds	\$	232,842	232,842	-	-	232,842
Stocks listed on domestic markets		609,699	258,285	351,414	-	609,699
Domestic and foreign unlisted company stocks		<u>218,238</u>	<u>-</u>	<u>-</u>	<u>218,238</u>	<u>218,238</u>
	\$	<u>1,060,779</u>	<u>491,127</u>	<u>351,414</u>	<u>218,238</u>	<u>1,060,779</u>
Financial liabilities at fair value through profit or loss						
Call option and put option	\$	<u>1,464</u>	<u>-</u>	<u>1,464</u>	<u>-</u>	<u>1,464</u>

(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Financial assets and financial liabilities measured at amortized cost:

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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(c) Valuation techniques for financial instruments measured at fair value

(i) Non-derivative financial instruments

The Group held its foreign listed US dollar corporate bonds and domestic listed company stocks, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on the valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

The categories and nature of the fair value for the Group's financial instruments which without an active market, the fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumptions are based on the market multiples and net value of assets. The market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The net asset value method reflects the overall value of the enterprise by evaluating the total value of individual assets and individual liabilities covered by the evaluation target. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

(ii) Derivative financial instruments

Measurements of fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as embedded derivatives - call rights and put rights are used to evaluate financial instruments using the binary tree convertible bond evaluation model.

(d) There was no transfer between levels for the years ended December 31, 2025 and 2024.

(e) Reconciliation of Level 3 fair values

	Financial assets at FVOCI—equity investments without an active market
Opening balance, January 1, 2025	\$ 218,238
Recognized in other comprehensive income	14,135
Others	<u>(6,976)</u>
Ending balance, December 31, 2025	<u>\$ 225,397</u>
Opening balance, January 1, 2024	\$ 42,637
Recognized in other comprehensive income	(12,920)
Purchased	186,556
Others	<u>1,965</u>
Ending balance, December 31, 2024	<u>\$ 218,238</u>

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- (f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value through other comprehensive income – equity investments.

For the consolidated entity, most fair value measurements classified within Level 3 are based on a single significant unobservable input. Only equity instruments without an active market involve multiple significant unobservable inputs. The significant unobservable inputs used in the valuation of equity instruments without an active market are independent of one another and therefore do not exhibit interrelationships.

Quantified information of significant unobservable inputs was as follows:

<u>Items</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Market Method	<ul style="list-style-type: none"> · Price-book ratios (10.54%~11.10% and 10.42%~12.81% at Dec 31, 2025 and Dec 31, 2024, respectively.) · Discount rate (25.21%~27.62% and 17.76%~18.37% at Dec 31, 2025 and Dec 31, 2024, respectively.) 	<ul style="list-style-type: none"> · The higher the price-book ratio, the higher the fair value · The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> · Net asset value · Discount rate (9% at Dec 31, 2025 and Dec 31, 2024.) 	<ul style="list-style-type: none"> · The higher the net assets, the higher the fair value · The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Market Value Method	<ul style="list-style-type: none"> · Discount rate (15.02% and 16.75% at Dec 31, 2025 and Dec 31, 2024.) 	<ul style="list-style-type: none"> · The higher the discount rate, the lower the fair value

(25) Financial risk management

A. Overview

The consolidated entity is exposed to the following risks arising from the use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

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This note provides information on the exposures associated with the above risks, as well as the objectives, policies and procedures of the consolidated entity for measuring and managing these risks. Additional quantitative disclosures are provided in the respective notes to the consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group's establishment of the risk management policy is to identify and analyze the risks faced by the Group, through setting appropriate risk limits and controls, and supervising the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operations of the management of the Group.

The Group's financial management department provides services for various business units and to coordinate access to the domestic and international financial markets operation, and supervises and manages the financial risks related to the operation of the Group by analyzing internal risk reports based on risk level and breadth.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, financial institutions and corporate organizations with good credit rating. The Group expects its counterparties to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on the credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the management of the Group.

The Group's policy stipulates that only fully owned subsidiaries can be provided with financial guarantees. As of December 31, 2025 and 2024 an, the Group only provided endorsement guarantee to its subsidiaries.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, the currencies used in these transactions are the TWD, USD, RMB, EUR and JPY.

Loan interest is priced in the currency of the principal of the loan. Except for the US dollars, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Group, which is mainly is the New Taiwan dollar. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when short-term imbalance occurs, the Group buys or sells foreign currencies at real-time exchange rates to ensure that the net risk of risk remains at an acceptable level.

(b) Interest rate risk

The short-term and long-term borrowings of the Group are carried at floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly, which will cause fluctuations in future cash flows.

(c) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

(26) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

Although the Group's life cycle is in a stable growth stage of operation, the industry of the Group is changeable, and it is deemed as technology intensive industry; hence, a material amount of capital is needed to sustain its development. The retained surplus must be used to respond to operating growth and investment needs. At this stage, a residual dividend policy is adopted. The cash dividends distributed by shareholder dividends shall not be less than 10% of the total distribution.

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In order to maintain or adjust the capital structure semi-annually, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

There were no changes in the Group's approach to capital management during the year ended December 31, 2025.

The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 6,216,223	5,935,647
Less: cash and cash equivalents and over three-month period time deposit	(1,787,804)	(1,162,950)
Net debt	\$ 4,428,419	4,772,697
Total equity	\$ 7,554,802	7,616,099
Debt-to-equity ratio	58.62%	62.67%

The decrease in the debt-to-capital ratio as of December 31, 2025 was primarily due to an increase in cash and cash equivalents, which resulted in a reduction in net debt.

(27) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

A. For right-of-use assets under leases, please refer to note 6(8).

B. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes		December 31, 2025
			Foreign exchange movement	Acquisition	
Short-term borrowings	\$ 376,095	342,331	(3,426)	-	715,000
Long-term borrowings (including current portion)	2,271,137	(3,344)	-	7,530	2,275,323
Lease liabilities (current and non-current)	38,555	(13,950)	-	24,384	48,989
Convertible bonds payable	675,287	-	-	12,783	688,070
	\$ 3,361,074	325,037	(3,426)	44,697	3,727,382

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	January 1, 2024	Cash flows	<u>Non-cash changes</u>		December 31, 2024
			Foreign exchange movement	Acquisition	
Short-term borrowings	\$ 419,329	(42,036)	(1,198)	-	376,095
Long-term borrowings (including current portion)	1,865,694	405,323	-	120	2,271,137
Lease liabilities (current and non-current)	39,576	(15,739)	-	14,718	38,555
Convertible bonds payable	662,742	-	-	12,545	675,287
	<u>\$ 2,987,341</u>	<u>347,548</u>	<u>(1,198)</u>	<u>27,383</u>	<u>3,361,074</u>

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Walsin Technology Corporation ("Walsin") obtained a substantial control over the Group; therefore, became the parent company of the Group. Walsin has issued its consolidated financial statements available for public use.

- (2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Inpaq Korea Co., Ltd. (Inpaq Korea)	An associate
Inpaq Europe GmbH	An associate
Phoenix Innovation Venture Capital Co., Ltd. (Phoenix Innovation)	The Company is a corporate director of the entity
Walsin Technology Corporation	Parent company
Prosperity Dielectrics Co., Ltd. (Prosperity Dielectrics)	Subsidiary of Walsin
PDC Electronics (Suzhou) Co., Ltd. (PDC Electronics)	Subsidiary of Walsin
Suzhou Walsin Technology Electronics Co., Ltd. (Suzhou Walsin)	Subsidiary of Walsin
Dongguan Frontier Electronic Co., Ltd.	Subsidiary of Walsin
Kamaya Electric Co., Ltd. (Kamaya Electric)	Subsidiary of Walsin
Kamaya Electric (M) Sdn. Bhd. (Kamaya (M))	Subsidiary of Walsin
Dongguan Walsin Technology Electronics Co., Ltd. (Dongguan Walsin)	Subsidiary of Walsin
Walsin Passive Component (H.K.) Ltd. (Walsin Passive (H.K.))	Subsidiary of Walsin
Walsin Technology Corporation (HK) Ltd. (Walsin Technology HK)	Subsidiary of Walsin
Joyin Co., Ltd. (Joyin)	An associate of Walsin

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<u>Name of related party</u>	<u>Relationship with the Group</u>
Hannstar Board Corporation	An associate of Walsin
HannStar Board Tech. (Jiangyin) Corp.	An associate of Walsin
Info-Tek Corporation (Info-Tek)	Other related party of Walsin
PSA Charitable Foundation	Other related party of Walsin
VVG Something Co., Ltd.	Other related party of Walsin
Chin Poon Industrial Co., Ltd. (Chin Poon)	Other related party of Walsin
Chin Poon Electronics (Dongguan) Co., Ltd.	Other related party of Walsin
Huacheng Automation Equipment Co., Ltd. (Huacheng Automation)	Other related party of Walsin
GBM Electronics (M) Sdn.Bhd.	Other related party of Walsin
Career Foundation	Other related party of Walsin
Career Technology (Mfg) Co., Ltd.	Other related party of Walsin
	Other related party of Walsin

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to its related parties were as follows:

	<u>2025</u>	<u>2024</u>
Associates	\$ 91,935	106,275
Parent company	139,428	104,791
Other related parties:		
Walsin Passive (H.K.)	353,108	325,864
Walsin Technology HK	58,392	88,082
Prosperity Dielectrics	38,136	27,338
Kamaya (M)	16,212	10,377
Others	24,567	21,807
	<u>\$ 721,778</u>	<u>684,534</u>

The terms and pricing of sales transactions with related parties were not significantly different from those offered by other customers.

B. Purchases and processing fees

The amounts of significant purchases by the Group from related parties were as follows:

	<u>2025</u>	<u>2024</u>
Parent company	\$ 3,333	2,056
Other related parties:		
Prosperity Dielectrics	40,538	15,453
PDC Electronics	21,448	29,858
Others	15,363	7,165
	<u>\$ 80,682</u>	<u>54,532</u>

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The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

C. Receivables from related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	Walsin Passive (H.K.)	\$ 56,183	100,675
Accounts receivable	Parent company	50,429	41,310
Accounts receivable	Inpaq Korea	14,905	17,984
Accounts receivable	Prosperity Dielectrics	10,639	10,476
Accounts receivable	Inpaq Europe GmbH	10,348	10,424
Accounts receivable	Walsin Technology HK	5,660	12,748
Accounts receivable	Others	9,648	11,670
		<u>\$ 157,812</u>	<u>205,287</u>

D. Payables to related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	Prosperity Dielectrics	\$ 22,137	5,396
Accounts payable	Syscom	3,332	-
Accounts payables	PDC Electronics	2,452	12,630
Accounts payable	Parent company	1,403	1,196
Accounts payable	Others	6,011	2,499
		<u>\$ 35,335</u>	<u>21,721</u>

E. Acquisition of property, plant and equipment

<u>Account</u>	<u>Relationship</u>	<u>Acquisition Price</u>	
		<u>2025</u>	<u>2024</u>
Mechanical equipment	Hua Cheng Automation Co., Ltd.	\$ 2,894	-
	Parent company	-	774
		<u>\$ 2,894</u>	<u>774</u>

F. Acquisition of Other Assets

<u>Account</u>	<u>Relationship</u>	<u>Acquisition Price</u>	
		<u>2025</u>	<u>2024</u>
Right-of-use assets	Kamaya Electric	\$ 4,850	-

G. Disposal of property, plant and equipment and Other Assets

<u>Account</u>	<u>Relationship</u>	<u>Disposal Price</u>	
		<u>2025</u>	<u>2024</u>
Machinery and equipment	Parent company	\$ 2,220	-

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		Gain or Loss of Disposal	
		2025	2024
	Parent company	\$ 2,220	-
H. Lease			
Account	Relationship	2025	2024
Rental expense	Others	\$ 2,451	2,854
Interest expense	Kamaya Electric	\$ 149	250
	Parent company	9	21
		\$ 158	271
Gain from lease modification	Kamaya Electric	\$ 376	-
	Parent company	27	-
		\$ 403	-
Account	Relationship	December 31, 2025	December 31, 2024
Right-of-use assets	Kamaya Electric	\$ 3,907	15,999
	Parent company	-	1,590
		\$ 3,907	17,589
Lease liability	Kamaya Electric	\$ 3,931	16,350
	Parent company	-	1,643
		\$ 3,931	17,993
Refundable deposits	Kamaya Electric	\$ 230	379
Prepaid expenses	Kamaya Electric	\$ 138	198
I. Other			
Account	Relationship	2025	2024
Other income	Parent company	\$ 2,418	2,436
	Others	-	162
Dividend income	Phoenix Innovation	7,228	2,020
		\$ 9,646	4,618
Other expense	Parent company	\$ 209	15
	Others	6,894	2,637
Commission expense	Inpaq Korea	18,581	23,017
		\$ 25,684	25,669

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<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables	Parent company	\$ 3,338	648
	Taiwan PCB Techvest	-	1,095
	Others	536	435
		<u>\$ 3,874</u>	<u>2,178</u>
Other payables	Inpaq Korea	\$ 5,212	8,447
	Silitech Electronics	1,983	-
	Parent company	772	1,673
	Others	3,076	1,612
		<u>\$ 11,043</u>	<u>11,732</u>

(4) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	9,337	14,435
Post-employment benefits	108	108
Non-monetary benefits	599	739
	<u>\$ 10,044</u>	<u>15,282</u>

8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposit (classified as refundable deposits)	Tariff guarantee	\$ 21,490	22,473
Time deposit (classified as refundable deposits)	Guarantee for plant lease	9,331	9,331
Land and buildings	Long-term loans	784,756	798,267
Land and buildings	Long-term and short-term loans	186,866	186,866
		<u>\$ 1,002,443</u>	<u>1,016,937</u>

9. Significant commitments and contingencies

As of December 31, 2025, the Company's subsidiary, Hunan Hongdian Electronics Co., Ltd., received lawsuits filed by certain former employees regarding whether an employment relationship existed during specific periods. The related cases have been referred to external legal counsel and are currently under judicial review. Based on the professional assessment of external legal counsel and in accordance with applicable laws and regulations, the Company has performed a risk analysis and recognized appropriate provisions for the year ended 2025. As the litigation cases are still under review by the courts, the final outcomes remain pending. However, based on the evaluation performed, these matters are not expected to have a material impact on the Company's overall financial position or operating results.

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10. Losses due to major disasters: none
11. Subsequent events: none
12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31					
		2025			2024		
		Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits							
Salary		619,271	539,039	1,158,310	671,110	475,250	1,146,360
Labor and health insurance		69,867	82,040	151,907	74,429	37,703	112,132
Pension		39,455	25,389	64,844	44,731	24,954	69,685
Others		55,095	20,618	75,713	55,588	18,335	73,923
Depreciation		386,803	65,172	451,975	383,568	75,228	458,796
Amortization		3,637	10,336	13,973	4,509	14,942	19,451

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13. Other disclosures

(1) Information on significant transactions:

The following is the information on significant transactions of the Group required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”:

A. Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (note 1)	Maximum limit of fund financing (note 1)
													Item	Value		
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Other receivables due from related parties	Yes	450,000	450,000	295,000	1.8778%	2	-	Operating	-	NIL	450,000	1,880,206	3,008,329
0	The Company	Inpaq USA	Other receivables due from related parties	Yes	99,546	47,157	42,441	3.00%	2	-	Operating	-	NIL	47,157	1,880,206	3,008,329

Note 1: a. According to the financing company’s financial management clauses, the financing limit of the Company in aggregate is 40% of net equity. An entity which has business transactions with the Company or related parties:

- (1) For companies or entities with short-term financing needs, in which the Company directly holds 50% of the voting shares, the financing limit is 25% of the Company’s net equity.
- (2) For other companies or entities, and those fund loans approved by the Company’s Board of Directors, the financing limit is both 10% of the Company’s net equity.

b. According to the financing company’s financial management clauses, for financing between foreign companies, in which the Company directly or indirectly holds 100% of the voting shares, the financing limit for each borrower and the aggregate financing limit are both 40% of net equity.

Note 2: 1. relate to business relationship.

2. relate to short-term financing.

B. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	1,504,165	132,728	-	-	-	- %	3,008,329	Y	N	Y
0	The Company	Taiwan Inpaq Electronic Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	1,504,165	1,050,000	400,000	-	-	5.32 %	3,008,329	Y	N	N
0	The Company	Hunan Frontier Electronics Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	1,504,165	66,364	-	-	-	- %	3,008,329	Y	N	Y

Note 1: The total amount of guarantee provided to any individual entity shall not exceed 20% of Inpaq’s equity.

Note 2: The total amount of guarantee provided shall not exceed 40% of Inpaq’s equity.

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C. Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Corporate bonds – Union Bank of Switzerland	NA	Financial assets at amortised cost – non-current	-	126,295	-	131,332	-
The Company	Corporate bonds – Unitedhealth	NA	Financial assets at amortised cost – non-current	-	95,716	-	97,002	-
The Company	Corporate bonds – Saudi Arabian Oil Co.	NA	Financial assets at amortised cost – non-current	-	120,713	-	122,792	-
The Company	Corporate bonds – Toyota Motor Credit Corp	NA	Financial assets at amortised cost – non-current	-	193,630	-	200,153	-
The Company	Corporate bonds – BMW US Capital LLC	NA	Financial assets at amortised cost – non-current	-	93,421	-	96,342	-
The Company	Corporate bonds – Cathay United Bank Co., Ltd	NA	Financial assets at amortised cost – non-current	-	78,595	-	78,202	-
The Company	AICP Technology Corporation – Stock	NA	Financial assets at fair value through other comprehensive income – non-current	600,000	4,818	8.00 %	4,818	8.00 %
The Company	Phoenix Innovation Venture Capital Co., Ltd. – Stock	The Company is a corporate director of the entity	Financial assets at fair value through other comprehensive income – non-current	3,000,000	43,560	9.38 %	43,560	9.38 %
The Company	PAN WIN Biotechnology Inc.– Stock	NA	Financial assets at fair value through other comprehensive income – non-current	100,000	-	5.00 %	-	5.00 %
The Company	Silitech Technology Corporation – Stock	Affiliated companies of Walsin Technology Corporation	Financial assets at fair value through other comprehensive income – non-current	250,000	1,970	5.00 %	1,970	5.00 %
The Company	TXC Corporation – Stock	NA	Financial assets at fair value through other comprehensive income – non-current	8,970,000	670,469	2.62 %	670,469	2.62 %
The Company	Corporate bonds – Microsoft Corporation	NA	Financial assets at fair value through other comprehensive income – non-current	-	22,237	-	22,237	-
The Company	Corporate bonds – Apple Inc.	NA	Financial assets at fair value through other comprehensive income – non-current	-	72,753	-	72,753	-
The Company	Corporate bonds – Amazon.com, Inc.	NA	Financial assets at fair value through other comprehensive income – non-current	-	39,027	-	39,027	-
The Company	Corporate bonds – Saudi Arabian Oil Co.	NA	Financial assets at fair value through other comprehensive income – non-current	-	46,082	-	46,082	-
Inpaq (BVI)	Corporate bonds – Saudi Arabian Oil Co.	NA	Financial assets at amortised cost – non-current	-	127,731	-	127,971	-
Inpaq (BVI)	Corporate bonds – BNP Paris	NA	Financial assets at amortised cost – non-current	-	68,028	-	66,582	-
Inpaq (BVI)	Corporate bonds – Philip Morris International Inc.	NA	Financial assets at amortised cost – non current	-	220,450	-	227,965	-
Inpaq (BVI)	Corporate bonds – Verizon Communications	NA	Financial assets at amortised cost – non current	-	141,917	-	143,531	-
Inpaq (BVI)	Corporate bonds – Westpac New Zealand Limited	NA	Financial assets at amortised cost – non current	-	95,074	-	97,256	-

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Inpaq (BVI)	Corporate bonds –First Abu Dhabi Bank	NA	Financial assets at amortised cost – non current	-	94,658	-	96,805	-
Inpaq (BVI)	Corporate bonds –Bank of New Zealand	NA	Financial assets at amortised cost – non current	-	94,949	-	97,005	-
Inpaq (BVI)	Corporate bonds – PayPal Holdings Inc.	NA	Financial assets at amortised cost – non current	-	56,745	-	58,279	-
Inpaq (BVI)	Corporate bonds –CPC Corporation, Taiwan	NA	Financial assets at amortised cost – non current	-	63,487	-	66,792	-
Inpaq (BVI)	Corporate bonds – American Transmission System	NA	Financial assets at amortised cost – non current	-	19,902	-	19,800	-
Inpaq (BVI)	Corporate bonds – Nippon Telegraph and Telephone Corporation (NTT)	NA	Financial assets at amortised cost – non current	-	162,414	-	161,796	-
Inpaq (BVI)	Corporate bonds – Mitsubishi	NA	Financial assets at amortised cost – non current	-	218,906	-	218,779	-
Inpaq (BVI)	Corporate bonds – Banco Santander, S.A.	NA	Financial assets at amortised cost – non current	-	228,838	-	231,435	-
Inpaq (BVI)	Corporate bonds –Bank of America	NA	Financial assets at fair value through other comprehensive income – non-current	-	89,938	-	92,801	-
Inpaq (BVI)	Corporate bonds – Commonwealth Bank of Australia	NA	Financial assets at fair value through other comprehensive income – current	-	112,933	-	115,071	-
Inpaq (BVI)	PSA Japan Investment Godo Kaisha	Subsidiaries of Walsin	Financial assets at fair value through other comprehensive income – non-current	-	79,466	- %	80,206	- %
Inpaq (BVI)	Japanese stock – Marubeni Corp	NA	Financial assets at fair value through profit or loss – non-current	-	175,049	12.00	175,049	12.00

D. Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	Sales	(634,872)	(15)%	According to the commercial terms agreed upon by both parties	-	Note	258,132	18%	
Inpaq Technology (Suzhou) Co., Ltd.	The Company	Parent company	Sales	(1,256,913)	(27)%	"	-	Note	326,969	24%	
Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	Subsidiaries indirectly hold 100% by the Company	Sales	(154,587)	(3) %	"	-	Note	35,612	3%	
Inpaq Technology (Suzhou) Co., Ltd.	Walsin Passive (H.K.)	Subsidiaries of Walsin	Sales	(353,108)	(8) %	"	-	Note	56,183	4%	
Inpaq Technology (China) Co., Ltd.	The Company	Parent company	Sales	(729,329)	(44)%	"	-	Note	192,207	42%	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd	Subsidiaries indirectly hold 100% by the Company	Sales	(230,185)	(14)%	"	-	Note	32,014	7%	
Hunan Frontier Electronics Co., Ltd.	The Company	Parent company	Sales	(111,962)	(67)%	"	-	Note	-	-%	

Note : The Group's sales price and credit term for related parties are not significantly different from those of the third parties.

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E. Receivables from related parties with amounts exceeding the lower of TWD 100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate (%)	Overdue		Amounts received in subsequent period (note1)	Allowance for bad debts
					Amount	Action taken		
The Company	Inpaq Technology (China) Co., Ltd.	Subsidiaries indirectly hold 100% by the Company	270,852 (Note 2)	2.02 %	-	-	115,188	-
Inpaq Technology (Suzhou) Co., Ltd.	The Company	Parent company	326,969	3.41 %	-	-	96,750	-
Inpaq Technology (Suzhou) Co., Ltd.	Walsin Passive (H.K.)	Subsidiaries of Walsin	192,420 (Note 2)	4.40 %	-	-	59,534	-
Inpaq Technology (China) Co., Ltd.	The Company	Parent company	296,353 (Note 3)	- %	-	-	15,476	-

Note1 : As of January 31, 2026.

Note2 : Including other receivables.

Note3 : Including other receivables from loans.

F. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount (note)	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Inpaq Technology (China) Co., Ltd.	The parent company to the subsidiary	Accounts receivable	258,132	According to the commercial terms agreed upon by both parties	2%
0	The Company	Inpaq Technology (China) Co., Ltd.	The parent company to the subsidiary	Sales	634,872	"	8%
0	The Company	Taiwan Inpaq	The parent company to the subsidiary	Other receivables	296,353	"	2%
1	Inpaq Technology (Suzhou) Co., Ltd.	The Company	The subsidiary to the parent company	Accounts receivable	326,969	"	2%
1	Inpaq Technology (Suzhou) Co., Ltd.	The Company	The subsidiary to the parent company	Sales	1,256,913	"	16%
1	Inpaq Technology (Suzhou) Co., Ltd.	Taiwan Inpaq	The subsidiary to the subsidiary	Sales	154,587	"	2%
2	Inpaq Technology (China) Co., Ltd.	The Company	The subsidiary to the parent company	Accounts receivable	192,207	"	1%
2	Inpaq Technology (China) Co., Ltd.	The Company	The subsidiary to the parent company	Sales	729,329	"	10%
2	Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	The subsidiary to the subsidiary	Sales	230,185	"	3%
3	Hunan Frontier Electronics Co., Ltd.	The Company	The subsidiary to the parent company	Sales	111,962	"	1%

Note: Only those that account for 1% or more of the consolidated total operating income or total assets were disclosed.

(2) Information on investees (excluding information on investees in Mainland China):

Unit: Shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (note 1)
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Inpaq BVI	BVI	General investing	1,258,296	1,258,296	39,908,842	100.00 %	5,694,219	100.00 %	857,564	856,747	Subsidiary
The Company	Inpaq Korea	Korea	Sales	12,864	12,864	76,828	44.77 %	9,096	44.77 %	1,634	731	Associate
The Company	Inpaq USA	U.S.A.	Sales	15,315	15,315	5,000,000	100.00 %	(39,850)	100.00 %	(15,534)	(15,534)	Subsidiary
The Company	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00 %	1,308	19.00 %	(2,716)	(516)	Associate
The Company	Yangtze Energy Technologies, Inc.	Taiwan	Production and sales of electronic components	7,000	7,000	311,097	19.89 %	1,757	19.89 %	(66)	(13)	Note 3
The Company	Inpaq Japan	Japan	Sales	41,940	41,940	20,000	100.00 %	39,809	100.00 %	(286)	(286)	Associate
The Company	Inpaq Malaysia	Malaysia	Production and sales of electronic components	37,090	-	5,002,000	100.00 %	28,207	100.00 %	(10,039)	(10,039)	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note (note 1)
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Eleceram Technology Co., Ltd.	Taiwan	Production and sales of electronic components	-	-	-	100.00 %	-	- %	-	-	Subsidiary
Inpaq BVI	Inpaq Cayman	Cayman Islands	General Investing	209,946	209,946	8,747,750	72.90 %	167,858	72.90 %	(18,584)	(15,179)	Subsidiary
Inpaq Technology (Suzhou) Co., Ltd.	Inpaq (HK) Co., Limited	Hong Kong	General Investing	1,002,550	1,002,550	32,150,000	100.00	3,385,827	100.00 %	774,544	774,544	Note 2
Holopyaq (HK) Co., Limited	Taiwan Inpaq	Taiwan	Production and sales of electronic components	122,240	122,240	4,000,000	100.00 %	20,291	100.00 %	119,542	119,542	Subsidiary
				122,240	122,240	-	100.00 %	20,291	100.00 %	119,542	119,542	Subsidiary

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Notes 2 and 5)	Book value (Notes 2, 3 and 5)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Inpaq Technology (Suzhou) Co., Ltd.	Production and sales of electronic components	360,643	Note 1	360,643	-	-	360,643	751,530	100.00%	100.00%	751,530	2,377,776	361,325
Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components	-	Note 6	23,179	-	-	23,179 (Note 6)	-	-	-	-	-	-
Inpaq Technology (China) Co., Ltd.	Production and sales of electronic components	894,480	Note 1	894,480	-	-	894,480	20,486	100.00%	100.00%	20,486	980,105	-
Inpaq Trading (Suzhou) Co., Ltd.	Sales of electronic components	9,463	Note 4	-	-	-	-	1,901	100.00%	100.00%	1,901	35,930	-
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	(119,612)	100.00%	100.00%	(119,612)	217,958	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA (Notes 6 and 7)	Upper Limit on Investment (Note 3)
1,278,302	916,977	4,512,494

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: The amount was recognized based on the audited financial statements.

Note 3: The Company investment in Mainland China pursuant to “Principle of Investment or Technical Cooperation in Mainland China” did not exceed the investment amount or percentage limit.

Note 4: Inpaq Trading (Suzhou) Co., Ltd. invested using its own funds; thus, it was not included in the calculation of the investment limit.

Note 5: The relevant transactions and ending balance were eliminated in consolidated financial statements.

Note 6: Inpaq Trading has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration in 2023. However, its cumulative investment of \$23,179 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 7: The cash dividend of \$361,325 remitted by Inpaq Trading (Suzhou) Co., Ltd. in 2020 was approved by the Investment Commission MOEA on January 22, 2021 with approval number 10900410860 for reference.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in “Information on significant transactions”.

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14. Segment information:

(1) General information

The Group has two reportable segments: high frequency component segment and passive component segment. The high-frequency component segment manufactures various communication components, which are mainly used in mobile phones, global positioning systems (GPS), wireless communication networks, and bluetooth modules. The passive components segment manufactures protective components such as overvoltage, overcurrent, and noise protection, which are mainly used in consumer electronics and computer peripherals.

The reportable segments are the Group's strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies.

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment.

	2025			
	High frequency component segment	Passive component segment	Reconciliation and elimination	Total
Revenue				
Reportable segment profit	\$ 4,545,938	3,073,565	-	7,619,503
Intersegment revenues	-	18,311	(18,311)	-
Total revenue	<u>\$ 4,545,938</u>	<u>3,091,876</u>	<u>(18,311)</u>	<u>7,619,503</u>
Reportable segment profit	<u>\$ 557,290</u>	<u>147,526</u>	<u>-</u>	704,816
Share of loss of associates accounted for using equity method				202
Unamortized amount				<u>67,125</u>
Net profit before tax				<u>\$ 772,143</u>
Segment assets				\$ 13,758,864
Investments assets accounted for using the equity method				<u>12,161</u>
Total assets				<u>\$ 13,771,025</u>

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	2024			
	High frequency component segment	Passive component segment	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	\$ 4,199,825	3,166,585	-	7,366,410
Intersegment revenues	-	18,311	(18,311)	-
Total revenue	<u>\$ 4,199,825</u>	<u>3,184,896</u>	<u>(18,311)</u>	<u>7,366,410</u>
Reportable segment profit	<u>\$ 549,323</u>	<u>400,305</u>	<u>-</u>	949,628
Share of loss of associates accounted for using equity method				(2,099)
Unamortized amount				<u>323,615</u>
Net profit before tax				<u>\$ 1,271,144</u>
Segment assets				\$ 13,539,815
Investments accounted for using the equity method				<u>11,931</u>
Total assets				<u>\$ 13,551,746</u>

(2) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

- A. For information on the revenue from the external customers of the Group in 2025 and 2024, please refer to note 6(21).
- B. Non-current assets

Geographical information	December 31, 2025	December 31, 2024
Taiwan	\$ 2,841,364	3,007,009
China	<u>1,312,863</u>	<u>1,333,103</u>
	<u>\$ 4,154,227</u>	<u>4,340,112</u>

Note: Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets.

(3) Major customers

Revenues from a single customer that account for more than 10% of the Group's total revenue are as follows: none.