

TRUELIGHT CORPORATION
Parent Company Only Financial Statements and
Independent Auditors' Report
Years Ended December 31, 2025 and 2024
(Stock Code: 3234)

Address : NO.21,PROSPERITY RD.1, HSINCHU SCIENCE
PARK,HSINCHU,300091 , TAIWAN, R.O.C.

Tel : +886-3-5780080

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

Independent Auditors' Report

To the Board of Directors and Shareholders of TrueLight Corporation

Opinion

We have audited the accompanying balance sheets of TrueLight Corporation (the "Company") as at December 31, 2025 and 2024, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2025 are outlined as follows:

Evaluation of inventories

Description

Refer to Note 4(11) for the accounting policy of inventory evaluation, and Notes 5(2) and 6(4) for the description of inventory items. Due to fierce market price competition for the products operated by the Company, the risk of inventory price loss is relatively high, and the Company's inventories are measured at the lower of cost and net realizable value. For inventories that have passed a specific period of age and for inventories that are individually identified as obsolete or damaged, the net realizable value often involves manual judgment and thus has estimation uncertainty, so the accountant listed this as a key audit matter.

How our audit addressed the matter

Based on our understanding of the Company's operations and industry characteristics, the audit procedures we performed included evaluating the reasonableness of the Company's inventory valuation policies and procedures, as well as performing test checks on the accuracy of inventory aging calculations. In addition, we performed selective examinations of relevant information used to assess the net realizable value of inventories, such as selling prices, purchase costs, and inventory turnover status, in order to confirm the reasonableness of the net realizable value and the adequacy of the allowance for inventory write-downs.

Property, plant and equipment and right-of-use assets value-in-use measurement

Description

Refer to Note 4 (16) for the accounting policy on the assessment of impairment of property, plant and equipment and right-of-use assets, Notes 5(2) and 6(6) for descriptions of property, plant and equipment items, and Notes 5(2) and 6(7) for description of right-of-use assets. The value-in-use of property, plant and equipment and right-of-use assets shall be used to measure its recoverable amount, and the property, plant and equipment and right-of-use assets shall be evaluated based on the aforementioned recoverable amount whether the property, plant and equipment and right-of-use assets are damaged. Valuation of the value-in-use of property, plant and equipment and right-of-use assets involves estimation of future cash flows, the determination of the discount rate, the assumptions used in the forecast of future cash flow and the estimated results have a significant impact on the evaluation of value-in-use of property, plant and equipment and right-of-use assets, so we listed this as a key audit matter.

How our audit addressed the matter

The verification procedure we performed is mainly to discuss the operation process of future cash flow estimation with the management and understand its product strategy and implementation status, evaluate the reasonableness of various assumptions used by the management to estimate future cash flows, including expected growth rate and gross profit margin, and evaluate the parameters used in the discount rate which including equity funds risk-free ratio, industry risk factor and long-term market rate of return.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Chiang, Tsai-Yen

Cheng Ya-Huei

for and on behalf of PricewaterhouseCoopers, Taiwan
March 11, 2026

TrueLight Corporation
Parent Company Only Balance Sheets
December 31, 2025 and 2024

Unit : NT\$ thousand

Assets	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 126,804	11	\$ 286,268	21
1140	Current contract assets		3,662	-	-	-
1170	Accounts receivable, net	6(3)	116,652	11	87,626	6
1180	Accounts receivable due from related parties, net	6(3) and 7	2,213	-	672	-
1200	Other receivables		1,230	-	1,941	-
1210	Other receivables due from related parties	7	24,652	2	122,150	9
130X	Inventories	6(4)	166,306	15	227,943	16
1410	Prepayments		6,226	1	3,735	-
11XX	Total current assets		<u>447,745</u>	<u>40</u>	<u>730,335</u>	<u>52</u>
Non-current assets						
1535	Non-current financial assets at amortized cost	6(2) and 8	8,880	1	41,089	3
1550	Investments accounted for using equity method	6(5)	199,510	18	155,624	11
1600	Property, plant and equipment	6(6)	340,384	31	342,069	25
1755	Right-of-use assets	6(7)	95,026	8	105,811	8
1780	Intangible assets		81	-	156	-
1840	Deferred tax assets	6(23)	18,581	2	18,581	1
1900	Other non-current assets		897	-	75	-
15XX	Total non-current assets		<u>663,359</u>	<u>60</u>	<u>663,405</u>	<u>48</u>
1XXX	Total assets		<u>\$ 1,111,104</u>	<u>100</u>	<u>\$ 1,393,740</u>	<u>100</u>

(continued)

TrueLight Corporation
Parent Company Only Balance Sheets
December 31, 2025 and 2024

Unit : NT\$ thousand

Liabilities and equity		Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current liabilities						
2150	Notes payable		\$ 1,350	-	\$ 50	-
2170	Accounts payable		27,853	2	17,427	1
2180	Accounts payable to related parties	7	6	-	-	-
2200	Other payables	6(9)	91,272	8	73,371	5
2220	Other payables to related parties	6(9) and 7	88,615	8	112,301	8
2280	Current lease liabilities		7,463	1	7,880	1
2320	Long-term loans, current portion	6(10)	8,333	1	8,190	1
2399	Other current liabilities, others		5,791	1	3,487	-
21XX	Total current liabilities		<u>230,683</u>	<u>21</u>	<u>222,706</u>	<u>16</u>
Non-current liabilities						
2540	Long-term loans	6(10)	41,667	4	70,000	5
2580	Non-current lease liabilities		92,565	8	102,523	7
2600	Other non-current liabilities	6(5)	890	-	41,381	3
25XX	Total non-current liabilities		<u>135,122</u>	<u>12</u>	<u>213,904</u>	<u>15</u>
2XXX	Total liabilities		<u>365,805</u>	<u>33</u>	<u>436,610</u>	<u>31</u>
Equity						
Share capital		6(12)				
3110	Ordinary shares		1,114,747	100	1,114,747	80
Capital surplus		6(13)				
3200	Capital surplus		306,312	28	306,311	22
Retained earnings		6(14)				
3350	Accumulated deficit		(664,120)	(60)	(453,344)	(32)
Other equity interest		6(15)				
3400	Other equity interest		(11,640)	(1)	(10,584)	(1)
3XXX	Total equity		<u>745,299</u>	<u>67</u>	<u>957,130</u>	<u>69</u>
Significant commitments and contingencies		9				
Significant subsequent events		11				
3X2X	Total liabilities and equity		<u>\$ 1,111,104</u>	<u>100</u>	<u>\$ 1,393,740</u>	<u>100</u>

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

TrueLight Corporation
Parent Company Only Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024

Unit : NT\$ thousand
(Except loss per share)

	Items	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6(16) and 7	\$ 670,246	100	\$ 556,137	100
5000	Operating costs	6(4)(21)(22) and 7	(580,641)	(86)	(496,763)	(89)
5900	Gross profit from operation		89,605	14	59,374	11
5910	Unrealized profit from sales		(354)	-	(179)	-
5920	Realized profit from sale		179	-	282	-
5950	Gross profit from operation, net		89,430	14	59,477	11
	Operating expenses	6(21)(22)and 7				
6100	Selling expenses		(13,938)	(2)	(15,745)	(3)
6200	Administrative expenses		(71,532)	(11)	(86,710)	(15)
6300	Research and development expenses		(121,991)	(18)	(132,703)	(24)
6450	Impairment loss/gain and reversal of impairment loss determined in accordance with IFRS 9	12	(3)	-	916	-
6000	Total operating expenses		(207,464)	(31)	(234,242)	(42)
6900	Net operating loss		(118,034)	(17)	(174,765)	(31)
	Non-operating income and expenses					
7100	Interest income	6(17)	3,649	-	8,756	1
7010	Other income	6(18)	6,165	1	7,480	1
7020	Other gains and losses, net	6(19)	(9,394)	(1)	605	-
7050	Finance costs	6(20)	(3,293)	(1)	(5,996)	(1)
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(34,771)	(5)	(74,120)	(13)
7000	Total non-operating income and expenses		(37,644)	(6)	(64,485)	(12)
7900	Loss before income tax		(155,678)	(23)	(239,250)	(43)
7950	Income tax expense	6(23)	-	-	-	-
8200	Loss for the year		<u>(\$ 155,678)</u>	<u>(23)</u>	<u>(\$ 239,250)</u>	<u>(43)</u>
	Other comprehensive income, net					
	Items that may be subsequently reclassified to profit or loss					
8380	Share of other comprehensive income of subsidiary, associates and joint ventures accounted for using equity method	6(15)	(\$ 1,056)	-	\$ 5,059	1
8300	Total other comprehensive income, net		<u>(\$ 1,056)</u>	<u>-</u>	<u>\$ 5,059</u>	<u>1</u>
8500	Total comprehensive income for the year		<u>(\$ 156,734)</u>	<u>(23)</u>	<u>(\$ 234,191)</u>	<u>(42)</u>
	Loss per share	6(24)				
9750	Basic		<u>(\$ 1.40)</u>		<u>(\$ 2.21)</u>	
9850	Diluted		<u>(\$ 1.40)</u>		<u>(\$ 2.21)</u>	

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

TrueLight Corporation
Parent Company Only Statements of Changes in Equity
Years Ended December 31, 2025 and 2024

Unit : NT\$ thousand

Notes	Ordinary share	Capital surplus	Retained earnings			Other equity interest	Total equity
			Legal reserve	Special reserve	Accumulated deficit	Exchanges differences on translation of foreign financial statements	
<u>Year ended December 31, 2024</u>							
Balance at January 1, 2024	\$ 964,747	\$ 342,417	\$ 433	\$ 3,893	(\$ 560,837)	(\$ 15,643)	\$ 735,010
Loss for the year	-	-	-	-	(239,250)	-	(239,250)
Other comprehensive income for the year	-	-	-	-	-	5,059	5,059
Total comprehensive income	-	-	-	-	(239,250)	5,059	(234,191)
Issue of shares	6(12)(13) 150,000	306,000	-	-	-	-	456,000
Deficit compensation	6(13)(14) -	(342,417)	(433)	(3,893)	346,743	-	-
Changes in equity of associates and joint ventures accounted for using equity method	6(13) -	311	-	-	-	-	311
Balance at December 31, 2024	<u>\$ 1,114,747</u>	<u>\$ 306,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 453,344)</u>	<u>(\$ 10,584)</u>	<u>\$ 957,130</u>
<u>Year ended December 31, 2025</u>							
Balance at January 1, 2025	\$ 1,114,747	\$ 306,311	\$ -	\$ -	(\$ 453,344)	(\$ 10,584)	\$ 957,130
Loss for the year	-	-	-	-	(155,678)	-	(155,678)
Other comprehensive income for the year	-	-	-	-	-	(1,056)	(1,056)
Total comprehensive income	-	-	-	-	(155,678)	(1,056)	(156,734)
Changes in ownership interest in subsidiaries	6(5) -	-	-	-	(55,098)	-	(55,098)
Changes in equity of associates and joint ventures accounted for using equity method	6(13) -	1	-	-	-	-	1
Balance at December 31, 2025	<u>\$ 1,114,747</u>	<u>\$ 306,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 664,120)</u>	<u>(\$ 11,640)</u>	<u>\$ 745,299</u>

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

TrueLight Corporation
Parent Company Only Statements of Cash Flows
Years Ended December 31, 2025 and 2024

Unit : NT\$ thousand

	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 155,678)	(\$ 239,250)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)	12	3 (	916)
Depreciation expense	6(6)(7)(21)	60,301	68,151
Amortization expense	6(21)	75	47
Interest income	6(17)	(3,649 ) (	8,756)
Interest expense	6(20)	3,293	5,996
Impairment of non-financial assets		-	11,292
Gain on disposal of property, plant and equipment	6(19)	(2,425 ) (	3,446)
Gain on disposal of other assets		-	(19)
Unrealized profit from sales		354	179
Realized profit from sales		(179 ) (	282)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method		34,771	74,120
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(3,662)	-
Accounts receivable		(29,029)	11,949
Accounts receivable due from related parties		(1,541)	1,636
Other receivables		391 (	622)
Other receivables due from related parties		1,792	6,835
Inventories		61,637	66,106
Prepayments		(2,491)	3,063
Changes in operating liabilities			
Notes payable		1,300 (	3,755)
Accounts payable		10,426 (	12,972)
Accounts payable to related parties		6 (	6,848)
Other payables		18,665	31
Other payables to related parties		(23,686 ) (	44,586)
Other current liabilities		2,304	1,560
Cash outflow generated from operations		(27,022 ) (	70,487)
Interest received		3,946	8,470
Interest paid		(3,395 ) (	6,294)
Income taxes refund (paid)		23 (	706)
Dividends received		1,948	-
Net cash flows used in operating activities		(24,500 ) (	69,017)

(continued)

TrueLight Corporation
Parent Company Only Statements of Cash Flows
Years Ended December 31, 2025 and 2024

Unit : NT\$ thousand

	Notes	2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for using equity method		(\$ 25,000)	\$ -
Acquisition of property, plant and equipment	6(25)	(52,766)	(71,091)
Proceeds from disposal of property, plant and equipment		-	1,371
Acquisition of intangible assets		-	(112)
Increase in refundable deposits		(822)	-
Decrease (increase) in lending funds		95,706	(39,000)
Decrease (Increase) in other financial assets	8	32,209	(383)
Net cash flows from (used in) investing activities		49,327	(109,215)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(26)	-	(127,420)
Proceeds from long-term loans	6(26)	50,000	70,000
Repayments of long-term loans	6(26)	(78,190)	(120,804)
Proceeds from issuing shares	6(12)	-	456,000
Repayments of lease liabilities	6(7)(26)	(6,101)	(6,249)
Capital increase in investments accounted for using equity method	7	(150,000)	-
Net cash flows from (used in) financing activities		(184,291)	271,527
Net increase (decrease) in cash and cash equivalents		(159,464)	93,295
Cash and cash equivalents at beginning of period		286,268	192,973
Cash and cash equivalents at end of period		\$ 126,804	\$ 286,268

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

TrueLight Corporation
Notes to parent company only financial statements
For the years ended December 31, 2025 and 2024

Unit: NT\$ thousand
(Unless otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) TrueLight Corporation (the Company) was established in September 1997 in the Republic of China. The main business items of the company and its subsidiaries (the Group) are design, research and development, production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products.
- (2) In order to improve the corporate governance structure and protect the interests of stakeholders, the Company participated in the Corporate Governance Assessment and Certification program organized by the Taiwan Corporate Governance Association, and on September 23, 2013, the Company passed the "CG6008 Corporate Governance Universal Version Certification". The Company will continue to strengthen corporate governance and align with international standards to maintain competitiveness in the capital market.

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

The parent company only financial statements were authorised for issuance by the Board of Directors on March 11, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impacts on the Company's financial condition and financial performance based on the Company's assessment.

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

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

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

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

(3) Effects of IFRSs Issued by IASB but not yet Endorsed by the FSC

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

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

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

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

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of comprehensive income, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation

and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. The parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses”.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to realize within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding those restricted cash and cash equivalents that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are to be settle within the normal operating cycle;
 - (b) Liabilities held mainly for trading purposes;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended to more than twelve months after the balance sheet date.

(5) Cash equivalents

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

(6) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

- A. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company, after taking into consideration all reasonable and verifiable information that includes forecasts, recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition, or recognizes the impairment provision for the lifetime expected credit losses (the "ECLs") if such credit risk has increased since initial recognition. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECL.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset are expired.

(10) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the weighted-average method. The Cost of finished goods and work in process comprises raw materials, direct labors, other direct costs and factory overhead amortized at normal production capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price, less the estimated cost at completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method/Other non-current liabilities

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses arising from transactions between the Company and subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive

income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless evidence show an impairment of the asset transferred from the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- K. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately.
- L. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(13)Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 5~40 years, machinery and equipment are 2~10 years and miscellaneous equipment are 2~5 years.

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments which less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:

(a) The amount of the initial measurement of lease liabilities;

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(15) Intangible assets

Computer software is amortized on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and Notes payable

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

(19)Derecognition of financial liabilities

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

(20)Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

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

(21)Employee share-based payment

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

(22)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries

and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(23)Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. The Company's own equity instruments repurchased (treasury stock) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amount and consideration is recognized in equity.

(24)Dividends

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

(25)Revenue recognition

A. Sale of commodity

- (a)The main business items of the Company are design, research and development, production and sales are applied to "optical fiber communication, 4G/5G mobile communication base station interconnection, cloud data center, 3D Sensing/Near-Field Sensing/Flood Illumination" Vertical Cavity Surface Emitting Laser (VCSEL), Edge laser (FP / DFB), photodiode (PIN / PINTIA)", including components, sub-modules, Light engine/AOC and other types of products. Sales are recognized when control of the products has 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, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b)As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c)Receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Company provides wafer OEM services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from a fixed-price contract is measured by the percentage of the actual services performed as of the balance sheet date to the total services to be performed. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Costs of obtaining customer contracts

Although the incremental costs incurred by the Company in obtaining the customer contract are expected to be recoverable, the relevant contract period is less than one year so such costs are recognized as expenses when incurred.

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

The preparation of these individual financial statements requires management to exercise judgements in selecting and applying the Company's accounting policies and to make assumptions and estimates regarding future events based on the circumstances at the reporting date. Actual results may differ from these estimates. Management continuously evaluates and adjusts these estimates based on historical experience and other factors. Such assumptions and estimates involve a significant risk of materially affecting the carrying amounts of assets and liabilities in the next financial year. Further information on critical judgements, estimates, and assumptions is provided below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Value-in-use measurement of property, plant and equipment and right-of-use assets

In the process of assessing impairment of property, plant and equipment and right-of-use assets, the Company relies on subjective judgement to determine the independent cash flows of specific asset groups, the useful lives of the assets, and the future revenues and expenses that may be generated, based on the usage pattern of the assets and industry characteristics. Any changes in estimates resulting from changes in economic conditions or the Group's strategy may result in significant impairment in the future.

As of December 31, 2025, the carrying amount of property, plant and equipment was \$340,384.

As of December 31, 2025, the carrying amount of right-of-use assets was \$95,026.

B. Evaluation of inventories

The Company's inventories are stated at the lower of cost and net realizable value. Due to rapid technological changes, the Company evaluates inventories at the end of each reporting period for normal shrinkage, obsolescence, or lack of marketability, and writes down the cost of inventories to the net realizable value accordingly. The valuation of inventories involves significant management judgment and estimation uncertainty and therefore may result in material adjustments.

As of December 31, 2025, the carrying amount of inventories was \$166,306.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and petty cash	\$ 20	\$ 20
Checking accounts and demand deposits	70,730	112,239
Time deposits	56,054	174,009
Total	<u>\$ 126,804</u>	<u>\$ 286,268</u>

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

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

(2) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Demand deposits	\$ -	\$ 7,000
Time deposits	8,880	34,089
Total	<u>\$ 8,880</u>	<u>\$ 41,089</u>

A. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	<u>2025</u>	<u>2024</u>
Interest income	<u>\$ 721</u>	<u>\$ 300</u>

B. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's financial assets at amortized cost were carrying amounts.

C. Please see Note 8 how the Company provides financial assets at amortized cost as a pledged collateral.

(3) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 116,655	\$ 87,626
Accounts receivable from related parties	2,213	672
	118,868	88,298
Less: Loss allowance	(3)	-
	<u>\$ 118,865</u>	<u>\$ 88,298</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 114, 856	\$ 86, 828
Less than 30 days past due	3, 680	1, 470
Between 31 and 90 days past due	332	-
Between 91 and 180 days past due	-	-
More than 181 days past due	-	-
	<u>\$ 118, 868</u>	<u>\$ 88, 298</u>

The ageing analysis above was based on past due date.

B.As of December 31, 2025 and 2024, accounts receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$100,967.

C.As of December 31, 2025 and, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were carrying amounts of accounts receivable.

D.Information about credit risk of accounts receivable is provided in Note 12(2).

(4)Inventories

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 73, 143	(\$ 37, 310)	\$ 35, 833
Work in process	76, 829	(7, 294)	69, 535
Finished goods	114, 924	(53, 986)	60, 938
	<u>\$ 264, 896</u>	<u>(\$ 98, 590)</u>	<u>\$ 166, 306</u>

	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance</u>	<u>Carrying amount</u>
Raw materials	\$ 95, 698	(\$ 37, 425)	\$ 58, 273
Work in process	60, 614	(3, 216)	57, 398
Finished goods	176, 230	(63, 958)	112, 272
	<u>\$ 156, 312</u>	<u>(\$ 40, 641)</u>	<u>\$ 227, 943</u>

Inventory costs recognized as an expense for the current period are as follows :

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 548,502	\$ 464,525
Evaluation loss	6,910	21,216
Capacity difference	25,416	12,251
Income from sales of scraps	(187)	(1,229)
	<u>\$ 580,641</u>	<u>\$ 496,763</u>

(5) Investments accounted for using equity method/non-current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries :		
TrueLight(B.V.I.) Ltd.	\$ 93,596	\$ 127,197
YLTLINK Technology Corporation	50,994	(40,491)
PHOSERTEK CORPORATION	24,059	-
Associate :		
Optomedia Technology Inc.	30,861	28,427
	<u>\$ 199,510</u>	<u>\$ 115,133</u>

A. Details of the Company's subsidiaries are provided in Notes 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2025. Due to the continuous loss of the subsidiaries, and the recoverable amount the Company assessed was expected to be lower than carrying amount, the Company recognized the goodwill arising from the business combination of \$11,292 as impairment loss in 2024.

B. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

<u>Associate</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying amount</u>	<u>Ownership%</u>	<u>Carrying amount</u>	<u>Ownership%</u>
Optomedia Technology Inc.	<u>\$ 30,861</u>	<u>31.51%</u>	<u>\$ 28,427</u>	<u>31.50%</u>

	<u>2025</u>	<u>2024</u>
Profit for the period	\$ 4,556	\$ 2,782
Total comprehensive income	<u>\$ 4,556</u>	<u>\$ 2,782</u>

The Company is the single largest shareholder of Optomedia Technology Inc. However, the Company did not hold a majority of the Board of Directors' seats and therefore did not actually participate in the business decisions and operating policies, including strategic decisions (such as financing, acquisitions, personnel and dividend policies), and the Company's shareholding does not reach the statutory attendance percentage of shareholders meetings, indicating that the Company has no actual ability to direct relevant activities. Therefore, it is judged that the Company has no control over the company, and only has significant influence on it.

C. The Company was resolved by the board of directors on May 13, 2025 to participate in the cash capital increase of YLTLINK Technology Corporation by \$150,000, and the record date of the capital increase is June 1, 2025. Due to the Company's failure to subscribe in accordance with the shareholding ratio, this transaction increased the shareholding percentage by 53%, and decreased the retained earnings of the parent company's owners by \$55,098. For disclosures regarding business combinations, please refer to Note 6(27) of the 2025 consolidated financial statements.

(6) Property, plant and equipment

	<u>2025</u>			
	<u>Buildings</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
January 1				
Cost	\$ 840,653	\$ 1,694,860	\$ 70,139	\$ 2,605,652
Accumulated depreciations and impairment	(641,647)	(1,595,113)	(26,823)	(2,263,583)
	<u>\$ 199,006</u>	<u>\$ 99,747</u>	<u>\$ 43,316</u>	<u>\$ 342,069</u>
January 1	\$ 199,006	\$ 99,747	\$ 43,316	\$ 342,069
Acquisitions	1,408	28,644	22,053	52,105
Transfers	261	20,417	(20,678)	-
Depreciation	(19,751)	(33,654)	(385)	(53,790)
December 31	<u>\$ 180,924</u>	<u>\$ 115,154</u>	<u>\$ 44,306</u>	<u>\$ 340,384</u>
December 31				
Cost	\$ 842,322	\$ 1,731,451	\$ 70,765	\$ 2,644,538
Accumulated depreciations and impairment	(661,398)	(1,616,297)	(26,459)	(2,304,154)
	<u>\$ 180,924</u>	<u>\$ 115,154</u>	<u>\$ 44,306</u>	<u>\$ 340,384</u>

	2024			
	Buildings	Machinery	Others	Total
January 1				
Cost	\$ 840,468	\$ 1,836,277	\$ 57,295	\$ 2,734,040
Accumulated depreciations and impairment	(616,938)	(1,742,948)	(27,236)	(2,387,122)
	<u>\$ 223,530</u>	<u>\$ 93,329</u>	<u>\$ 30,059</u>	<u>\$ 346,918</u>
December 31				
January 1	\$ 223,530	\$ 93,329	\$ 30,059	\$ 346,918
Acquisitions	185	18,483	38,223	56,891
Disposals	-	-	(379)	(379)
Transfers	-	24,173	(24,173)	-
Depreciation	(24,709)	(36,238)	(414)	(61,361)
December 31	<u>\$ 199,006</u>	<u>\$ 99,747</u>	<u>\$ 43,316</u>	<u>\$ 342,069</u>
December 31				
Cost	\$ 840,653	\$ 1,694,860	\$ 70,139	\$ 2,605,652
Accumulated depreciations and impairment	(641,647)	(1,595,113)	(26,823)	(2,263,583)
	<u>\$ 199,006</u>	<u>\$ 99,747</u>	<u>\$ 43,316</u>	<u>\$ 342,069</u>

- A. No interest expense was capitalized on property, plant and equipment in 2025 and 2024.
- B. The significant components of the Company's building including building and ancillary equipment are depreciated at a rate of 40 years and 5~10 years respectively.
- C. Refer to Note 8 for the Company's property, plant and equipment pledged to others.

(7) Leasing arrangements-lessee

- A. The Company leases land and rental contracts are typically made for periods of 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation expense are as follows :

	Carrying amount	
	December 31, 2025	December 31, 2024
Land	<u>\$ 95,026</u>	<u>\$ 105,811</u>
	Depreciation expenses	
	2025	2024
Land	<u>\$ 6,511</u>	<u>\$ 6,790</u>

- C. The increase in right-of-use assets for each of the year ended December 31, 2025 compared to

the same period in 2024 was \$0.

D. The information on profit or loss relating to lease contract as follows :

	<u>2025</u>	<u>2024</u>
<u>Items of profit or loss affected</u>		
Interest expense on lease liabilities	\$ 1,474	\$ 1,632

E. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$7,575 and \$7,881, respectively.

F. The decrease in lease payments based on land lease contract resulted in a decrease of \$4,274 in both right-of-use assets and lease liabilities for year ended December 31, 2025.

(8) Leasing arrangements-lessor

A. The Company leased part of the plant in 2021 and 2024 for a period of 3 years, and restricted the lessee from subletting, leasing, assigning or using the subject matter of the lease in any other disguised way during the lease period.

B. For the years ended December 31, 2025 and 2024, the Company recognized rental income of \$4,662 and \$5,828, respectively, and no variable lease payment.

C. At December 31, 2025 and 2024, the Company's lease payments receivable based on maturity date were listed as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
2025	\$ -	\$ 4,662
2026	4,662	4,662
2027	1,166	1,166
Total	<u>\$ 5,828</u>	<u>\$ 10,490</u>

(9) Other payables (including related parties)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payable on processing fee	\$ 67,547	\$ 90,773
Salaries and bonus payable	24,517	21,073
Payable on employees' and directors' remuneration	-	347
Payable on machinery and equipment	4,240	4,901
Others	83,583	68,578
	<u>\$ 179,887</u>	<u>\$ 185,672</u>

(10) Long-term loans

<u>Institutions</u>	<u>Loan period</u>	<u>Collateral</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Hua Nan Commercial Bank secured loan	2024.07.08~2026.07.08	Demand deposits	\$ -	\$ 70,000
First Commercial Bank unsecured loan	2025.04.28~2030.04.28	None	50,000	-
E.Sun Commercial Bank unsecured loan	2022.09.01~2025.03.01	None	-	8,190
			<u>50,000</u>	<u>78,190</u>
Less: Long-term loans, current portion			<u>(8,333)</u>	<u>(8,190)</u>
			<u>\$ 41,667</u>	<u>\$ 70,000</u>
Interest rate range			<u>2.70%</u>	<u>2.16%~2.40%</u>

A. The Company's unused credit line for long-term loans were \$75,000 and \$50,000 at December 31, 2025 and 2024, respectively.

B. Refer to Note 8 for collateral for long-term loans.

(11)Pensions

A. Effective from July 1, 2005, the Company has established a defined contribution retirement plan in accordance with the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. The Company and its domestic subsidiaries contribute 6% of the employees’ monthly salaries to the employees’ individual accounts with the Labor Insurance Bureau as retirement benefits, and the retirement benefits are paid to employees in the form of monthly annuities or lump-sum payments based on the accumulated balance and investment income in the employees’ individual retirement accounts.

B. The Company recognized pension costs under the defined contribution plan aforementioned amounted to \$11,547 and \$18,568 for the years ended December 31, 2025 and 2024, respectively.

(12)Capital share

As of December 31, 2025, the Company’s authorized capital was \$2,000,000, consisting of 200,000 thousand shares of common stock, and the paid-in capital was \$1,114,747 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit : thousand shares	
	2025	2024
January 1	111,475	96,475
Issuing new shares	-	15,000
December 31	111,475	111,475

On March 6, 2024, the Board of Directors of the Company approved 5 installments private placement (11201~11205) of common stock. The domestic cash capital increase within the limit of 15,000,000 shares. The subscription price per share for the private placement is NT\$30.4, and the estimated proceeds are NT\$456,000. Record date of private placement was 2024/3/15, and registration changing has been completed. Except for the restrictions on circulation and transfer stipulated by the Securities and Exchange Law, the rights and obligations of this private placement of ordinary shares can only be applied for OTC listing and trading 3 years after the date of delivery and after the public issuance. The rest are the same as other issued ordinary shares.

(13)Capital surplus

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

	2025		
	Shares Premium	Changes in equity of associates	Total
January 1	\$ 306,000	\$ 311	\$ 306,311
Changes in equity of associates and joint ventures accounted for using equity method	-	1	1
December 31	<u>\$ 306,000</u>	<u>\$ 312</u>	<u>\$ 306,312</u>

	2024			
	Shares Premium	Changes in ownership interest in subsidiaries	Changes in equity of associates	Total
January 1	\$ 336,237	\$ 6,180	\$ -	\$ 342,417
Deficit compensation	(336,237)	(6,180)	-	(342,417)
Issuing new shares	306,000	-	-	306,000
Changes in equity of associates and joint ventures accounted for using equity method	-	-	311	311
December 31	<u>\$ 306,000</u>	<u>\$ -</u>	<u>\$ 311</u>	<u>\$ 306,311</u>

(14) Retained earnings(Accumulated deficit)

- A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset against prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.
- B. The Company's dividend policy is based on the principle of a prudent balance, considering factors such as the Company's environment, stage of growth, future capital needs, and long-term financial planning, with the goal of meeting shareholders' demand for cash inflows. No less than 5% of the Company's available-for-distribution earnings are allocated to dividends and bonuses to shareholders, except that no dividend may be distributed if the accumulated available-for-distribution earnings are less than 10% of the Company's paid-in capital. Dividends and bonuses to shareholders may be distributed in the form of cash or shares, with cash dividends to shareholders of at least 10% of the total amount of dividends and bonuses.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The Company's shareholders' meeting resolved to compensate deficit with capital surplus of \$342,417, legal reserve of \$433 and special reserve of \$3,893 on May 30, 2024. The Company's shareholders' meeting resolved 2024 deficit appropriation on May 27, 2025.

(15) Other equity

	<u>Foreign currency translation</u>	
	<u>2025</u>	<u>2024</u>
January 1	(\$ 10,584)	(\$ 15,643)
Currency translation difference- subsidiaries	(1,056)	5,059
December 31	<u>(\$ 11,640)</u>	<u>(\$ 10,584)</u>

(16) Operating revenue

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	<u>\$ 670,246</u>	<u>\$ 556,137</u>

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

Major product lines:

	<u>2025</u>	<u>2024</u>
Chips and components	\$ 426,090	\$ 374,655
Optical transmission and connection modules	188,842	154,264
Others	55,314	27,218
	<u>\$ 670,246</u>	<u>\$ 556,137</u>

Major geographical regions:

	<u>2025</u>	<u>2024</u>
Taiwan	\$ 398,458	\$ 245,448
Europe and America	117,384	142,414
Others in Asia	99,897	111,309
China	54,507	56,966
	<u>\$ 670,246</u>	<u>\$ 556,137</u>

Revenue for the years 2025 and 2024 were categorized by product application, with percentages as follows: Broadband Network 10% and 10%, 4G/5G Base Station

Interconnection 31% and 33%, Cloud Data Center 22% and 13%, Sensing application 27% and 38%, and Other 10% and 6%.

(17) Interest income

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 1,946	\$ 6,636
Interest income from financial assets measured at amortized cost	721	300
Other interest income	982	1,820
	<u>\$ 3,649</u>	<u>\$ 8,756</u>

(18) Other income

	<u>2025</u>	<u>2024</u>
Rent income	\$ 5,256	\$ 6,406
Others	909	1,074
	<u>\$ 6,165</u>	<u>\$ 7,480</u>

(19) Other gains and losses

	<u>2025</u>	<u>2024</u>
Net currency exchange (loss) gain (\$	10,794)	\$ 8,260
Gain on disposals of property, plant and equipment	2,425	3,446
Impairment of non-financial assets	-	(11,292)
Others	(1,025)	(1,019)
	<u>(\$ 9,394)</u>	<u>(\$ 605)</u>

(20) Finance cost

	<u>2025</u>	<u>2024</u>
Interest expenses :		
Bank loans	\$ 1,819	\$ 4,364
Lease liabilities	1,474	1,632
	<u>\$ 3,293</u>	<u>\$ 5,996</u>

(21) Additional disclosures on expenses of nature

	<u>2025</u>	<u>2024</u>
Employee benefit expenses	\$ 284,330	\$ 286,125
Depreciation	60,301	68,151
Amortization	75	47
	<u>\$ 344,706</u>	<u>\$ 354,323</u>

The above depreciations of both years included depreciation recognized in other net losses of other gains and losses.

(22) Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Wages and salaries	\$ 237,452	\$ 232,243
Labor and health insurance	22,700	22,578
Pension	11,547	18,568
Other personnel expenses	12,631	12,736
	<u>\$ 284,330</u>	<u>\$ 286,125</u>

A. In accordance with the Articles of Incorporation of the Company, ratios of distributable profit of the current year, after covering accumulated deficit, shall be distributed as employees' compensation and directors' remuneration. The ratios shall be not less than 10% for employees' compensation and not more than 2% for directors' remuneration.

B. The Company would not recognize employees' compensation and directors' remuneration as expenses because of the losses for 2025 and 2024.

C. Information related to employees' compensation and directors' remuneration shall be inquired at the Market Observation Post System website.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense :

	<u>2025</u>	<u>2024</u>
Current tax :		
Total current tax	\$ -	\$ -
Deferred tax :		
Total deferred tax	-	-
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

(b) No income tax expense is related to components of other comprehensive income.

(c) No income tax expense is related to debited or credited equity.

B. Reconciliation between income tax expense and accounting loss :

	2025	2024
Tax calculated based on profit before tax and statutory tax rate	(\$ 31,136)	(\$ 47,850)
Temporary differences not recognised as deferred tax assets	5,475	16,845
Taxable loss not recognised as deferred tax assets	<u>25,661</u>	<u>31,005</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

C. Deferred tax assets or liabilities resulted from loss based on tax regulation is listed below:

	2025				
	January 1	Recognized in Profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Taxable loss	<u>\$ 18,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,581</u>

	2024				
	January 1	Recognized in Profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Taxable loss	<u>\$ 18,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,581</u>

D.As of December 31, 2025 and 2024, the expiry date of the tax losses unused are listed below:

	December 31, 2025				
Year of loss	Loss based on tax regulation	Unused losses	Loss unrecognized as deferred assets	Expiry date	
2017	\$ 510,212	\$ 510,212	\$ 417,307	2027	
2018	164,906	164,906	164,906	2028	
2019	216,152	216,152	216,152	2029	
2020	89,022	89,022	89,022	2030	
2021	156,461	156,461	156,461	2031	
2022	24,652	24,652	24,652	2032	
2023	202,401	202,401	202,401	2033	
2024	143,935	143,935	143,935	2034	
2025	126,353	126,353	126,353	2035	
	<u>\$ 1,634,094</u>	<u>\$ 1,634,094</u>	<u>\$ 1,541,189</u>		

December 31, 2024

Year of loss	Loss based on tax regulation	Unused losses	Loss unrecognized as deferred assets	Expiry date
2017	\$ 510,212	\$ 510,212	\$ 417,307	2027
2018	164,906	164,906	164,906	2028
2019	216,152	216,152	216,152	2029
2020	89,022	89,022	89,022	2030
2021	156,461	156,461	156,461	2031
2022	24,652	24,652	24,652	2032
2023	202,401	202,401	202,401	2033
2024	155,023	155,023	155,023	2034
	<u>\$ 1,518,829</u>	<u>\$ 1,518,829</u>	<u>\$ 1,425,924</u>	

E. Deductible temporary differences unrecognized as deferred assets:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	\$ 531,839	\$ 504,462

F. The Company's income tax returns have been examined by the tax authority through the years up to 2023.

(24) Loss per share

	<u>2025</u>	
	Weighted average number of common shares outstanding	Loss per share
<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and dilutive loss per share</u>		
Loss for the year	<u>(\$ 155,678)</u>	<u>111,475</u> <u>(\$ 1.40)</u>

	<u>2024</u>	
	Weighted average number of common shares outstanding	Loss per share
<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and dilutive loss per share</u>		
Loss for the year	<u>(\$ 239,250)</u>	<u>108,475</u> <u>(\$ 2.21)</u>

(25) Supplemental cash flow information

Investing activities with partial cash collection and payments:

	<u>2025</u>	<u>2024</u>
Purchase of property, plant and equipment	\$ 52,105	\$ 56,891
Add: Opening balance of payable on equipment	4,901	19,101
Less: Ending balance of payable on equipment	(4,240)	(4,901)
Cash paid during the period	<u>\$ 52,766</u>	<u>\$ 71,091</u>

(26) Changes in liabilities from financing activities

	Long-term loans (including Current portion)	Lease liabilities	Total liabilities financing activities
January 1, 2025	\$ 78,190	\$ 110,403	\$ 188,593
Changes in cash flow	(28,190)	(6,101)	(34,291)
Interest paid	-	(1,474)	(1,474)
Other non-cash changes	-	(2,800)	(2,800)
December 31, 2025	<u>\$ 50,000</u>	<u>\$ 100,028</u>	<u>\$ 150,028</u>

	Short-term loans	Long-term loans (including Current portion)	Lease liabilities	Total liabilities financing activities
January 1, 2024	\$ 127,420	\$ 128,994	\$ 116,652	\$ 373,066
Changes in cash flow	(127,420)	(50,804)	(6,249)	(184,473)
Interest paid	-	-	(1,632)	(1,632)
Other non-cash changes	-	-	1,632	1,632
December 31, 2024	<u>\$ -</u>	<u>\$ 78,190</u>	<u>\$ 110,403</u>	<u>\$ 188,593</u>

7. RELATED PARTIES TRANSACTION

(1) Names and relationship of related parties

<u>Name</u>	<u>Relationship with the Company</u>
Optomedia Technology Inc.	Associate
Taiwan Mask Corporation	Individuals with significant influence on the Company (Note 1)
ZHUHAI FTZ PRORAY CO., LTD.(ZFP)	Subsidiary
YLTLink Technology Corporation (YLT)	Subsidiary
PHOSERTEK CORPORATION	Subsidiary (Note 2)
Xsense Technology Corporation	Other related party
Quanxin Sustainability Management Consulting Co., Ltd.	Other related party
Miracle Technology Co., Ltd.	Other related party

Note 1: Taiwan Mask Corporation is the single largest shareholder of the Company with a shareholding ratio of 12.11%, which has significant influence on the Company.

Note 2: On October 30, 2025, the Company acquired a 64.75% equity interest in PHOSERTEK CORPORATION through participation in its cash capital increase, with an investment of NT\$25,000, thereby obtaining control. PHOSERTEK CORPORATION has since been a subsidiary of the Company.

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>2025</u>	<u>2024</u>
Subsidiary- ZFP	\$ 67	\$ 40
Associate	11,860	11,332
Other related parties	<u>7,289</u>	<u>-</u>
Total	<u>\$ 19,216</u>	<u>\$ 11,372</u>

There is no significant difference in the terms and conditions for transactions between the Company and related parties or non-related parties.

B. Purchases, processing fee and operating expenses

	<u>2025</u>	<u>2024</u>
Purchases :		
Subsidiary- YLT	\$ -	\$ 5,650
Other related parties	60	-
Processing fee :		
Subsidiary- ZFP	13,194	12,467
Operating expenses :		
Subsidiary- YLT	17,544	19,013
Individuals with significant influence on the Company	48	312
Other related parties	<u>187</u>	<u>-</u>
	<u>\$ 31,033</u>	<u>\$ 37,442</u>

C. Accounts receivable due from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable :		
Associate	\$ 2,203	\$ 662
Subsidiary- ZFP	10	10
Subtotal	<u>2,213</u>	<u>672</u>
Other receivables :		
Subsidiary- ZFP	23,017	23,573
Subsidiary- YLT	1,635	2,871
Subtotal	<u>24,652</u>	<u>26,444</u>
Total	<u>\$ 26,865</u>	<u>\$ 27,116</u>

The accounts receivable due from related parties mainly arise from sales of goods, disposals and rentals of property, plant and equipment and support service. The transaction term of sales of goods is about 90 days after shipment, and terms of disposals and rentals of property, plant and equipment and support service are handled in accordance with mutual contracts. The above accounts receivable is unsecured in nature and bears no interest and for which no allowance loss.

D. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable :		
Associate	\$ 6	\$ -
Subtotal	<u>6</u>	<u>-</u>
Other payables-processing fee:		
Subsidiary- ZFP	67,547	90,773
Other payables-others:		
Subsidiary- ZFP	19,180	18,901
Subsidiary- YLT	1,715	2,093
Individuals with significant influence on the Company	-	534
Associate	173	-
Subtotal	<u>88,615</u>	<u>112,301</u>
Total	<u>\$ 88,621</u>	<u>\$ 112,301</u>

The payables to related parties mainly arise from transactions of purchases, processing, technical support, and acquisitions of equipment and R&D materials. The transaction terms of purchases, processing and acquisition of R&D materials are about 60 days, which were similar to those for third parties. The terms of service fee and acquisition of equipment are handled in accordance with mutual contracts. The above payables are bear no interest.

E. Property transactions

The gains on disposal of property, plant and equipment and other assets to subsidiaries, are unrealized and transferred to realized gains and other income monthly based on the useful lives of related property, plant and equipment and other assets. The Company recognized realized gains on disposal of property, plant and equipment \$2,425 and \$2,455, and realized other income \$0 and \$19 for the years ended December 31 2025 and 2024, respectively. As of December 31, 2025 and 2024, the above unrealized gains on disposal and other income are \$5,694 and \$8,119, which have been recognized in the investments accounted for using equity method.

F. In 2025 and 2024, the Company purchased equipment from subsidiary-ZFP at a cost of \$130 and \$173 respectively. The Company purchased equipment from subsidiary-YLT at a cost of \$4,241 in 2024.

G. Loans to related parties

(a)Ending balance

	2025	2024
Subsidiary- YLT	\$ <u> -</u>	\$ <u> 95,706</u>

(b)Interest income

	2025	2024
Subsidiary- YLT	\$ <u> 982</u>	\$ <u> 1,820</u>

The conditions for loans to subsidiary are that the interest is paid monthly at an annual interest rate of 2.5%~2.72% after the loan is loaned, and the principal is repaid monthly and at the maturity.

H. The Company rented part of plant and equipment to subsidiary-YLT based on hours of use, and recognized rent incomes \$4,662 and \$5,828 for the years ended December 31, 2025 and 2024, respectively.

I. The Company was resolved by the board of directors on May 13, 2025 to participate in the cash capital increase of YLT by \$150,000, and the record date of the capital increase is June 1, 2025.

(3) Information about remunerations to the major management

	2025	2024
Salaries and other short-term employee benefits	\$ 19,695	\$ 23,994
Post-employment benefits	432	7,318
Total	\$ <u>20,127</u>	\$ <u>31,312</u>

8. PLEDGED ASSETS

Details of the assets provided as security by the Company are as follows:

<u>Pledged assets</u>	<u>Carrying amount</u>		<u>Purposes</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Demand deposits (listed in non-current financial assets at amortized cost)	\$ -	\$ 7,000	Pledged for long-term and short-term loans
Time deposits (listed in non-current financial assets at amortized cost)	8,880	34,089	Pledged for long-term loans, customs duties guarantee and lease guarantee
Buildings	156,802	166,833	Pledged for credit line of short-term loan
	<u>\$ 165,682</u>	<u>\$ 207,922</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	<u>\$ 4,773</u>	<u>\$ 20,473</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company, upon resolution of the Board of Directors on March 11, 2026, subject to approval by the shareholders' meeting:

- A. Proposes to issue 1,000,000 new Restricted Stock Awards to employees without consideration.
- B. Proposes to conduct a private placement of common shares, with the total number to be issued not exceeding 15,000,000 shares.

12. OTHERS

(1) Capital management

The objective of capital management is to ensure the Company can continue to operate and grow, while optimizing debt and equity balances to provide sufficient returns to shareholders. The capital structure management strategy of the Company is based on the industry scale, future growth prospects and product development plans of our business, taking into account the cyclical fluctuations of the industry and product life cycles, in order to plan the necessary production capacity and corresponding capital expenditures and determine an appropriate capital structure for the Company. The management team of the Company regularly reviews the capital structure and considers the costs and risks associated with different capital structures. Generally, the Company adopts a prudent risk management strategy.

On December 31, 2025 and 2024, the Company's liability ratio were 33% and 31%, respectively.

(2) Financial instruments

A. Financial instruments by category

<u>Financial assets</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 126,804	\$ 286,268
Financial assets at amortized cost	8,880	41,089
Accounts receivable(including related parties)	118,865	88,298
Other receivables(including related parties)	25,882	124,091
Refundable deposits	897	75
	<u>\$ 281,328</u>	<u>\$ 539,821</u>
<u>Financial liabilities</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial liabilities at amortized cost		
Notes payable	\$ 1,350	\$ 50
Accounts payable (including related parties)	27,859	17,427
Other payables(including related parties)	179,887	185,672
Long-term loans(including current portion)	50,000	78,190
Deposits received	890	890
	<u>\$ 259,986</u>	<u>\$ 282,229</u>
Lease liabilities	<u>\$ 100,028</u>	<u>\$ 110,403</u>

B. Financial risk management policies

The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The financial risk management policies of the Company focus on minimizing any adverse effects on the financial position and performance.

C. Nature and degree of significant financial risks

The risk management work is carried out by the financial units of the Company in accordance with the policies approved by the board of directors. The financial units of the Company work closely with the operational units of the Company and are responsible for identifying, evaluating, and avoiding financial risks. The financial risk management policy is regularly reviewed to reflect changes in market conditions and the operation of the Company.

(a)Market risk

Foreign exchange risk

(i)The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, Japanese yen and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

(ii)The Company follows the principle of natural hedging and conducts hedging based on

the market forex conditions according to the funding needs and net positions (the difference between foreign currency assets and liabilities positions) of each currency. When a short-term imbalance occurs, the Company will buy or sell foreign currency at the spot rate to ensure that the net exposure is maintained at an acceptable level.

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

		<u>December 31, 2025</u>		
		<u>Foreign currency</u>		<u>Carrying amount</u>
		<u>amount (in thousands)</u>	<u>Exchange rate</u>	<u>(NT\$ thousands)</u>
Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	5,106	31.43	\$ 160,482
RMB : NTD		4,399	4.496	19,778
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	1,049	31.43	\$ 32,970
RMB : NTD		19,290	4.496	86,728

		<u>December 31, 2024</u>		
		<u>Foreign currency</u>		<u>Carrying amount</u>
		<u>amount (in thousands)</u>	<u>Exchange rate</u>	<u>(NT\$ thousands)</u>
Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	4,340	32.785	\$ 142,287
RMB : NTD		4,347	4.478	19,466
Yen : NTD		578	0.2099	121
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	496	32.785	\$ 16,261
RMB : NTD		24,492	4.478	109,675

(iv)Net currency exchange gains or loss (including realized and unrealized) arising from foreign exchange variation on the monetary items held by the Company for 2025 and 2024 amounted to (\$10,794) and \$8,260, respectively.

(v)Analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

2025			
Sensitivity analysis			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive Income</u>
Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1,605	\$ -
RMB : NTD	1.00%	198	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	(\$ 330)	\$ -
RMB : NTD	1.00%	(867)	-
2024			
Sensitivity analysis			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive Income</u>
Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	\$ 1,423	\$ -
RMB : NTD	1.00%	195	-
Yen : NTD	1.00%	1	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1.00%	(\$ 163)	\$ -
RMB : NTD	1.00%	(1,097)	-

Price risk

The Company had no equity instruments exposed to price risk at December 31, 2025 and 2024.

Cash flow and fair value interest rate risk

(i) The Company's main interest rate risk arises from short-term loans and long-term loans with variable rates which expose the Company to cash flow interest rate risk. During the years ended December 31, 2025 and 2024, the Company's borrowings at variable rates were denominated in NTD.

(ii) The Company's borrowings are measured at amortized cost and are repriced annually

according to the contract's agreed-upon interest rate. Therefore, the Company is exposed to the risk of future market interest rate changes.

(iii) When borrowing rates rise or fall by 1%, while all other factors remain constant, the Company's net profit after tax for the years 2025 and 2024 will decrease or increase by \$577 and \$1,252, respectively, mainly due to the fluctuation of interest expense resulting from floating-rate borrowings.

(b) Credit risk

(i) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost which were settled in accordance with contractual agreements.

(ii) The Company manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only well rated parties are accepted. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings, and the utilization of credit limits is regularly monitored.

(iii) In accordance with the underlying assumptions of IFRS 9, the Company considers that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due under the agreed terms.

(iv) The default occurs when the contract payments are past due over one year.

(v) The Company classifies customer's accounts receivable and applies the simplified approach using the provision matrix to estimate expected credit loss. For accounts receivable with objective evidence of individual impairment, the recoverable amount of individual assessed accounts is used as the basis for determining the impairment loss.

(vi) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
- ii. The disappearance of an active market for that financial asset because of financial difficulties;
- iii. Default or delinquency in interest or principal repayments;
- iv. Adverse changes in national or regional economic conditions that are expected to cause a default.

(vii) The Company writes off financial assets after recourse procedures when there is no reasonable expectation of recovery. However, the Company still continues legal enforcement processes to preserve the rights of the claims. The amount of written-off claims that are still subject to enforcement activities was \$6,434 as of December 31, 2025 and 2024.

(viii) The Company has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance of accounts receivables. The provision matrix as of December 31, 2025 and 2024 are shown

period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Less than	Between 1	Between 2	More than
	1 year	and 2 years	and 5 years	5 years
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 1,350	\$ -	\$ -	\$ -
Accounts payable (including related parties)	27,859	-	-	-
Other payables (including related parties)	179,887	-	-	-
Lease liabilities	7,575	7,575	22,726	72,596
Long-term loans (including current portion)	9,618	13,470	30,118	-
Derivative financial liabilities:	none			
December 31, 2024	Less than	Between 1	Between 2	More than
	1 year	and 2 years	and 5 years	5 years
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 50	\$ -	\$ -	\$ -
Accounts payable (including related parties)	17,427	-	-	-
Other payables (including related parties)	185,672	-	-	-
Lease liabilities	7,880	7,880	23,641	83,401
Long-term loans (including current portion)	9,735	70,882	-	-
Derivative financial liabilities:	none			

(iii) The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different, except for long-term borrowings, which may be adjusted based on the actual financial position.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, lease liabilities and long-term loans (including current portion) are reasonably approximate to the fair values.

C. The Company had no significant financial instruments measured at fair value as of December

31, 2025 and 2024.

D. There were no transfers between Level 1 and Level 2 in 2025 and 2024.

E. There were no changes of fair value for Level 3 in 2025 and 2024.

F. There were no transfers into or out from Level 3 in 2025 and 2024.

13. DISCLOSURES IN NOTES

(1) Information on significant transactions

A. Lending funds to others: Please refer to Table 1.

B. Providing endorsements or guarantees to others: Please refer to Table 2.

C. Holding of marketable securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in-capital or more: None.

E. Receivables from related parties reaching \$100 million or 20% of paid-in-capital or more: None.

F. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to Table 3.

(2) Information on investees

Names, locations, and related information of investees (excluding information on investment in mainland China): Please refer to Table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Table 6.

14. OPERATING SEGMENT INFORMATION

Not applicable.

TrueLight Corporation
Loans to others
Year ended December 31, 2025

Table 1

(Unless otherwise specified)																	
No. (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related party?	Maximum		Amount actually drawn	Range of Amount	Nature of loan	Amount of transaction with borrower	Reason for short- term financing	Amount of recognized impairment loss	Collateral		Limit on loans		Note
					Period	Ending balance							Name	Value	granted to a single party (Note 2)	Ceiling on total loan granted (Note 2)	
0	TrueLight Corporation	YLTLink Technology Corporation	Other Receivables – Related Parties	Y	\$ 94,890	\$ -	\$ -	2.5%-2.72%	Short-term financing	-	Working capital turnover and other receivables beyond the normal credit term shall be regarded as financings provided.	-	None	-	\$ 74,529	\$ 111,794	

Note 1 : The description of the number columns are as follows :

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2 : Amendment to the Operation Procedures of Funds Lending :

- (1) Aggregate amount of lending Funds :The accumulated total of loans granted shall not exceed 30% of the net worth of the Company. Where funds are lent to a company or business with business relationship, the accumulated amount of such loan shall not exceed 70% of the net worth of the Company. Where funds are lent to a company or business with a short-term financing need, the accumulated amount of such loans shall not exceed 50% of the net worth of the Company.
- (2) Maximum amount permitted to a single borrower The amount of an individual loan granted by the Company to a company or business with business relationship with the Company shall not exceed the business transaction amount in the past year between the parties. Where funds are lent to a company or business with short-term financial need, each individual loan shall not exceed 10% of the net worth of the Company.
- (3) "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.

TrueLight Corporation
Provision of endorsements and guarantees to others
Year ended December 31, 2025

Table 2

Unit : NT\$ thousand
(Unless otherwise specified)

No. (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/guarantee provided for a single party (Note 3)	Maximum balance of endorsement /guarantee for the period (Note 4)	Ending balance of endorsement /guarantee	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated Endorsement/ Guarantee to net equity per latest financial statement	Maximum Endorsement/ Guarantee amount allowable	Guarantee provided by parent company (Note 5)	Guarantee provided to parent company (Note 5)	Guarantee provided to the party in Mainland China (Note 5)	Note
		Company name	Relationship (Note 2)											
0	TrueLight Corporation	YLTLink Technology	(1)	\$ 111,474	\$ 25,209	\$ -	\$ -	\$ -	-	\$ 111,474	Y	N	N	-

Note1 : The numbers filled in for the endorsements /guarantees provided by the Company or subsidiaries are as follows :

- (1).The Company is '0'.
- (2).The subsidiaries are numbered in order starting from '1'.

Note2 : Relationship between the endorser/ guarantor and the party being endorsed /guaranteed is classified into the following seven categories:

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

Note3 : According to the Company's Operating Procedures of Endorsement / Guarantees, the quota of endorsement/guarantee for a enterprise is limited to be up to 10% of the Company's latest financial statement paid-in capital.

For a company, which is held by 100% shareholdings by the Company, the quota of endorsement/guarantee is limited to be up to the financial statement paid-in capital.

Note4 : The maximum balance of endorsement/guarantee for others in the current year.

Note5 : Y must be filled in only if the parent company of the listed company endorses the subsidiary company, if the subsidiary company endorses the parent company of the listed company, and if it belongs to the mainland China area.

TrueLight Corporation
Significant inter-company transactions during the reporting period
Year ended December 31, 2025

Table 3

Unit : NT\$ thousand
(Unless otherwise specified)

No. (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note3)
				General ledger account	Amount	Transaction terms	
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Other payables	\$ 86,727	Note4	8%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Processing fee	13,194	Note4	2%
0	TrueLight Corporation	ZHUHAI FTZ PRORAY CO.,LTD	1	Other receivables	23,017	Note5	2%
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Rental income	4,662	Note5	1%
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Other receivables	1,635	Note5	-
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Other payables	1,715	Note5	-
0	TrueLight Corporation	YLTLINK Technology Corporation	1	Technical service fee	17,544	Note5	3%

Note1 : The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1).Parent company is '0'.
- (2).The subsidiaries are numbered in order starting from '1'.

Note2 : Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

- (1).Parent company to subsidiary.
- (2).Subsidiary to parent company.
- (3).Subsidiary to subsidiary.

Note3 : Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note4 : The purchase and processing fees are handled according to the general purchase price and conditions, and the payment terms are monthly payment within 60 days.

Note5 : It is handled in accordance with the contract between the two parties.

Note6 : Transactions involving significant amounts are disclosed, and transactions with related parties are not disclosed separately.

TrueLight Corporation
Information on Investees (Excluding Mainland China Companies)
Year ended December 31, 2025

Table 4

Unit : NT\$ thousand
(Unless otherwise specified)

Investor	Investee	Location	Main Businesses Activities	Original investment amount		Shares held at the end of the period			Net income (losses) of the investee	Share of profit/losses of investee	Note
				Balance at December 31, 2025	Balance at December 31, 2024	Number of shares	Ownership (%)	Carrying amount			
TrueLight Corporation	TrueLight (B.V.I.) Ltd.	British Virgin Islands	Equity investment	\$ 404,471	\$ 404,471	13,000,000	100	\$ 93,596	(\$ 32,544)	(\$ 32,544)	
TrueLight Corporation	OPTOMEDIA TECHNOLOGY INC.	Taiwan	Manufacture and trading of wired and wireless communication machinery and equipment	103,642	103,642	2,660,016	32	30,861	14,365	4,556	
TrueLight (B.V.I.)Ltd.	ProRay Limited	Hongkong	Equity investment	387,176	387,176	12,500,000	100	83,987	(32,059)	(32,059)	
TrueLight Corporation	YLTLINK Technology Corporation	Taiwan	Electronic components fabricate	218,330	68,330	15,739,845	94	50,994	(10,228)	(5,842)	Note 1
TrueLight Corporation	PHOSERTEK CORPORATION	Taiwan	Electronic components fabricate	25,000	-	2,500,000	65	24,059	(1,454)	(941)	

Note1 : The line includes adjustments for countercurrent transactions.

TrueLight Corporation
Information on Investments in Mainland China
Year ended December 31, 2025

Table 5

Unit : NT\$ thousand

Investee company	Main businesses activities	Paid-in capital	Method of investment (Note1)	Accumulated investment	Investment flows		Accumulated investment	Net income (losses) of the investee	Percentage of ownership	Share of profits (losses) (Note2)	Carrying amount of investment at December 31, 2025	Accumulated Inward	Note
				from Taiwan as of January 1, 2025	Outflow	Inflow	from Taiwan as of December 31, 2025					of earnings as of December 31, 2025	
ZHUHAI FTZ PRORAY CO.,LTD	Excludes Mainland China companies that design, produce, process	\$ 387,176	1	\$ 387,176	\$ -	\$ -	\$ 387,176	(\$ 32,059)	100%	(\$ 32,059)	\$ 83,987	\$ -	

Company name	Accumulated investment in Mainland China as of September 30, 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
TrueLight Corporation	\$ 387,176	\$ 397,066	\$ 457,341
	USD 12,500 thousand	USD 12,633 thousand	

Note1 : (1)Establish companies through investment in the third region and reinvest in Mainland China companies.

(2)Reinvest in Mainland China companies by reinvesting in existing companies in China regions.

Note2 : Investment gains and losses are recognized in accordance with the financial reports verified by the certified accountants of the parent company in Taiwan.

Note3 : At the end of the current period, the accumulated original investment amount was remitted from Taiwan to Zhuhai Free ZHUHAI FTZ PRORAY CO.,LTD. for US\$12,500.Expressed in thousands

Note4 : A total of USD12,640,000 was approved by the Investment Commission, MOEA of the Ministry of Economic Affairs, and USD6,647.90 was the remaining funds after the liquidation of branch companies in 2005.

TrueLight Corporation
Main Transactions of Mainland China Investment Information - Significant transactions occurred directly or indirectly
Year ended December 31, 2025

Table 6

Unit : NTS thousand
(Unless otherwise specified)

Investee Company	Sell (purchase) goods		Disposal of property		Other payables		Other receivables	
	Amount	%	Amount	%	Amount	%	Amount	%
ZHUHAI FTZ PRORAY CO.,LTD	(\$ 13,194)	(9%)	\$ -	-	(\$ 86,727)	(85%)	\$ 23,017	1686%

TrueLight Corporation
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand		\$ 20
Cash in banks		
Demand deposits		
–NTD		37,927
–Foreign currencies	USD 991 thousand at exchange rate of 31.43	31,150
	CNY 301 thousand at exchange rate of 4.496	1,351
	GBP 6 thousand at exchange rate of 42.33	256
	Others	46
Time deposits	2025/11/24~2026/2/9, interest rate at	
–NTD	1.225%~1.51%, exchange rate of 1	46,900
–Foreign currencies	CNY 2,036 thousand, 2025/12/5~2026/3/9, interest	
	rate at 0.8%, exchange rate of 4.496	9,154
		\$ 126,804

TrueLight Corporation
ACCOUNTS RECEIVABLE
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 2

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related-parties			
AC012. 1		\$ 29, 879	
T0275		26, 010	
T0124		13, 250	
T0436		11, 268	
E0113		10, 179	
Others		<u>26, 069</u>	None of the balances of each remaining item is greater than 5% of this account balance
		116, 655	
Less: Allowance for doubtful accounts		(<u>3</u>)	
		<u>116, 652</u>	
Subsidiaries and associates :			
Optomedia Technology Inc.		2, 203	
Others		<u>10</u>	
		<u>2, 213</u>	
		<u>\$ 118, 865</u>	

TrueLight Corporation

INVENTORIES

DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 3

<u>Item</u>	<u>Description</u>	<u>Amount</u>		<u>Note</u>
		<u>Cost</u>	<u>Market price</u>	
Raw materials		\$ 73,143	\$ 36,508	
Work in process		76,829	89,564	Please refer to Note 4(11) for the basis of net realizable value.
Finished goods		<u>114,924</u>	<u>94,748</u>	
		264,896	<u>\$ 220,820</u>	
Less: Allowance for inventory devaluation and obsolescence		<u>(98,590)</u>		
		<u>\$ 166,306</u>		

TrueLight Corporation
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD/OTHER NON-LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 4

<u>Investee</u>	<u>Balance at January 1, 2025</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance at December 31, 2025</u>			<u>Market value or net equity value</u>			
	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Shares (in thousand)</u>	<u>Amount (Note 1)</u>	<u>Shares (in thousand)</u>	<u>Owner-ship (%)</u>	<u>Amount</u>	<u>Unit price (Note 2)</u>	<u>Total</u>	<u>Collateral</u>	<u>Note</u>
TrueLight (B.V.I.)Ltd.	13,000	\$ 127,197	-	\$ -	-	(\$ 33,601)	-	100%	\$ 93,596	-	\$ 93,596	None	
Optomedia Technology Inc.	2,436	28,427	224	2,434	-	-	-	32%	30,861	-	30,861	None	
YLTLINK Technology Corporation	7,398	(40,491)	8,342	91,485	-	-	-	41%	50,994	-	50,994	None	
PHOSERTEK CORPORATION	-	-	2,500	24,059	-	-	-	65%	24,059	-	24,059	None	
		<u>\$ 115,133</u>		<u>\$ 117,978</u>		<u>(\$ 33,601)</u>			<u>\$ 199,510</u>		<u>\$ 199,510</u>		

Note 1 : These amounts include current period additions to investment of \$175,000, dividends received from the investee of \$1,948, the cumulative translation adjustment of (\$1,056) for the investee company, unrealized gains and losses on forward and backward flow trading of \$2,249, investment losses of \$34,771, increase in associates' equity of \$1, and changes in ownership interest in subsidiaries (\$55,098).

Note 2: The market value of investee company accounted for using equity method is presented at the net value.

TrueLight Corporation
CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Balance at January 1	Additions	Deductions	Transfers	Balance at December 31	Collateral	Note
Buildings	\$ 840,653	\$ 1,408	\$ -	\$ 261	\$ 842,322		The carrying amount of assets pledged as collateral for bank financing facilities was \$156,802.
Machinery equipment	1,694,860	28,644	(12,470)	20,417	1,731,451	None	
Mold equipment	10,537	-	-	-	10,537	None	
Transportation equipment	496	-	-	-	496	None	
Office equipment	16,491	1,567	(749)	-	17,309	None	
Equipment under installation	42,615	20,486	-	(20,678)	42,423	None	
	<u>\$ 2,605,652</u>	<u>\$ 52,105</u>	<u>(\$ 13,219)</u>	<u>\$ -</u>	<u>\$ 2,644,538</u>		

TrueLight Corporation
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 6

<u>Item</u>	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31</u>	<u>Note</u>
Buildings	\$ 641,647	\$ 19,751	\$ -	\$ 661,398	
Machinery equipment	1,595,113	33,654	(12,470)	1,616,297	
Mold equipment	10,537	-	-	10,537	
Transportation equipment	496	-	-	496	
Office equipment	15,790	385	(749)	15,426	
	<u>\$ 2,263,583</u>	<u>\$ 53,790</u>	<u>(\$ 13,219)</u>	<u>\$ 2,304,154</u>	

TrueLight Corporation
ACCOUNTS PAYABLE

December 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 7

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related-parties			
KS005		\$ 6,647	
LY002		3,897	
CD017		2,962	
CS016		1,934	
AL006		1,631	
Others		<u>10,782</u>	None of the balances of each remaining item is greater than 5% of this account balance
		27,853	
Related parties		<u>6</u>	
		<u>\$ 27,859</u>	

TrueLight Corporation
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 8

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Chips and components	203,054 thousands/pcs	\$ 426,090	
Optical transmission and connection modules	2,113 thousands/pcs	188,842	
Others	57 thousands/pcs	55,314	
		\$ 670,246	

TrueLight Corporation
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 9

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Beginning balance of raw materials		\$ 95,698	
Add: Purchased during the year		132,398	
Less: Ending balance of raw materials at December 31		(73,143)	
Less : Raw material scrap		(2,247)	
Sell raw materials		(936)	
Transfer to expenses		(45,780)	
Used during the year		105,990	
Direct Labor		82,005	
Manufacturing expenses		363,618	
Manufacturing costs		551,613	
Add: WIP at the beginning of the period		60,614	
Less : WIP at the ending of the period		(76,829)	
Transfer to expenses		(39,892)	
Semi-finished product cost		495,506	
Add: Semi-finished products and finished products at the beginning of the period		176,230	
Add : Expenses transferred in		1,426	
Less : Semi-finished products and finished products at the end of the period		(114,924)	
Scrapping of semi-finished and finished products		(10,672)	
Cost of manufacturing and sales		547,566	
Add: : Cost of raw materials sold		936	
Loss on inventory obsolescence and devaluation		6,910	
Normal capacity difference		25,416	
Less : Income from sale of scraps		(187)	
Total Operating costs		<u>\$ 580,641</u>	

TrueLight Corporation
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 10

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Wages and salaries		\$ 83,132	
Indirect materials/Consumables		82,895	
Utilities expense		56,459	
Processing fee		52,994	
Depreciation expense		47,549	
Others		<u>40,589</u>	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 363,618</u>	

TrueLight Corporation
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 11

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Wages and salaries		\$ 8,138	
Management fee		1,279	
Utilities expense		833	
Others		<u>3,688</u>	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 13,938</u>	

TrueLight Corporation
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 12

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Wages and salaries		\$ 40,971	
professional service fee		7,944	
Repair and maintenance fee		6,215	
Utilities expense		3,765	
Others		<u>12,637</u>	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 71,532</u>	

TrueLight Corporation
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 13

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Wages and salaries		\$ 39,490	
Transferred expenses from production department		41,244	
Depreciation expenses		9,592	
Indirect materials/Consumables		9,578	
Others		<u>22,087</u>	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 121,991</u>	

TrueLight Corporation
LABOUR, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 14

Function Nature	2025				2024			
	Operating costs	Operating expenses	Non-operating income and expenses	Total	Operating costs	Operating expenses	Non-operating income and expenses	Total
Employee benefit expense								
Wages and salaries	\$ 148,853	\$ 85,524	\$ -	\$ 234,377	\$ 133,324	\$ 95,759	\$ -	\$ 229,083
Labor and health insurance fees	15,833	6,867	-	22,700	15,283	7,295	-	22,578
Pension costs	7,672	3,875	-	14,539	7,389	11,179	-	18,568
Directors' remuneration	-	3,075	-	3,075	-	3,160	-	3,160
Other employee benefit expense	9,090	3,541	-	12,631	9,039	3,697	-	12,736
Depreciation expenses	47,549	11,727	1,025	60,301	54,217	12,916	1,018	68,151
Amortization expenses	-	75	-	75	-	47	-	47

Explanation :

1. The number of employees in the current and previous year were 282 and 287 respectively, with 6 and 5 non-executive directors who were not also employees in 2025 and 2024.
2. Companies listed on a stock exchange or traded over-the-counter should disclose the following information:
 - (1) Average employee benefits expenses for the year: $\$1,019 \div ((\text{Total employee benefits expenses for the year}) - (\text{Total director's remuneration})) \div ((\text{Number of employees for the year}) - (\text{Number of non-employee directors}))$
Average employee benefits expenses for the previous year: $\$1,003 \div ((\text{Total employee benefits expenses for the previous year}) - (\text{Total director's remuneration})) \div ((\text{Number of employees for the previous year}) - (\text{Number of non-employee directors}))$
 - (2) Average employee salary cost for this year is \$849. $(\text{Total salary cost for this year}) \div ((\text{Number of employees for this year}) - (\text{Number of directors who are not also employees}))$.
Average employee salary cost for the previous year was \$812. $(\text{Total salary cost for the previous year}) \div ((\text{Number of employees for the previous year}) - (\text{Number of directors who are not also employees}))$.
 - (3) Adjustment change in average employee salary cost: 5%
 $((\text{Average employee salary cost for this year}) - (\text{Average employee salary cost for the previous year})) \div (\text{Average employee salary cost for the year before the previous year})$.
 - (4) Please describe the company's compensation policy (Including directors, supervisors, managers, and employees).

TrueLight Corporation
LABOUR, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION(continued)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 14

- A. The variable director's remuneration of our company is based on the annual operating performance and determined according to the company's articles of association, if there is a profit allocation of no more than 2% for the remuneration of directors. The fixed director's remuneration shall be paid, regardless of business profit or loss, and determined by the Board of Directors in accordance with the extent of its participation in the operation of the Company and the value of its contribution, taking in account the level of the industry at home and abroad.
- B. Employee Compensation System of Our Company :
The compensation includes fixed and variable salary components such as wages, allowances (such as position allowances, overtime pay, meal allowances, etc.), and bonuses, as well as employee rewards. The fixed and variable salary components are granted based on the company's salary and compensation structure standards, taking into account job responsibilities, personal performance achievement rate, contribution to the company's operations, overall operational performance and profit, and industry salary levels. Employee rewards are determined according to the company's articles of association, with 10% of profits allocated as employee rewards, distributed based on the company's business performance and individual performance. The aforementioned employee compensation shall include an allocation of no less than 2% of the Company's annual profit to be distributed to base-level employees.
- C. Executive Compensation System of Our Company :
The compensation includes fixed and variable salary components such as wages, allowances (such as position allowances, overtime pay, meal allowances, etc.), and bonuses. The fixed and variable salary components are granted based on the company's salary and compensation structure standards, taking into account job responsibilities, personal performance achievement rate, contribution to the company's operations, overall operational performance and profit, and industry salary levels. Regarding executive compensation, all remuneration is determined by the salary and compensation committee according to the regulations, and proposed salary and compensation recommendations are submitted to the board of directors for discussion.