

**ABILITY ENTERPRISE CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2025 AND 2024**

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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.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
DECEMBER 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25000562

To the Board of Directors and Shareholders of Ability Enterprise Co., Ltd. and subsidiaries

***Opinion***

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

In our opinion, based on our audits and the reports of the other auditors (refer to Other Matter – Scope of the Audit section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

### ***Key audit matters***

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

### **Assessment of allowance for inventory valuation loss**

#### **Description**

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory. As of December 31, 2025, the balances of the Group's inventory and allowance for inventory valuation loss were NT\$2,363,031 thousand and NT\$255,506 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of optical products and components. Due to rapid changes in technology innovations, short life cycles of electronic products and fluctuations in market prices, there is higher risk of incurring inventory valuation losses or obsolescence. The Group recognises inventories at the lower of cost and net realisable value; for inventories which are separately identified as obsolete and damaged, the Group recognises loss based on the net realisable value. An allowance for inventory valuation loss mainly arises from inventories aged over a certain period and separately identified obsolete inventory. As the amount of inventory is material, inventory items are numerous, and the net realisable value of obsolete and damaged inventories is subject to management judgement, we considered the assessment of the allowance for inventory valuation loss a key audit matter.

#### How our audit addressed the matter

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

- Ascertained whether the policies on allowance for inventory valuation losses are reasonable and consistently applied in all the periods.
- Obtained an understanding of the method used in determining the net realisable value, selected samples of inventory items and tested whether the net realisable values were calculated in accordance with the abovementioned method.
- Discussed with management the estimated net realisable value of separately identified obsolete and damaged inventories, obtained and corroborated against supporting documents and recalculated the allowance provision.

***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of a wholly-owned consolidated subsidiary and investments accounted for under equity method that are included in the financial statements, which statements reflect total assets (including investments accounted for using equity method) of NT\$267,269 thousand and NT\$221,097 thousand, constituting 2.16% and 2.17% of consolidated total assets as of December 31, 2025 and 2024, respectively, and the related share of (loss) profit of associates and joint ventures accounted for under equity method of (NT\$841) thousand and NT\$2,991 thousand, constituting 0.08% and 0.34% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein relative to the consolidated subsidiary and investees, is based solely on the audit reports of the other auditors.

***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of Ability Enterprise Co., Ltd. as at and for the years ended December 31, 2025 and 2024.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

control.

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

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

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

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

Juanlu, Man-Yu

Feng, Min-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2026

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

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

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,729,929	14	\$ 2,388,925	23
1136	Current financial assets at amortised cost	6(3)	90,128	1	179,120	2
1170	Accounts receivable, net	6(4) and 7	2,077,914	17	1,065,483	11
130X	Inventory	6(5)	2,107,525	17	993,915	10
1470	Other current assets	6(6)	184,527	1	144,289	1
11XX	<b>Total current assets</b>		<u>6,190,023</u>	<u>50</u>	<u>4,771,732</u>	<u>47</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(2) and 7	1,388,218	11	1,050,611	10
1550	Investments accounted for under equity method	6(7)	473,859	4	426,039	4
1600	Property, plant and equipment	6(8) and 8	3,913,476	32	3,568,273	35
1755	Right-of-use assets	6(9) and 8	89,519	1	106,767	1
1760	Investment property - net	6(10)	64,293	-	66,666	1
1780	Intangible assets	6(11)	14,833	-	14,158	-
1840	Deferred income tax assets	6(27)	48,490	-	56,820	1
1900	Other non-current assets		206,294	2	129,714	1
15XX	<b>Total non-current assets</b>		<u>6,198,982</u>	<u>50</u>	<u>5,419,048</u>	<u>53</u>
1XXX	<b>Total assets</b>		<u>\$ 12,389,005</u>	<u>100</u>	<u>\$ 10,190,780</u>	<u>100</u>

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 530,000	5	\$ 335,682	3
2130	Current contract liabilities	6(21)	139,122	1	162,781	2
2170	Accounts payable	7	2,253,788	18	1,273,088	13
2200	Other payables	6(13)	881,439	7	855,082	8
2230	Current income tax liabilities		133,003	1	36,717	-
2250	Current provisions	6(16)	78,050	1	78,889	1
2280	Current lease liabilities		9,633	-	19,081	-
2300	Other current liabilities		26,714	-	6,244	-
21XX	<b>Total current liabilities</b>		<u>4,051,749</u>	<u>33</u>	<u>2,767,564</u>	<u>27</u>
<b>Non-current liabilities</b>						
2580	Non-current lease liabilities		10,691	-	18,634	-
2600	Other non-current liabilities		20,908	-	44,340	1
25XX	<b>Total non-current liabilities</b>		<u>31,599</u>	<u>-</u>	<u>62,974</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>4,083,348</u>	<u>33</u>	<u>2,830,538</u>	<u>28</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
	Share capital	6(17)				
3110	Common stock		3,245,791	26	2,893,805	28
	Capital surplus	6(18)				
3200	Capital surplus		1,410,209	11	1,381,936	13
	Retained earnings	6(19)				
3310	Legal reserve		1,806,003	15	1,751,970	17
3320	Special reserve		172,436	1	501,767	5
3350	Unappropriated retained earnings		1,303,438	10	762,500	8
	Other equity interest	6(20)				
3400	Other equity interest		94,189	2	(218,517)	(2)
3500	Treasury shares	6(15)	(36)	-	(30)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,032,030</u>	<u>65</u>	<u>7,073,431</u>	<u>69</u>
36XX	Non-controlling interest		273,627	2	286,811	3
3XXX	<b>Total equity</b>		<u>8,305,657</u>	<u>67</u>	<u>7,360,242</u>	<u>72</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 12,389,005</u>	<u>100</u>	<u>\$ 10,190,780</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(21) and 7	\$ 9,908,160	100	\$ 6,182,894	100
5000	Operating costs	6(5)(26) and 7	( 7,412,161)	( 75)	( 4,395,871)	( 71)
5950	Net operating margin		<u>2,495,999</u>	<u>25</u>	<u>1,787,023</u>	<u>29</u>
	Operating expenses	6(26)				
6100	Selling expenses		( 126,718)	( 1)	( 142,439)	( 2)
6200	General and administrative expenses		( 715,109)	( 7)	( 559,488)	( 9)
6300	Research and development expenses		( 768,701)	( 8)	( 719,232)	( 12)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 5,597)	-	( 4,171)	-
6000	Total operating expenses		( 1,616,125)	( 16)	( 1,425,330)	( 23)
6900	Operating profit		<u>879,874</u>	<u>9</u>	<u>361,693</u>	<u>6</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	55,226	-	73,740	1
7010	Other income	6(23)	63,039	1	74,553	1
7020	Other gains and losses	6(24)	( 35,713)	-	139,520	3
7050	Finance costs	6(25)	( 10,038)	-	( 9,677)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>631</u>	-	<u>13,057</u>	-
7000	Total non-operating income and expenses		<u>73,145</u>	<u>1</u>	<u>291,193</u>	<u>5</u>
7900	<b>Profit before income tax</b>		<u>953,019</u>	<u>10</u>	<u>652,886</u>	<u>11</u>
7950	Income tax expense	6(27)	( 200,291)	( 2)	( 121,831)	( 2)
8200	<b>Profit for the year</b>		<u>\$ 752,728</u>	<u>8</u>	<u>\$ 531,055</u>	<u>9</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 1,626	-	\$ 3,296	-
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(2)(20)	326,820	3	251,687	4
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	( 325)	-	( 659)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 5,242)	-	84,788	1
8300	<b>Other comprehensive income for the year</b>		<u>\$ 322,879</u>	<u>3</u>	<u>\$ 339,112</u>	<u>5</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 1,075,607</u>	<u>11</u>	<u>\$ 870,167</u>	<u>14</u>
	Profit (loss) attributable to:					
8610	Owners of the parent		\$ 787,836	8	\$ 545,519	9
8620	Non-controlling interest		( 35,108)	-	( 14,464)	-
			<u>\$ 752,728</u>	<u>8</u>	<u>\$ 531,055</u>	<u>9</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 1,097,687	11	\$ 876,870	14
8720	Non-controlling interest		( 22,080)	-	( 6,703)	-
			<u>\$ 1,075,607</u>	<u>11</u>	<u>\$ 870,167</u>	<u>14</u>
	Earnings per share (in dollars)	6(28)				
9750	Basic earnings per share		<u>\$ 2.44</u>		<u>\$ 1.70</u>	
9850	Diluted earnings per share	6(28)	<u>\$ 2.43</u>		<u>\$ 1.69</u>	

The accompanying notes are an integral part of these consolidated financial statements.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent							Non-controlling interest	Total equity	
	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares			Total
<u>Year ended December 31, 2024</u>										
Balance at January 1, 2024	\$ 2,875,343	\$ 1,342,757	\$ 1,724,576	\$ 556,064	\$ 454,044	(\$ 505,248 )	\$ -	\$ 6,447,536	\$ 306,806	\$ 6,754,342
Profit for 2024	-	-	-	-	545,519	-	-	545,519	( 14,464 )	531,055
Other comprehensive income for 2024	-	-	-	-	2,020	329,331	-	331,351	7,761	339,112
Total comprehensive income	-	-	-	-	547,539	329,331	-	876,870	( 6,703 )	870,167
Appropriations and distribution of 2023 retained earnings	6(19)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	27,394	-	( 27,394 )	-	-	-	-	-
Cash dividends	-	-	-	-	( 258,781 )	-	-	( 258,781 )	-	( 258,781 )
Reversal of special reserve	-	-	-	( 54,297 )	54,297	-	-	-	-	-
Issuance of employee restricted shares	-	18,780	-	-	-	( 57,712 )	-	-	-	-
Compensation cost of share-based payment	6(15)	-	-	-	-	15,112	-	15,112	-	15,112
Return of employee restricted stock	6(15)	( 318 )	348	-	-	-	( 30 )	-	-	-
Adjustments due to changes in vested number of restricted stock	-	-	( 101 )	-	-	233	-	132	-	132
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(29)	-	-	-	( 6,708 )	-	-	( 6,708 )	6,708	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	( 730 )	-	-	( 730 )	-	( 730 )
Changes in non-controlling interests	6(29)	-	-	-	-	-	-	-	( 20,000 )	( 20,000 )
Balance at December 31, 2024	\$ 2,893,805	\$ 1,381,936	\$ 1,751,970	\$ 501,767	\$ 762,500	(\$ 218,517 )	(\$ 30 )	\$ 7,073,431	\$ 286,811	\$ 7,360,242
<u>Year ended December 31, 2025</u>										
Balance at January 1, 2025	\$ 2,893,805	\$ 1,381,936	\$ 1,751,970	\$ 501,767	\$ 762,500	(\$ 218,517 )	(\$ 30 )	\$ 7,073,431	\$ 286,811	\$ 7,360,242
Profit for 2025	-	-	-	-	787,836	-	-	787,836	( 35,108 )	752,728
Other comprehensive income for 2025	-	-	-	-	1,077	308,774	-	309,851	13,028	322,879
Total comprehensive income	-	-	-	-	788,913	308,774	-	1,097,687	( 22,080 )	1,075,607
Appropriations and distribution of 2024 retained earnings	6(19)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	54,033	-	( 54,033 )	-	-	-	-	-
Cash dividends	-	-	-	-	( 173,618 )	-	-	( 173,618 )	-	( 173,618 )
Stock dividends	347,236	-	-	-	( 347,236 )	-	-	-	-	-
Reversal of special reserve	-	-	-	( 329,331 )	329,331	-	-	-	-	-
Issuance of employee restricted shares	5,000	20,763	-	-	-	( 25,763 )	-	-	-	-
Compensation cost of share-based payment	6(15)	-	-	-	-	37,294	-	37,294	-	37,294
Return of employee restricted stock	6(15)	( 250 )	256	-	-	-	( 6 )	-	-	-
Adjustments due to changes in vested number of restricted stock	-	-	3,332	-	-	39	( 1,470 )	1,901	-	1,901
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(29)	-	-	-	( 8,587 )	-	-	( 8,587 )	8,587	-
Changes in equity of associates and joint ventures accounted for using equity method	6(7)	-	3,922	-	-	-	-	3,922	-	3,922
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)	-	-	-	6,129	( 6,129 )	-	-	-	-
Changes in non-controlling interests	6(29)	-	-	-	-	-	-	-	309	309
Balance at December 31, 2025	\$ 3,245,791	\$ 1,410,209	\$ 1,806,003	\$ 172,436	\$ 1,303,438	\$ 94,189	(\$ 36 )	\$ 8,032,030	\$ 273,627	\$ 8,305,657

The accompanying notes are an integral part of these consolidated financial statements.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 953,019	\$ 652,886
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(26)	245,144	231,530
Amortisation	6(26)	12,635	10,540
Gain on disposal of investments	6(24)	-	(407)
Expected credit loss	12(2)	5,597	4,171
Net loss on financial assets or liabilities at fair value through profit or loss		-	368
Compensation cost of share-based payment	6(15)	37,294	15,112
Interest expense	6(25)	10,038	9,677
Interest income	6(22)	(55,226)	(73,740)
Dividend income	6(23)	(9,614)	(15,484)
Share of profit of associates and joint ventures accounted for under equity method	6(7)		
Loss on disposal of property, plant, and equipment	6(24)	13,289	14,035
Gain on lease modification	6(9)	(1,171)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable, net		(1,003,860)	(437,516)
Inventories		(1,132,618)	(219,312)
Other current assets		(41,421)	(46,861)
Net changes in liabilities relating to operating activities			
Current contract liabilities		(23,659)	(74,438)
Accounts payable		1,006,120	422,585
Other payables		35,948	113,003
Current provisions		(839)	33,133
Other current liabilities		2,287	(2,128)
Other non-current liabilities		(1,622)	(2,537)
Cash inflow generated from operations		50,710	621,560
Interest received		55,226	73,740
Dividends received		14,966	19,984
Interest paid		(10,038)	(9,677)
Income tax paid		(98,233)	(52,730)
Net cash flows from operating activities		<u>12,631</u>	<u>652,877</u>

(Continued)

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 83,480 )	(\$ 65,153 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	56,947	354
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(2)	12,036	25,338
Acquisition of financial assets at amortised cost		( 171,948 )	( 300,020 )
Proceeds from disposal of financial assets at amortised cost		260,940	207,440
Acquisition of investments accounted for using equity method	6(7)	( 48,000 )	( 344,140 )
Proceeds from disposal of financial assets at fair value through profit or loss		-	16,207
Acquisition of property, plant and equipment	6(8)	( 658,916 )	( 579,925 )
Proceeds from disposal of property, plant and equipment		58,471	5,543
Acquisition of intangible assets	6(11)	( 13,331 )	( 17,413 )
Acquisition of right-of-use assets	6(9)	-	( 8,652 )
Increase in other non-current assets		( 78,908 )	( 64,300 )
Net cash flows used in investing activities		( 666,189 )	( 1,124,721 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term loans	6(30)	194,318	( 13,326 )
Payments of lease liabilities	6(30)	( 17,107 )	( 18,309 )
Payment of cash dividends	6(19)	( 173,618 )	( 258,781 )
Increase (decrease) in other non-current liabilities	6(30)	148	( 102 )
Change in non-controlling interests	6(29)	309	( 20,000 )
Net cash flows from (used in) financing activities		4,050	( 310,518 )
Net effect of changes in foreign currency exchange rates		( 9,488 )	79,084
Net decrease in cash and cash equivalents		( 658,996 )	( 703,278 )
Cash and cash equivalents at beginning of year		2,388,925	3,092,203
Cash and cash equivalents at end of year		\$ 1,729,929	\$ 2,388,925

The accompanying notes are an integral part of these consolidated financial statements.

ABILITY ENTERPRISE CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANISATION

Ability Enterprise Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) merged with Viewquest Technologies Inc. on January 1, 2003. On August 28, 2007, the Board of Directors agreed to set September 1, 2007 as the record date for the acquisition of the Office Automation Business Group by the Company’s subsidiary, Ability International Investment Co., Ltd., through the issuance of new shares. The Company disposed its ownership in Ability International Investment Co., Ltd. promptly after the acquisition. The Company is mainly engaged in the manufacturing, purchases and sales of digital cameras, optical product components and film/video accessories.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect 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>
<u>Amendments to IAS 21, ‘Lack of exchangeability’</u>	<u>January 1, 2025</u>

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of 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, 'Amendments to the classification and measurement of financial instruments'	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 impact to the Group's financial condition and financial performance based on the Group's assessment.

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

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

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

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

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

##### (2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	ABILITY ENTERPRISE (BVI) CO., LTD. (ABILITY (BVI))	Holding company	100.00	100.00	
The Company	ABILITY INTERNATIONAL INVESTMENT CO., LTD. (ABILITY INTERNATIONAL INVESTMENT)	Investments	100.00	100.00	
The Company	ABILITY ELECTRONICS TECHNOLOGY (VIETNAM) COMPANY LIMITED	Development, manufacturing and trading of digital surveillance	100.00	100.00	Note 1
The Company	ABILITY TECHNOLOGIES CO., LTD. (ABILITY TECHNOLOGIES)	Manufacturing and trading of computer peripheral equipment, photography equipment and electronic	100.00	100.00	Note 2
The Company	E-PIN OPTICAL INDUSTRY CO., LTD. (E-PIN)	Sales of optical products and electronic components	90.26	54.61	Note 3
ABILITY (BVI)	ABILITY TECHNOLOGY (DONGGUAN) CO., LTD. (ABILITY (DONGGUAN))	Sales of digital still cameras	100.00	100.00	
ABILITY TECHNOLOGIES	ABILITY TECHNOLOGY COMPANY LIMITED (ABILITY Vietnam)	Manufacturing of computers, computer peripheral equipment, home electronics, communication equipment and optical instrument and equipment	100.00	100.00	
E-PIN	E-PIN OPTICAL INDUSTRY (M.) SDN. BHD. (E-PIN (M.))	Manufacturing of precision lens	100.00	100.00	
E-PIN	ALL VISION TECHNOLOGY SDN. BHD. (AVT)	Manufacturing of precision lens	100.00	100.00	
E-PIN	ALL VISION HOLDING LTD. (ALL VISION)	Holding company	100.00	100.00	
E-PIN	JIAPIN INVESTMENT CO., LTD. (JIAPIN INVESTMENT)	Investments	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
JIAPIN INVESTMENT	CHIA PING LIMITED (CHIA PING)	Holding company	100.00	100.00	
CHIA PING LIMITED	CHIA PING (SHENZHEN) OPTICAL TECHNOLOGY CO., LTD.	Trading of optical lens and components	100.00	100.00	
ALL VISION	EVERLIGHT DEVELOPMENT CORPORATION	Holding company	100.00	100.00	
ALL VISION	E-SKY HOLDING LTD. (E-SKY)	Holding company	100.00	100.00	
EVERLIGHT	NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD. (NANJING EVERLIGHT)	Development and manufacturing of various types of precision lens	55.45	55.45	
E-SKY	ZHONGSHAN SHANXIN ACCURATE INDUSTRY CO., LTD. (ZHONGSHAN SHANXIN)	Development and manufacturing of various types of precision lens	100.00	100.00	
E-SKY	NANJING E-PIN OPTICAL CO., LTD. (NANJING E-PIN)	Development and manufacturing of various types of precision lens	72.22	72.22	

Note 1: On September 8, 2023, the Board of Directors of the Group resolved to establish a wholly-owned subsidiary in Vietnam, ABILITY ELECTRONICS TECHNOLOGY (VIETNAM) COMPANY LIMITED, to expand production capacity, which was successfully established in January 2024.

Note 2: Please refer to Note 6 (29)

Note 3: Please refer to Note 6 (29)

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2025 and 2024, the non-controlling interest amounted to \$273,627 and \$286,811, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD. (NANJING EVERLIGHT)	Taiwan	<u>\$ 256,388</u>	44.55%	<u>\$ 251,048</u>	44.55%

Summarised financial information of the subsidiaries:

Balance Sheets

	NANJING EVERLIGHT	
	December 31, 2025	December 31, 2024
Current assets	\$ 573,788	\$ 567,441
Non-current assets	106,490	104,963
Current liabilities	( 104,771)	( 108,885)
Total net assets	<u>\$ 575,507</u>	<u>\$ 563,519</u>

Consolidated Income Statement

	NANJING EVERLIGHT	
	Year ended December 31, 2025	Year ended December 31, 2024
Revenue	<u>\$ 545,004</u>	<u>\$ 556,540</u>
Profit before income tax	20,271	37,197
Income tax expense	( 5,060)	( 7,344)
Profit for the year	<u>15,211</u>	<u>29,853</u>
Other comprehensive income, net of tax	<u>15,211</u>	<u>29,853</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 6,776</u>	<u>\$ 13,299</u>

## Statement of Cash Flows

	NANJING EVERLIGHT	
	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Net cash provided by (used in) operating activities	\$ 19,926	(\$ 7,786)
Net cash used in investing activities	( 1,527)	( 309)
Increase (decrease) in cash and cash equivalents	18,399	( 8,095)
Cash and cash equivalents, beginning of year	254,856	262,951
Cash and cash equivalents, end of year	<u>\$ 273,255</u>	<u>\$ 254,856</u>

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (5) Classification of current and non-current items

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

(6) Cash equivalents

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

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group'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.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered 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.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group 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 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or

exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. 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 Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the 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 Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised 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.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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 retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. At the balance sheet date, the Group performs an impairment test for an investment in an associate when there is an indication that the investment may be impaired. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

(15) Property, plant and equipment

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

Buildings and structures	10 ~ 50 years
Machinery and equipment	2 ~ 20 years
Mold equipment	2 years
Other equipment	2 ~ 20 years

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

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

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

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 30 years.

(18) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 5 years.

(19) Impairment of non-financial assets

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

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Provisions

Warranty provision is recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

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

#### (25) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-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 recognised is based on the number of equity instruments that eventually vest.

#### B. Restricted stocks:

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

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

(c) For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

#### (26) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns

with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred 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 and does not give rise to equal taxable and deductible temporary differences. 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) 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.

(29) Revenue recognition

A. Sales of goods

The Group manufactures and sells digital cameras and optical products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the wholesaler 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 Group has objective evidence that all criteria for acceptance have been satisfied.

**B. Incremental costs of obtaining a contract**

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

**(30) Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

**(1) Critical judgements in applying the Group's accounting policies**

None.

**(2) Critical accounting estimates and assumptions**

**Evaluation of inventories**

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

As of December 31, 2025, the carrying amount of inventories is described in Note 6(5).

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 2,794	\$ 3,026
Checking accounts and demand deposits	1,727,135	1,484,124
Time deposits	-	901,775
	<u>\$ 1,729,929</u>	<u>\$ 2,388,925</u>

A. The Group associates 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 Group has no cash and cash equivalents pledged to others.

### (2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Equity instruments		
Listed stocks	\$ 716,816	\$ 687,634
Unlisted stocks	359,204	371,470
	1,076,020	1,059,104
Valuation adjustment	312,198	( 8,493)
	<u>\$ 1,388,218</u>	<u>\$ 1,050,611</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,388,218 and \$1,050,611 as at December 31, 2025 and 2024, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

<u>Equity instruments at fair value through other comprehensive income</u>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Fair value change recognised in other comprehensive income	\$ 326,820	\$ 251,687
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 6,129)	-
Dividend income recognised in profit or loss		
Held at end of year	<u>\$ 9,614</u>	<u>\$ 15,484</u>

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. On March 29, 2021, the Board of Directors of the Group resolved to invest in ABICO ASIA

EXCELSIOR PARTNERS L.P. ( “ABICO ASIA II” ), with a limit of \$150,000 . In September 2021, July 2023, March 2024 and March to December, 2025 the Group invested in ABICO ASIA II in the amount \$49,500, \$15,000, 15,000 and \$37,500, respectively. ABICO ASIA II reduced its capital and returned the share capital of \$792, \$10,338, and \$12,036 in November 2022, July to October 2024, and March to September 2025, respectively. As of December 31, 2025, the investment amount was \$93,834 for a shareholding ratio of 5.92%.

- E. To develop market clients, in August 2023, the Group invested in AEVISO DEPRO SOLUTION CO., LTD. (“AEVISO”) in the amount \$354 for a shareholding ratio of 2.00%.The Group sold AEVISO’s shares in September 2024 for a selling price of \$354.
- F. For strategic investments, in August 2023, the Group invested in Valens Semiconductor Ltd.(“VLN”). The Group sold VLN’s shares during the period from January to February 2025 for proceeds of approximately NT\$56,947. The difference between the disposal amount and carrying amount of \$6,129 was adjusted in retained earnings, and the related payment has been collected.
- G. On March 8, 2024, the Board of Directors of the Group resolved to invest in JIATECH INTERNATIONAL INVESTMENT CO., LTD. As of December 31, 2025, the investment amounted to \$50,000 for a shareholding ratio of 8.12%.
- H. On August 13, 2019, the Board of Directors of the Group resolved to invest in IIH BIOMEDICAL VENTURE FUND I CO., LTD. (“IIH BIOMEDICAL”) in the amount \$30,000. IIH BIOMEDICAL reduced its capital and returned the share capital of \$15,000 in July 2024. As of December 31, 2025, the investment amounted to \$15,000 for a shareholding ratio of 4.848%.
- I. To deepen the Group’s presence in the robotics sector, in April 2025, the Group invested in Mantis Robotics Inc. in the amount of approximately NT\$16,540 for a shareholding ratio of 1.97%.
- J.To strengthen the Group’s presence in the robotics-related industry, in July 2025, the Group invested in Agility Robotics, Inc. in the amount of approximately NT\$29,440 for a shareholding ratio of 0.05%.

(3) Financial assets at amortised cost - current

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits with initial maturity over three months	\$ 90,128	\$ 179,120

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income	\$ 1,879	\$ 2,338

B. The Group has no financial assets at amortised cost - current pledged to others as collateral.

C. Information relating to credit risk of financial assets at amortised cost - current is provided in Note 12(2). The counterparties of the Group’s investments in certificates of deposits are financial

institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 2,051,819	\$ 1,052,591
Less: Allowance for bad debts	( 13,839)	( 8,255)
Accounts receivable, related parties	39,934	21,147
Accounts receivable, net	<u>\$ 2,077,914</u>	<u>\$ 1,065,483</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 2,066,686	\$ 1,064,807
1 to 90 days	24,677	5,559
91 to 180 days	151	2,818
Over 180 days	239	554
	<u>\$ 2,091,753</u>	<u>\$ 1,073,738</u>

The above ageing analysis was based on past due date.

A. As of December 31, 2025 and 2024, accounts receivable were all from contracts with customers.

As of January 1, 2024, the balance of accounts receivable from contracts with customers amounted to \$654,374.

B. The Group has no accounts receivable pledged to others.

C. As at 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 accounts receivable held by the Group was \$2,077,914 and \$1,065,483, respectively.

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

(5) Inventories

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 588,463	(\$ 1,537)	\$ 586,926
Finished goods	401,416	( 59,157)	342,259
Work in process	364,676	( 2,155)	362,521
Raw materials	997,808	( 192,657)	805,151
Inventory in transit	10,668	-	10,668
	<u>\$ 2,363,031</u>	<u>(\$ 255,506)</u>	<u>\$ 2,107,525</u>

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 155,460	(\$ 1,804)	\$ 153,656
Finished goods	297,526	( 73,296)	224,230
Work in process	186,730	( 17,023)	169,707
Raw materials	634,214	( 222,273)	411,941
Inventory in transit	34,381	-	34,381
	<u>\$ 1,308,311</u>	<u>(\$ 314,396)</u>	<u>\$ 993,915</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 7,377,340	\$ 4,420,064
Gain on reversal of decline in market value (Note)	( 58,890)	( 94,422)
Loss on scrapped inventory	16,996	2,483
Other operating costs	76,715	67,746
	<u>\$ 7,412,161</u>	<u>\$ 4,395,871</u>

Note: For the years ended December 31, 2025 and 2024, the Group recognised a gain on reversal of decline in market value as certain inventories which were previously provided with allowance were subsequently sold or used.

(6) Other current assets

	December 31, 2025	December 31, 2024
Net Input VAT	\$ 83,721	\$ 68,806
Advance payment	49,302	20,348
Others	51,504	55,135
	<u>\$ 184,527</u>	<u>\$ 144,289</u>

(7) Investments accounted for using equity method

<u>Associates</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
ALTASEC TECHNOLOGY CORPORATION (ALTASEC TECHNOLOGY)	\$ 69,726	\$ 65,524
BESTMOMENT HOLDINGS PTE. LTD. (BESTMOMENT)	45,301	42,544
ABILITY INT'L TENANCY CO., LTD. (ABILITY INT'L TENANCY)	91,563	96,874
JIA WANG CAPITAL CO., LTD. (JIA WANG)	221,510	221,097
ABILITY INTELLIGENT CORPORATION (ABILITY INTELLIGENT)	17,759	-
FU HONG DA CO., LTD. (FU HONG DA)	28,000	-
EVER PINE INTERNATIONAL LTD. (BVI) (EVER PINE)	-	-
	<u>\$ 473,859</u>	<u>\$ 426,039</u>

A. The above investments were accounted for using equity method as of December 31, 2025 and 2024 based on the investees' financial statements audited by other independent auditors.

B. Associates

(a) The basic information of the associate that is material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		December	December		
		31, 2025	31, 2024		
JIA WANG	Taiwan	36.67%	36.67%	Associate	Equity method

(b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>JIA WANG Corporation</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 14,043	\$ 16,476
Non-current assets	1,281,847	1,286,268
Current liabilities	( 85,313)	( 93,293)
Non-current liabilities	( 606,460)	( 606,460)
Total net assets	<u>\$ 604,117</u>	<u>\$ 602,991</u>
Share in associate's net assets	<u>\$ 221,510</u>	<u>\$ 221,097</u>
Carrying amount of the associate	<u>\$ 221,510</u>	<u>\$ 221,097</u>

Statement of comprehensive income

	JIA WANG Corporation	
	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue	\$ 25,466	\$ 17,516
Profit for the year/Total comprehensive income	<u>\$ 3,818</u>	<u>\$ 2,991</u>

- C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below: As of December 31, 2025 and 2024 the carrying amount of the Group's individually immaterial associates amounted to \$252,349 and \$204,942, respectively.

	For the year ended December 31, 2025	For the year ended December 31, 2024
Profit for the year/ Total comprehensive income	<u>\$ 5,167</u>	<u>\$ 38,738</u>

- D. The Group's share in profit recognised under the equity method for the years ended December 31, 2025 and 2024 was \$631 and \$13,057, respectively.

- E. The Group's associate, ALTASEC TECHNOLOGY, increased its capital by issuing new shares in November 2024 and March 2025. The Group did not participate in the capital increase raised by an associate proportionally to its interest to the associate, resulting in a decrease in the net equity held in ALTASEC TECHNOLOGY CORPORATION, and adjusting retained earnings by \$730 and adjusting capital surplus by \$3,701. As of December 31, 2025 and 2024, the Group's shareholding ratios were 32.33% and 36.375%, respectively.

ALTASEC TECHNOLOGY issued employee stock options during 2025. The Group participates in the capital increase raised by an associate proportionally to its interest to the associate, resulting in increase capital surplus of \$221.

- F. In May 2024, the Group invested in JIA WANG in the amount \$220,000 for a shareholding ratio of 36.67%. The Group is not the single largest shareholder of this company, and it does not have the actual ability to control relevant activities; therefore, it is determined that the Group does not have control over this company but only has significant influence.
- G. In June 2024, the Group invested in ABILITY INT'L TENANCY in the amount \$96,390 for a shareholding ratio of 45%. The Group is not the single largest shareholder of this company, and it does not have the actual ability to control relevant activities; therefore, it is determined that the Group does not have control over this company but only has significant influence.
- H. In July 2025, the Group invested in ABILITY INTELLIGENT CORPORATION in the amount \$20,000 for a shareholding ratio of 40%. The Group is not the single largest shareholder of this company, and it does not have the actual ability to control relevant activities; therefore, it is determined that the Group does not have control over this company but only has significant influence.

I. In August 2025, the Group invested in FU HONG DA CO., LTD. in the amount \$28,000 for a shareholding ratio of 46.2%. The Group is not the single largest shareholder of this company, and it does not have the actual ability to control relevant activities; therefore, it is determined that the Group does not have control over this company but only has significant influence.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Mold equipment	Other equipment and Construction in progress	Total
<u>January 1, 2025</u>						
Cost	\$ 1,304,043	\$ 2,632,663	\$ 1,575,174	\$ 680,531	\$ 428,258	\$ 6,620,669
Accumulated depreciation and impairment	-	( 1,020,626)	( 1,095,428)	( 655,324)	( 281,018)	( 3,052,396)
	<u>\$ 1,304,043</u>	<u>\$ 1,612,037</u>	<u>\$ 479,746</u>	<u>\$ 25,207</u>	<u>\$ 147,240</u>	<u>\$ 3,568,273</u>
<u>2025</u>						
Opening net book amount	\$ 1,304,043	\$ 1,612,037	\$ 479,746	\$ 25,207	\$ 147,240	\$ 3,568,273
Additions	-	8,026	548,018	19,560	83,312	658,916
Reclassification	-	5,589	-	-	( 3,261)	2,328
Disposals	-	( 19)	( 60,581)	( 2,133)	( 9,027)	( 71,760)
Depreciation	-	( 76,002)	( 82,958)	( 35,931)	( 30,077)	( 224,968)
Net exchange differences	-	( 19,645)	4,073	( 3,913)	172	( 19,313)
Closing net book amount	<u>\$ 1,304,043</u>	<u>\$ 1,529,986</u>	<u>\$ 888,298</u>	<u>\$ 2,790</u>	<u>\$ 188,359</u>	<u>\$ 3,913,476</u>
<u>At December 31, 2025</u>						
Cost	\$ 1,304,043	\$ 2,627,088	\$ 1,712,592	\$ 271,494	\$ 471,873	\$ 6,387,090
Accumulated depreciation and impairment	-	( 1,097,102)	( 824,294)	( 268,704)	( 283,514)	( 2,473,614)
	<u>\$ 1,304,043</u>	<u>\$ 1,529,986</u>	<u>\$ 888,298</u>	<u>\$ 2,790</u>	<u>\$ 188,359</u>	<u>\$ 3,913,476</u>

	Land	Buildings and structures	Machinery	Mold equipment	Other equipment and Construction in progress	Total
<u>January 1, 2024</u>						
Cost	\$ 1,304,043	\$ 2,297,049	\$ 1,498,191	\$ 674,518	\$ 384,073	\$ 6,157,874
Accumulated depreciation and impairment	<u>-</u>	<u>( 930,425)</u>	<u>( 1,122,897)</u>	<u>( 654,047)</u>	<u>( 303,504)</u>	<u>( 3,010,873)</u>
	<u>\$ 1,304,043</u>	<u>\$ 1,366,624</u>	<u>\$ 375,294</u>	<u>\$ 20,471</u>	<u>\$ 80,569</u>	<u>\$ 3,147,001</u>
<u>2024</u>						
Opening net book amount	\$ 1,304,043	\$ 1,366,624	\$ 375,294	\$ 20,471	\$ 80,569	\$ 3,147,001
Additions	-	269,358	180,168	41,395	89,004	579,925
Reclassification	-	33,435	223	-	4,660	38,318
Disposals	-	( 899)	( 13,529)	-	( 5,150)	( 19,578)
Depreciation	-	( 74,666)	( 73,735)	( 36,133)	( 23,362)	( 207,896)
Net exchange differences	-	18,185	11,325	( 526)	1,519	30,503
Closing net book amount	<u>\$ 1,304,043</u>	<u>\$ 1,612,037</u>	<u>\$ 479,746</u>	<u>\$ 25,207</u>	<u>\$ 147,240</u>	<u>\$ 3,568,273</u>
<u>At December 31, 2024</u>						
Cost	\$ 1,304,043	\$ 2,632,663	\$ 1,575,174	\$ 680,531	\$ 428,258	\$ 6,620,669
Accumulated depreciation and impairment	<u>-</u>	<u>( 1,020,626)</u>	<u>( 1,095,428)</u>	<u>( 655,324)</u>	<u>( 281,018)</u>	<u>( 3,052,396)</u>
	<u>\$ 1,304,043</u>	<u>\$ 1,612,037</u>	<u>\$ 479,746</u>	<u>\$ 25,207</u>	<u>\$ 147,240</u>	<u>\$ 3,568,273</u>

A. The significant components of buildings and structures include main plants and buildings and mechanical equipment, which are depreciated over 50 and 20 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, plant, office buildings, multifunction printers, transportation equipment and exchange telephone system. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 75,961	\$ 70,693
Buildings	10,521	36,074
Transportation equipment	3,037	-
	<u>\$ 89,519</u>	<u>\$ 106,767</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,608	\$ 2,395
Buildings	14,705	18,866
Transportation equipment	490	-
	<u>\$ 17,803</u>	<u>\$ 21,261</u>

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$17,015 and \$8,652, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 780	\$ 2,270
Expense on short-term lease contracts	5,129	5,464
Expense on leases of low-value assets	1,888	810
Gains arising from lease modifications	1,171	-

E. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$24,904 and \$26,853, respectively.

F. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2025</u>			
Cost	\$ 15,257	\$ 63,867	\$ 79,124
Accumulated depreciation and impairment	<u>-</u>	<u>( 12,458)</u>	<u>( 12,458)</u>
	<u>\$ 15,257</u>	<u>\$ 51,409</u>	<u>\$ 66,666</u>
<u>2025</u>			
Opening net book amount	\$ 15,257	\$ 51,409	\$ 66,666
Depreciation	<u>-</u>	<u>( 2,373)</u>	<u>( 2,373)</u>
Closing net book amount	<u>\$ 15,257</u>	<u>\$ 49,036</u>	<u>\$ 64,293</u>
<u>At December 31, 2025</u>			
Cost	\$ 15,257	\$ 63,867	\$ 79,124
Accumulated depreciation and impairment	<u>-</u>	<u>( 14,831)</u>	<u>( 14,831)</u>
	<u>\$ 15,257</u>	<u>\$ 49,036</u>	<u>\$ 64,293</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2024</u>			
Cost	\$ 15,257	\$ 63,867	\$ 79,124
Accumulated depreciation and impairment	<u>-</u>	<u>( 10,085)</u>	<u>( 10,085)</u>
	<u>\$ 15,257</u>	<u>\$ 53,782</u>	<u>\$ 69,039</u>
<u>2024</u>			
Opening net book amount	\$ 15,257	\$ 53,782	\$ 69,039
Depreciation	<u>-</u>	<u>( 2,373)</u>	<u>( 2,373)</u>
Closing net book amount	<u>\$ 15,257</u>	<u>\$ 51,409</u>	<u>\$ 66,666</u>
<u>At December 31, 2024</u>			
Cost	\$ 15,257	\$ 63,867	\$ 79,124
Accumulated depreciation and impairment	<u>-</u>	<u>( 12,458)</u>	<u>( 12,458)</u>
	<u>\$ 15,257</u>	<u>\$ 51,409</u>	<u>\$ 66,666</u>

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

	For the year ended December 31, 2025	For the year ended December 31, 2024
Rental income from the lease of the investment property	\$ 3,439	\$ 3,291
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 2,373	\$ 2,373

B. The fair value of the investment property held by the Group as at December 31, 2025 and 2024 was \$124,729 and \$117,598, respectively, which was based on the valuations of the market prices of property sold in similar districts and was classified as Level 3 fair value.

(11) Intangible assets

	2025	2024
	Software	Software
Opening net book amount		
Cost	\$ 115,587	\$ 98,174
Accumulated amortisation and impairment	( 101,429)	( 90,889)
	<u>\$ 14,158</u>	<u>\$ 7,285</u>
Opening net book amount	\$ 14,158	\$ 7,285
Additions — acquired separately	13,331	17,413
Amortisation charge	( 12,635)	( 10,540)
Net exchange differences	( 21)	-
Closing net book amount	<u>\$ 14,833</u>	<u>\$ 14,158</u>
Closing net book amount		
Cost	\$ 42,614	\$ 115,587
Accumulated amortisation and impairment	( 27,781)	( 101,429)
	<u>\$ 14,833</u>	<u>\$ 14,158</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Unsecured bank borrowings	\$ 530,000	1.85%~2.76%	-
Type of borrowings	December 31, 2024	Interest rate range	Collateral
Secured bank borrowings	\$ 25,515	3.15%~4.85%	Note 8
Unsecured bank borrowings	310,167	0.5%~6.55%	-
	<u>\$ 335,682</u>		

For details of unused short-term lines of credit, refer to Note 12 (2).

(13) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Employees' salary and compensation payable	\$ 475,728	\$ 456,387
Labour payable	76,212	123,596
Accrued employees' compensation and directors' and supervisors' remuneration	94,907	64,359
Tax payable	9,537	11,581
Other payables	<u>225,055</u>	<u>199,159</u>
	<u>\$ 881,439</u>	<u>\$ 855,082</u>

(14) Pensions

A.(a)The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 17,552	\$ 25,090
Fair value of plan assets	<u>( 21,217)</u>	<u>( 22,285)</u>
Net defined benefit (asset) liability (Note)	<u>(\$ 3,665)</u>	<u>\$ 2,805</u>

Note: The balances were recorded as non-current assets and non-current liabilities as of December 31, 2026 and 2025, respectively.

(c) Changes in present value of funded obligations are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2025</u>			
Balance at January 1	\$ 25,090	(\$ 22,285)	\$ 2,805
Interest expense (income)	417	( 361)	56
	<u>25,507</u>	<u>( 22,646)</u>	<u>2,861</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 1,577)	( 1,577)
Change in financial assumptions	1,671	-	1,671
Experience adjustments	( 1,720)	-	( 1,720)
	<u>( 49)</u>	<u>( 1,577)</u>	<u>( 1,626)</u>
Pension fund contribution	-	( 4,900)	( 4,900)
Paid pension	( 7,906)	7,906	-
Balance at December 31	<u>\$ 17,552</u>	<u>(\$ 21,217)</u>	<u>(\$ 3,665)</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2024</u>			
Balance at January 1	\$ 33,235	(\$ 22,487)	\$ 10,748
Interest expense (income)	444	( 296)	148
	<u>33,679</u>	<u>( 22,783)</u>	<u>10,896</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 1,959)	( 1,959)
Change in financial assumptions	( 1,149)	-	( 1,149)
Experience adjustments	( 188)	-	( 188)
	<u>( 1,337)</u>	<u>( 1,959)</u>	<u>( 3,296)</u>
Pension fund contribution	-	( 4,795)	( 4,795)
Paid pension	( 7,252)	7,252	-
Balance at December 31	<u>\$ 25,090</u>	<u>(\$ 22,285)</u>	<u>\$ 2,805</u>

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company’s and domestic subsidiaries’ defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Discount rate	<u>1.40%~1.51%</u>	<u>1.60%~1.74%</u>
Future salary increases	<u>1.75%~3.00%</u>	<u>1.75%~2.00%</u>
Expected return on project assets	<u>1.40%~1.51%</u>	<u>1.60%~1.74%</u>

Assumptions regarding future mortality experience are set based on the published statistics and experience in the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ <u>398</u> )	\$ <u>453</u>	\$ <u>447</u>	(\$ <u>398</u> )
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ <u>571</u> )	\$ <u>647</u>	\$ <u>650</u>	(\$ <u>581</u> )

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2026 amount to \$4,899.

(g) As of December 31, 2025, the weighted average duration of that retirement plan is 18 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	4,615
1-2 year(s)		2,091
2-5 years		7,221
Over 5 years		823
	<u>\$</u>	<u>14,750</u>

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

(b) The Group’s mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentages of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were \$36,598 and \$39,150, respectively.

(15) Share-based payment

A. For the years ended December 31, 2025 and 2024, the details of the Group's share-based payment arrangement were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2021.8.13	5,358,500	3 years	3 years' service conditions
Restricted stocks to employees	2024.9.11	1,878,000	3 years	3 years' service conditions
Restricted stocks to employees	2025.8.20	500,000	3 years	3 years' service conditions

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period. The abovementioned share-based payment arrangement is equity-settled.

B. The fair value of stock options granted is measured using the Black-Scholes model, option-pricing model or other. Relevant information is as follows:

Type of arrangement	Vesting conditions	Stock price (in dollars)	Strike price (in dollars)	Expected price volatility	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	After 1 year of service	\$ 14.55	\$ 0	33.22%	-	0.1134%	\$ 11.64
Restricted stocks to employees	After 1 year of service	44.25	0	40.00%	-	1.3122%	33.19
Restricted stocks to employees	After 1 year of service	74.20	0	45.00%	-	1.1773%	55.65

Type of arrangement	Vesting conditions	Stock price (in dollars)	Strike price (in dollars)	Expected price volatility	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	After 2 years of service	\$ 14.55	\$ 0	32.52%	-	0.1720%	\$ 11.64
Restricted stocks to employees	After 2 years of service	44.25	0	40.00%	-	1.3636%	33.19
Restricted stocks to employees	After 2 years of service	74.20	0	45.00%	-	1.1847%	55.65

Type of arrangement	Vesting conditions	Stock price (in dollars)	Strike price (in dollars)	Expected price volatility	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	After 3 years of service	\$ 14.55	\$ 0	32.58%	-	0.2079%	\$ 11.64
Restricted stocks to employees	After 3 years of service	44.25	0	40.00%	-	1.3817%	33.19
Restricted stocks to employees	After 3 years of service	74.20	0	45.00%	-	1.2334%	55.65

C. Expense incurred on share-based payment transactions is shown below:

	For the years ended December 31,	
	2025	2024
Equity-settled	\$ 37,294	\$ 15,112

D. For the year ended December 31, 2024, the Company received a total of 35 thousand shares which were returned since the employees resigned during the vesting period. For the year ended December 31, 2024, the number and amount of restricted stocks to employees that have been retired were 32 thousand shares and \$318, respectively. As of December 31, 2024, the number and amount of restricted stocks to employees that have not been retired were 3 thousand shares and \$30, respectively, which were recognised as treasury shares.

For the year ended December 31, 2025, the Company received a total of 25.6 thousand shares which were returned since the employees resigned during the vesting period. For the year ended December 31, 2025, the number and amount of restricted stocks to employees that have been retired were 25 thousand shares and \$250, respectively. As of December 31, 2025, the number and amount of restricted stocks to employees that have not been retired were 3.6 thousand shares and \$36, respectively, which were recognised as treasury shares.

(16) Provisions

Warranty	2025	2024
At January 1	\$ 78,889	\$ 45,756
Additional provisions	-	33,133
Unused amounts reversed	( 839)	-
At December 31	<u>\$ 78,050</u>	<u>\$ 78,889</u>

(17) Share capital

A. As of December 31, 2025, the Company's authorised capital was \$8,000,000, consisting of 800 million shares of ordinary stock, and the paid-in capital was \$3,245,791 with a par value of \$10 (in dollars) per share.

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

	For the years ended December 31,	
	2025	2024
At January 1	289,380	287,534
Capitalization of retained earnings	34,724	-
Issuance of employee restricted shares	500	1,878
Return of employee restricted stock	( 25)	( 32)
Balance at December 31	<u>324,579</u>	<u>289,380</u>

B. On June 17, 2020, the shareholders of the Company resolved to issue employee restricted shares and the issuance date as well as the effective date were both August 20, 2021. The Company issued 5,358 thousand shares for free with a par value of NT\$0 per share. The rights and obligations of the issued common shares were the same as other issued common shares, except the restriction of transfer before employees reached the vesting conditions.

C. On June 20, 2024, the shareholders of the Company resolved to issue employee restricted shares and the issuance date as well as the effective date were both September 12, 2024. The Company issued 1,878 thousand shares for free with a par value of NT\$0 per share. The rights and obligations of the issued common shares were the same as other issued common shares, except the restriction of transfer before employees reached the vesting conditions.

D. On June 20, 2024, the shareholders of the Company resolved to issue employee restricted shares and the issuance date as well as the effective date were both August 29, 2025. The Company issued 500 thousand shares for free with a par value of NT\$0 per share. The rights and obligations of the issued common shares were the same as other issued common shares, except the restriction of transfer before employees reached the vesting conditions.

E. On June 25, 2025, the Company's shareholders resolved the issuance of 34,724 thousand common shares through capitalization of retained earnings, with a par value of NT\$10 per share. The record date was September 23, 2025, and the registration has been duly completed.

(18) 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 Law requires that the amount of capital surplus to be capitalised 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.

	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures accounted for using method	Employee stock options	Employee restricted shares
At January 1, 2025	\$ 1,114,097	\$ 132,432	\$ -	\$ 97,738	\$ 37,669
Employee restricted shares	17,342	-	-	-	7,009
Changes in equity of associates and joint ventures accounted for using equity method	-	-	3,922	-	-
At December 31, 2025	<u>\$ 1,131,439</u>	<u>\$ 132,432</u>	<u>\$ 3,922</u>	<u>\$ 97,738</u>	<u>\$ 44,678</u>

	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures accounted for using method	Employee stock options	Employee restricted shares
At January 1, 2024	\$ 1,111,422	\$ 132,432	\$ -	\$ 97,738	\$ 1,165
Employee restricted shares	2,675	-	-	-	36,504
At December 31, 2024	<u>\$ 1,114,097</u>	<u>\$ 132,432</u>	<u>\$ -</u>	<u>\$ 97,738</u>	<u>\$ 37,669</u>

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses. Then, 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and the Company shall appropriate or reverse special reserve when necessary. The appropriation of the remainder along with beginning unappropriated earnings is the accumulated distributable earnings for shareholders. When distributing by issuing new shares, the distribution shall be proposed by the Board of Directors and resolved by the shareholders.

The accumulated net amount of other equity reductions and the net increase in the fair value of investment properties recorded in previous periods should be allocated as a special reserve equal to the same amount from retained earnings of prior periods. If there are insufficient retained

earnings, the shortfall should be recognized by allocating the net income after tax for the current period, plus the amounts of items other than net income after tax for the current period that are included in the current period's retained earnings.

- B. 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.
- C. The Company's dividend policy is adopted taking into consideration the Company's financial structure, future capital expenditures, future cash flows and assurance of the Company's competitiveness in the market. In accordance with the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.
- D. 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 balance of the reserve exceeds 25% of the Company's paid-in capital.
- E. On June 20, 2024, the shareholders resolved the distribution of dividends from 2023 earnings in the amount of \$258,781 at \$0.9 (in dollars) per share.  
On June 25, 2025, the shareholders resolved the distribution of dividends from 2024 earnings, consisting of cash dividends of \$0.6 (in dollars) per share and stock dividends of \$1.2 (in dollars) per share, totaling NT\$520,854.
- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(26).

(20) Other equity items

	2025			
	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total
At January 1	(\$ 163,943)	(\$ 8,493)	(\$ 46,081)	(\$ 218,517)
Currency translation differences:				
-Group	( 18,046)	-	-	( 18,046)
Revaluation	-	326,820	-	326,820
Revaluation transferred to retained earnings	-	( 6,129)	-	( 6,129)
Employee restricted shares:				
-Compensation cost	-	-	37,294	37,294
-Unearned employee compensation	-	-	( 25,763)	( 25,763)
-Adjustments to changes in vested number of restricted stock	-	-	( 1,470)	( 1,470)
At December 31	<u>(\$ 181,989)</u>	<u>\$ 312,198</u>	<u>(\$ 36,020)</u>	<u>\$ 94,189</u>

	2024			
	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee compensation	Total
At January 1	(\$ 241,587)	(\$ 260,180)	(\$ 3,481)	(\$ 505,248)
Currency translation differences:				
-Group	77,644	-	-	77,644
Revaluation	-	251,687	-	251,687
Employee restricted shares:				
-Compensation cost	-	-	15,112	15,112
-Adjustments to changes in vested number of restricted stock	-	-	( 57,712)	( 57,712)
At December 31	<u>(\$ 163,943)</u>	<u>(\$ 8,493)</u>	<u>(\$ 46,081)</u>	<u>(\$ 218,517)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time, as follows:

Principal products:

	For the years ended December 31,	
	2025	2024
Optical products	\$ 9,194,442	\$ 5,694,249
Others	713,718	488,645
	<u>\$ 9,908,160</u>	<u>\$ 6,182,894</u>

Main business segment:

2025	Optical manufacturing segment	Strategic investing segment	Total
Total segment revenue	\$ 18,409,638	\$ 1,027,008	\$ 19,436,646
Inter-segment revenue	( 9,183,066)	( 345,420)	( 9,528,486)
Revenue from external customer contracts	<u>\$ 9,226,572</u>	<u>\$ 681,588</u>	<u>\$ 9,908,160</u>
Timing of revenue			
At a point in time	<u>\$ 9,226,572</u>	<u>\$ 681,588</u>	<u>\$ 9,908,160</u>

2024	Optical manufacturing segment	Strategic investing segment	Total
Total segment revenue	\$ 9,138,409	\$ 1,224,870	\$ 10,363,279
Inter-segment revenue	( 3,710,956)	( 469,429)	( 4,180,385)
Revenue from external customer contracts	<u>\$ 5,427,453</u>	<u>\$ 755,441</u>	<u>\$ 6,182,894</u>
Timing of revenue			
At a point in time	<u>\$ 5,427,453</u>	<u>\$ 755,441</u>	<u>\$ 6,182,894</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities - advance sales receipts	<u>\$ 139,122</u>	<u>\$ 162,781</u>	<u>\$ 237,219</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the year

	2025	2024
Advance sales receipts	<u>\$ 129,385</u>	<u>\$ 167,937</u>

(22) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 55,226	\$ 73,740

(23) Other income

	For the years ended December 31,	
	2025	2024
Rent income	\$ 53,425	\$ 59,069
Dividend income	9,614	15,484
	<u>\$ 63,039</u>	<u>\$ 74,553</u>

(24) Other gains and losses

	For the years ended December 31,	
	2025	2024
Losses on disposal of property, plant and equipment	(\$ 13,289)	(\$ 14,035)
Gains arising from lease modifications	1,171	-
Net currency exchange gain (loss)	( 52,725)	122,270
Depreciation on investment property	( 2,373)	( 2,373)
Gains on disposals of investments	-	407
Other gains and losses	31,503	33,251
	<u>(\$ 35,713)</u>	<u>\$ 139,520</u>

(25) Finance costs

	For the years ended December 31,	
	2025	2024
Bank borrowings	\$ 9,258	\$ 7,407
Lease transactions	780	2,270
	<u>\$ 10,038</u>	<u>\$ 9,677</u>

(26) Employee benefit, depreciation and amortisation expenses

	For the years ended December 31,	
	2025	2024
Employee benefit expenses		
Wages and salaries	\$ 2,074,452	\$ 1,588,363
Labor and health insurance fees	119,549	98,091
Pension costs	36,654	39,298
Other personnel expenses	126,103	88,392
Depreciation (Note)	242,771	229,157
Amortisation	12,635	10,540

Note: For the years ended December 31, 2025 and 2024, depreciation on investment property amounted to \$2,373 and \$2,373, respectively, and was shown as other gains and losses.

- A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration. The ratio shall not be lower than 8% and shall not be higher than 15% for employees' compensation and shall not be higher than 1.5% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$79,922 and \$54,197, respectively; while directors' and supervisors' remuneration was accrued to \$14,985 and \$10,162, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 1.5% of distributable profit of current year.

Employees' compensation and directors' and supervisors' remuneration for 2024 amounting to \$54,197 and \$10,162, respectively, as resolved at the shareholders' meeting were in agreement with those amounts recognised in the 2024 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders during their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Current tax on profits for the year	\$ 191,924	\$ 66,294
Prior year income tax underestimation	362	5,757
Origination and reversal of temporary differences	8,005	49,317
Income tax paid in and for income derived from Mainland China	-	463
Income tax expense	<u>\$ 200,291</u>	<u>\$ 121,831</u>

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Remeasurement of defined benefit obligations	<u>\$ 325</u>	<u>\$ 659</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 244,909	\$ 162,522
Tax effect of permanent differences	( 44,980)	( 37,683)
Prior year income tax underestimation	362	5,757
Change in assessment of realisation of deferred tax assets	-	7,791
Taxable loss not recognised as deferred tax assets	-	( 17,019)
Income tax paid in and for income derived from Mainland China	-	463
Income tax expense	<u>\$ 200,291</u>	<u>\$ 121,831</u>

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

	For the year ended December 31, 2025			
	January 1	Recognised in		December 31
		profit or loss	other comprehensive income	
Deferred tax assets:				
Fees for after sales service	\$ 15,778	(\$ 168)	\$ -	\$ 15,610
Loss on decline in market value	18,461	1,570	-	20,031
Adjustment of bad debts for tax purposes	809	( 655)	-	154
Employee benefits	8,179	-	( 325)	7,854
Royalties	6,056	( 5,162)	-	894
Others	7,537	( 3,590)	-	3,947
	<u>\$ 56,820</u>	<u>(\$ 8,005)</u>	<u>(\$ 325)</u>	<u>\$ 48,490</u>

For the year ended December 31, 2024				
	January 1	Recognised in		December 31
		profit or loss	other comprehensive income	
Deferred tax assets:				
Fees for after sales service	\$ 9,151	\$ 6,627	\$ -	\$ 15,778
Loss on decline in market value	21,707	( 3,246)	-	18,461
Adjustment of bad debts for tax purposes	1,052	( 243)	-	809
Employee benefits	8,838	-	( 659)	8,179
Taxable loss	40,000	( 40,000)	-	-
Royalties	9,007	( 2,951)	-	6,056
Others	17,041	( 9,504)	-	7,537
	<u>\$ 106,796</u>	<u>(\$ 49,317)</u>	<u>(\$ 659)</u>	<u>\$ 56,820</u>

D. Expiration dates of unused net taxable loss and amounts of unrecognised deferred tax assets are as follows:

(a) Companies located in Taiwan:

December 31, 2025					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised		Expiry year
			deferred tax assets		
2023	\$ 69,060	\$ 69,060	\$ 69,060		2033
2024	49,558	49,558	49,558		2034
2025	50,431	50,431	50,431		2035
	<u>\$ 169,049</u>	<u>\$ 169,049</u>	<u>\$ 169,049</u>		

  

December 31, 2024					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised		Expiry year
			deferred tax assets		
2023	\$ 69,060	\$ 69,060	\$ 69,060		2033
2024	46,890	46,890	46,890		2034
	<u>\$ 115,950</u>	<u>\$ 115,950</u>	<u>\$ 115,950</u>		

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2025 and 2024, the amounts of temporary differences unrecognised as deferred tax liabilities were \$285,684 and \$230,585, respectively.

F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	<u>For the year ended December 31, 2025</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 787,836</u>	322,481	<u>\$ 2.44</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation		1,030	
Employee restricted shares		<u>558</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 787,836</u>	<u>324,069</u>	<u>\$ 2.43</u>

	<u>For the year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 545,519</u>	321,288	<u>\$ 1.70</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation		825	
Employee restricted shares		<u>166</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 545,519</u>	<u>322,279</u>	<u>\$ 1.69</u>

The above weighted average number of ordinary shares outstanding has been retrospectively adjusted in accordance with the ratio of capitalization of undistributed earnings for the year 2024.

(29) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

On June 30, 2024, the Group acquired an additional 40% of shares of its subsidiary—ABILITY TECHNOLOGIES CO., LTD. (“ABILITY TECHNOLOGIES”) for a total cash consideration of \$20,000. The carrying amount of non-controlling interest in ABILITY TECHNOLOGIES was \$13,292 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$13,292 and a decrease in the equity attributable to owners of the parent by \$6,708. The effect of changes in interests in ABILITY TECHNOLOGIES on the equity attributable to owners of the parent for the year ended December 31, 2024 is shown below:

	Year ended December 31, 2024
Carrying amount of non-controlling interest acquired	\$ 13,292
Consideration paid to non-controlling interest	( 20,000)
Retained earnings	
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 6,708)

B. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

The Group’s subsidiary, E-PIN OPTICAL INDUSTRY CO., LTD. (“E-PIN OPTICAL”), increased its capital by issuing new shares in October 2025. The Group did not acquire shares proportionally to its interest. As a result, the transaction increased non-controlling interest by \$8,896 and decreased the equity attributable to owners of parent by \$8,587. The effect of changes in interests in E-PIN OPTICAL on the equity attributable to owners of the parent for the year ended December 31, 2025 is shown below:

	Year ended December 31, 2025
Cash	\$ 309
Increase in the carrying amount of non-controlling interests	( 8,896)
Retained earnings	
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 8,587)

(30) Changes in liabilities from financing activities

	2025			
	Short-term borrowings	Lease liabilities	Other non-current liabilities	Liabilities from financing activities-gross
At January 1	\$ 335,682	\$ 37,715	\$ 44,340	\$ 417,737
Changes in cash flow from financing activities	194,318	( 17,107)	148	177,359
Changes in other non-cash items	-	( 284)	( 23,580)	( 23,864)
At December 31	<u>\$ 530,000</u>	<u>\$ 20,324</u>	<u>\$ 20,908</u>	<u>\$ 571,232</u>

  

	2024			
	Short-term borrowings	Payments of lease liabilities	Other non-current liabilities	Liabilities from financing activities-gross
At January 1	\$ 349,008	\$ 55,945	\$ 48,815	\$ 453,768
Changes in cash flow from financing activities	( 13,326)	( 18,309)	( 102)	( 31,737)
Changes in other non-cash items	-	79	( 4,373)	( 4,294)
At December 31	<u>\$ 335,682</u>	<u>\$ 37,715</u>	<u>\$ 44,340</u>	<u>\$ 417,737</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
ALTASEC TECHNOLOGY CORPORATION (ALTASEC TECHNOLOGY)	Associate
BESTMOMENT TECHNOLOGY PTE. LTD.(BESTMOMENT TECHNOLOGY)	Associate
JIA WANG CAPITAL CO.,LTD. (JIA WANG)	Associate
ABILITY INT'L TENANCY CO., LTD. (ABILITY INT'L)	Associate (Note 1)
ABICO AVY CO., LTD. (ABICO AVY)	Other related party
AVY CO., LTD. (AVY)	Other related party
TAISHIBA INTERNATIONAL LTD. (TAISHIBA)	Other related party
DONGGUAN YAXIN PRECISION PLASTICS CO., LTD. (DONGGUAN YAXIN)	Other related party
HONLYNN CO., LTD. (HONLYNN)	Other related party
ABICO ASIA EXCELSIOR PARTNERS L.P. (ABICO ASIA II)	Other related party

Note 1: Before the end of June 2024, the entity was considered as other related party of the Group; after the end of June 2024, the entity was considered an associate of the Group.

(2) Significant related party transactions

The following disclosures are based on transactions with counterparties who are considered as related parties.

A. Operating revenue:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
-Associates	\$ 153,033	\$ 133,418

Goods and services are sold to associates and other related parties on normal commercial terms and conditions.

B. Purchases:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Purchases of goods:		
-Associates	\$ 1,365	\$ 1,564
-Other related parties	50,172	29,515
	<u>\$ 51,537</u>	<u>\$ 31,079</u>

Goods and services are purchased from associates and other related parties on normal commercial terms and conditions.

C. Receivables from related parties:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable:		
-Associates	\$ 39,934	\$ 21,147

The receivables from related parties arise mainly from sales transactions and the credit term is based on normal commercial terms and conditions. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable		
-Associates	\$ 1,273	\$ 2,232
-Other related parties	19,766	18,749
	<u>\$ 21,039</u>	<u>\$ 20,981</u>

The payables to associates and other related parties arise mainly from purchase transactions and payment term is based on normal commercial terms and conditions.

### E. Acquisition of financial assets

	Accounts	No. of shares (shares in thousands)	Objects	2025	2024
				Consideration	Consideration
Associates					
-ALTASEC TECHNOLOGY	Investments accounted for using equity method	1,100	The shares of ALTASEC TECHNOLOGY	\$ -	\$ 27,750
Associates					
-HONLYNN	Investments accounted for using equity method	5,400	The shares of ABILITY INT'L	-	96,390
Other related party					
-ABICO ASIA II	Non-current financial assets at fair value through profit or loss	Note	The shares of ABICO ASIA II	37,500	15,000
				<u>\$ 37,500</u>	<u>\$ 139,140</u>

Note: As it is a limited partnership, there are no shares.

F. For the years ended December 31, 2025 and 2024, the Group received cash dividends from investments accounted for under the equity method, amounting to \$5,352 and \$4,500, respectively.

### (3) Key management compensation

	For the years ended December 31,	
	2025	2024
Salaries and other short-term employee benefits	\$ 40,838	\$ 32,956
Post-employment benefits	660	670
Share-based payments	7,485	2,221
	<u>\$ 48,983</u>	<u>\$ 35,847</u>

### 8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Buildings and structures	\$ -	\$ 17,951	Bank borrowings
Right-of-use assets, land	-	2,291	Bank borrowings
	<u>\$ -</u>	<u>\$ 20,242</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of December 31, 2025, for the purchase of right-of-use assets and property, plant and equipment, the Group contracted for at the balance sheet date but not yet paid the amount of approximately \$16,563.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at amortised cost	\$ 3,897,971	\$ 3,633,528
Guarantee deposits paid	<u>13,280</u>	<u>11,303</u>
	<u>\$ 3,911,251</u>	<u>\$ 3,644,831</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 3,665,227	\$ 2,463,852
Guarantee deposits received	<u>8,289</u>	<u>8,142</u>
	<u>\$ 3,673,516</u>	<u>\$ 2,471,994</u>
Lease liability	<u>\$ 20,324</u>	<u>\$ 37,715</u>

Financial assets at amortised cost included cash and cash equivalents, current financial assets at amortised cost, accounts receivable and guarantee deposits paid. Financial liabilities at amortised cost included short-term borrowings, accounts payable, other payables and guarantee deposits received.

The information on carrying amounts of financial assets at fair value through other comprehensive income is provided in Notes 6(2).

## B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group treasury's risk management policy is to hedge (mainly export sales and purchase of inventory and processing charges) in each major foreign currency for the subsequent quarter.
- iv. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies, and China as the main regional.

- v. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and 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:

		December 31, 2025				
		Sensitivity analysis				
Foreign currency		Exchange	Book value	Degree of	Effect on	
amount		rate	(NTD)	variation	profit or loss	
(in thousands)						
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 68,868	31.430	\$ 2,164,521	1%	\$ 21,645	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 49,230	31.430	\$ 1,547,299	1%	\$ 15,473	
USD:RMB	9,464	6.991	297,450	1%	2,975	
		December 31, 2024				
		Sensitivity analysis				
Foreign currency		Exchange	Book value	Degree of	Effect on	
amount		rate	(NTD)	variation	profit or loss	
(in thousands)						
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 54,452	32.785	\$ 1,785,209	1%	\$ 17,852	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 21,765	32.785	\$ 713,566	1%	\$ 7,136	
USD:RMB	7,402	7.321	242,657	1%	2,427	

- vi. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to (\$52,725) and \$122,270, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, other components of equity would have increased/decreased by \$138,822 and \$105,061, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk.
  - ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
  - iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2025 and 2024, would have decreased/increased by \$5,300 and \$3,357, respectively. The main factor is that changes in interest expense result from floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
  - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the relevant management methods. The utilisation of credit limits is regularly monitored.
  - iii. The Group adopts the assumption that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - iv. Based on the Group's past experience, the default occurs when the contract payments are past due over 180 days.

- v. The Group classifies customer's accounts receivable, and notes receivable in accordance with customer types and credit rating of customer. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.
- vi. The Group used the forecastability to adjust the loss rates which is based on history and timely information within the specified period to estimate loss allowance for accounts receivable. Based on the consideration and information above, the Group does not expect any significant loss allowance for the accounts receivable due to loss rate.

	Up to 90 days		91~180 days		Over 180 days		Total
	Not past due	past due	past due	past due	past due		
<u>December 31, 2025</u>							
Expected loss rate	0.51%	11.63%	100.00%		100.00%		
Total book value	\$ 2,066,686	\$ 24,677	\$ 151	\$ 239			\$2,091,753
Loss allowance	\$ 10,580	\$ 2,869	\$ 151	\$ 239			\$ 13,839
<u>December 31, 2024</u>							
Expected loss rate	0.39%	13.62%	100.00%		100.00%		
Total book value	\$ 1,064,807	\$ 5,559	\$ 2,818	\$ 554			\$1,073,738
Loss allowance	\$ 4,126	\$ 757	\$ 2,818	\$ 554			\$ 8,255

- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 8,255	\$ 4,071
Impairment loss	5,597	4,171
Exchange rate effects	( 13)	13
At December 31	<u>\$ 13,839</u>	<u>\$ 8,255</u>

- ix. Financial assets at amortised cost are time deposits with maturity of more than three months. The credit rating levels were measured based on the 12 months expected credit losses. The financial institutions the Group transacts with, are all with good credit and thus the impact of impairment loss is evaluated as immaterial.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. As of December 31, 2025 and 2024, the Group has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Fixed rate:</u>		
Expiring within one year	<u>\$ 3,275,040</u>	<u>\$ 3,574,468</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The table below analyses the Group's non-derivative financial liabilities, of which short-term borrowings, accounts payable, other payables and current lease liabilities are less than one year, and guarantee deposits received and non-current lease liabilities are more than one year.

The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	<u>December 31, 2025</u>	
	<u>Less than 1 year</u>	<u>Over 1 year</u>
Lease liability	<u>\$ 8,599</u>	<u>\$ 5,522</u>

<u>Non-derivative financial liabilities:</u>	<u>December 31, 2024</u>	
	<u>Less than 1 year</u>	<u>Over 1 year</u>
Lease liability	<u>\$ 20,579</u>	<u>\$ 19,635</u>

(3) Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost-current, accounts receivable, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 1,085,435</u>	<u>\$ -</u>	<u>\$ 302,783</u>	<u>\$ 1,388,218</u>
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 709,913</u>	<u>\$ -</u>	<u>\$ 340,698</u>	<u>\$ 1,050,611</u>

E. The methods and assumptions the Group used to measure fair value are as follows:

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

Market quoted price	<u>Listed shares</u> Closing price
---------------------	---------------------------------------

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
  - (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- F. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- G. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- H. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

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

	2025	2024
At January 1	\$ 340,698	\$ 290,307
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	11,951	5,232
Acquired during the year	83,480	65,153
Sold during the year	-	(354)
Capital reduction during the year	(12,036)	(25,338)
Transfers out from level 3 (Note)	(117,601)	-
Effect of exchange rate changes	(3,709)	5,698
At December 31	<u>\$ 302,783</u>	<u>\$ 340,698</u>

Note: As ABICO ASIA CAPITAL CORPORATION was TPEX-listed in December 2025, the Group transferred the fair value from Level 3 to Level 1 at the end of the month when the event occurred.

J. For the year ended December 31, 2024, there was no transfer into or out from Level 3.

K. Finance and accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 226,788	Net asset value	Not applicable	-	Not applicable
Unlisted shares	75,995	Market price method	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 194,049	Net asset value	Not applicable	-	Not applicable
Unlisted shares	146,649	Market price method	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value

M. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2025				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 2,268 (\$ 2,268)	
Equity instrument	Market price method	±1%	-	-	760 ( 760)	
		December 31, 2024				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 1,940 (\$ 1,940)	
Equity instrument	Market price method	±1%	-	-	1,466 ( 1,466)	

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

Disclosures of investees that are based on investees' audited financial statements on December 31, 2025 and inter-company transactions between companies were eliminated. The following disclosures are for reference only.

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.

F. Significant inter-company transactions during the reporting period: Refer to table 5.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

#### (3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 8.

## 14. SEGMENT INFORMATION

### (1) General information

The Group has classified the reportable operating segments based on management strategy. The Company's operations and segmentation are classified according to the management strategy, and the current management strategy is divided into the optical manufacturing segment and the strategic investing segment. The Company's main activities are the manufacturing and sales of optical products; the strategic investing segment focuses on sales of design and manufacturing of optical elements.

The Group's management has determined the reportable operating segments based on the reports reviewed by the Board of Directors for decision making.

There is no significant change to the Group's components, basis for segmentation, and basis for balancing the segments' information for the year.

### (2) Measurement of segment information

The Group's operating decision-maker evaluates the performance of the operating segments based on their net operating profit.

### (3) Information about segment profit or loss, assets and liabilities

	2025			
	<u>Optical manufacturing segment</u>	<u>Strategic investing segment</u>	<u>Reconciliations and offsets</u>	<u>Total</u>
<u>Revenue</u>				
Revenue from external customers	\$ 9,226,572	\$ 681,588	\$ -	\$ 9,908,160
Revenue from internal customers	9,183,066	345,420	( 9,528,486)	-
Total segment revenue	<u>\$ 18,409,638</u>	<u>\$ 1,027,008</u>	<u>(\$ 9,528,486)</u>	<u>\$ 9,908,160</u>
Inter-segment profit (loss)	<u>\$ 953,723</u>	<u>(\$ 96,757)</u>	<u>\$ 22,908</u>	<u>\$ 879,874</u>
Segment income (loss):				
Depreciation and amortisation	<u>\$ 190,709</u>	<u>\$ 67,070</u>	<u>\$ -</u>	<u>\$ 257,779</u>
<u>Segment assets</u>				
Identifiable assets	<u>\$ 9,530,962</u>	<u>\$ 947,476</u>	<u>\$ -</u>	\$ 10,478,438
Financial assets at fair value through other comprehensive income				1,388,218
Investment accounted for under the equity method				473,859
General assets				48,490
Total assets				<u>\$ 12,389,005</u>
Capital expenditures	<u>\$ 622,521</u>	<u>\$ 36,395</u>	<u>\$ -</u>	<u>\$ 658,916</u>

	2024			
	Optical manufacturing segment	Strategic investing segment	Reconciliations and offsets	Total
<u>Revenue</u>				
Revenue from external customers	\$ 5,427,453	\$ 755,441	\$ -	\$ 6,182,894
Revenue from internal customers	3,710,956	469,429	( 4,180,385)	-
Total segment revenue	<u>\$ 9,138,409</u>	<u>\$ 1,224,870</u>	<u>(\$ 4,180,385)</u>	<u>\$ 6,182,894</u>
Inter-segment profit (loss)	<u>\$ 443,034</u>	<u>(\$ 83,378)</u>	<u>\$ 2,037</u>	<u>\$ 361,693</u>
Segment income (loss):				
Depreciation and amortisation	<u>\$ 163,171</u>	<u>\$ 78,899</u>	<u>\$ -</u>	<u>\$ 242,070</u>
<u>Segment assets</u>				
Identifiable assets	<u>\$ 7,722,303</u>	<u>\$ 935,007</u>	<u>\$ -</u>	\$ 8,657,310
Financial assets at fair value through other comprehensive income				1,050,611
Investment accounted for under the equity method				426,039
General assets				56,820
Total assets				<u>\$ 10,190,780</u>
Capital expenditures	<u>\$ 498,899</u>	<u>\$ 81,036</u>	<u>\$ -</u>	<u>\$ 579,935</u>

(4) Reconciliation for segment income (loss)

A reconciliation of adjusted consolidated net profit before tax and the reportable operating segments' net profit for 2025 and 2024 is provided as follows:

	For the years ended December 31,	
	2025	2024
Reportable segments profit	\$ 879,874	\$ 361,693
Share of profit of associates and joint ventures accounted for using the equity method	631	13,057
Finance costs - net	( 10,038)	( 9,677)
Others	82,552	287,813
Profit before tax and continued operations	<u>\$ 953,019</u>	<u>\$ 652,886</u>

(5) Information on product and service

Refer to Note 6 (21) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	<u>For the year ended</u> <u>December 31, 2025</u>		<u>For the year ended</u> <u>December 31, 2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Japan	\$ 6,347,115	\$ -	\$ 3,567,531	\$ -
China	2,302,506	1,402,483	1,215,483	1,005,855
Taiwan	215,637	2,296,753	259,813	2,387,698
Vietnam	508,586	589,179	67,016	492,025
Others	534,316	-	1,073,051	-
	<u>\$ 9,908,160</u>	<u>\$ 4,288,415</u>	<u>\$ 6,182,894</u>	<u>\$ 3,885,578</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	<u>For the years ended December 31,</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
AA Company	\$ 4,735,517	Optical segment	\$ 2,980,603	Optical segment
KK Company	1,701,349	Optical segment	361,515	Optical segment
LL Company	1,338,489	Optical segment	648,197	Optical segment

Ability Enterprise Co., Ltd. and subsidiaries  
Provision of endorsements and guarantees to others  
For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the Endorser/ guarantor (Note 2)											
1	E-PIN OPTICAL INDUSTRY CO., LTD.	ZHONGSHAN SHANXIN ACCURATE INDUSTRY CO., LTD.	2	\$ 88,484	\$ 9,146	\$ -	\$ -	\$ -	-	\$ 88,484	Y	N	Y	-

Note 1: 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'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, 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.

Note 3: Ceiling on total endorsements/guarantees provided

In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the ceiling on total endorsements to others is 50% of the Company's net assets value in the latest financial statements which was audited or reviewed by independent auditors.

In accordance with the "Procedures for Provision of Endorsements and Guarantees" of the subsidiary (E-PIN OPTICAL INDUSTRY CO., LTD.), the ceiling on total endorsements to others is 50% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Ceiling on endorsements/guarantees provided for a single party

In accordance with the "Procedures for Provision of Endorsements and Guarantees" of the subsidiary (E-PIN OPTICAL INDUSTRY CO., LTD.), the ceiling on total endorsements to others is 50% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountants.

The accounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing in the financial statements for the year ended December 31, 2025. The spot exchange rates at December 31, 2025 were USD/NTD 31.43 and RMB/TWD 4.496.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Ability Enterprise Co., Ltd. and subsidiaries

Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2025				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
ABILITY ENTERPRISE CO., LTD.	STOCKS OF ABICO AVY CO., LTD.	The investee is the corporate director of the Company	Note 6	18,041,113	\$ 859,659	10.22	\$ 859,659	-
ABILITY ENTERPRISE CO., LTD.	STOCKS OF ABILITY I VENTURE CAPITAL CORPORATION	The Company is the corporate supervisor of the investee	Note 6	3,031,757	19,968	10.70	19,968	-
ABILITY ENTERPRISE CO., LTD.	STOCKS OF ABICO ASIA CAPITAL CORPORATION	-	Note 6	8,240,000	225,776	4.919	225,776	-
ABILITY ENTERPRISE CO., LTD.	ABICO ASIA EXCELSIOR PARTNERS L.P.	-	Note 6	-	103,489	5.92	103,489	-
ABILITY ENTERPRISE CO., LTD.	STOCKS OF IH BIOMEDICAL VENTURE FUND I CO., LTD.	-	Note 6	1,500,000	53,537	4.848	53,537	-
ABILITY ENTERPRISE CO., LTD.	JET OPTOELECTRONICS CO., LTD.	-	Note 6	598,168	13,895	0.98	13,895	-
ABILITY ENTERPRISE CO., LTD.	JIATECH INTERNATIONAL INVESTMENT CO., LTD.	The Company is the corporate director of the investee	Note 6	5,000,000	49,794	8.12	49,794	-
ABILITY ENTERPRISE CO., LTD.	Mantis Robotics Inc.	-	Note 6	462,705	15,715	1.97	15,715	-
ABILITY ENTERPRISE CO., LTD.	Agility Robotics, Inc.	-	Note 6	15,118	31,430	0.05	31,430	-
E-PIN OPTICAL INDUSTRY CO., LTD	Oomii Inc.	-	Note 6	976,838	14,955	1.45	14,955	-

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

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

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

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

Note 5: This table presents the securities that the Company has determined to be disclosed based on the principle of materiality.

Note 6: Non-current financial assets at fair value through other comprehensive income

Ability Enterprise Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ABILITY ENTERPRISE CO., LTD.	ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	Affiliated company	Purchases	\$ 4,391,126	46.66	Net 60 days after monthly billings	-	-	(\$ 365,056)	31.54	-
ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	ABILITY ENTERPRISE CO., LTD.	Affiliated company	(Sales)	( 4,391,126)	75.42	Net 60 days after monthly billings	-	-	365,056	32.30	-
ABILITY ENTERPRISE CO., LTD.	ABILITY TECHNOLOGY COMPANY LIMITED	Affiliated company	Purchases	210,869	2.24	Net 60 days after monthly billings	-	-	-	-	-
ABILITY TECHNOLOGY COMPANY LIMITED	ABILITY ENTERPRISE CO., LTD.	Affiliated company	(Sales)	( 210,869)	100.00	Net 60 days after monthly billings	-	-	-	-	-
ABILITY ELECTRONICS TECHNOLOGY (VIETNAM) COMPANY LIMITED	ABILITY ENTERPRISE CO., LTD.	Affiliated company	Purchases	250,413	9.39	Net 60 days after monthly billings	-	-	-	-	-
ABILITY ENTERPRISE CO., LTD.	ABILITY ELECTRONICS TECHNOLOGY (VIETNAM) COMPANY LIMITED	Affiliated company	(Sales)	( 250,413)	2.44	Net 60 days after monthly billings	-	-	-	-	-
E-PIN OPTICAL INDUSTRY CO., LTD.	NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	Affiliated company	Purchases	263,868	68.64	90~120 days after monthly billings	-	-	( 86,162)	82.12	-
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	E-PIN OPTICAL INDUSTRY CO., LTD.	Affiliated company	(Sales)	( 263,868)	48.42	90~120 days after monthly billings	-	-	86,162	48.85	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ability Enterprise Co., Ltd. and subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 December 31, 2025

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	ABILITY ENTERPRISE CO., LTD.	Affiliated company	\$ 365,056	6.70	-	-	\$ 365,056	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Ability Enterprise Co., Ltd. and subsidiaries  
Significant inter-company transactions during the reporting period  
For the year ended December 31, 2025

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	1	Purchases	\$ 4,391,126	NOTE 5	44
0	The Company	ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	1	Accounts payable	365,056	Net 60 days after monthly billings	3
0	The Company	ABILITY ELECTRONICS TECHNOLOGY (VIETNAM) COMPANY LIMITED	1	Sales	250,413	NOTE 5	3
0	The Company	ABILITY TECHNOLOGY COMPANY LIMITED	1	Purchases	210,869	NOTE 5	2
1	E-PIN OPTICAL INDUSTRY CO., LTD.	NANJING EVERLIGHT	3	Purchases	263,868	NOTE 5	3
1	E-PIN OPTICAL INDUSTRY CO., LTD.	NANJING EVERLIGHT	3	Accounts payable	86,162	90~120 days after monthly billings	1

Note 1: 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'.

Note 2: 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.

Note 3: 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.

Note 5: The prices and terms to related parties were not significantly different from transactions with third parties, except for particular transactions with no similar transactions to compare with. For these transactions, the prices and terms were determined in accordance with mutual agreements.

Ability Enterprise Co., Ltd. and subsidiaries

Information on investees

For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025 (Note 2(2) and 3)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2(3))	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
ABILITY ENTERPRISE CO., LTD.	ABILITY ENTERPRISE (BVI) CO., LTD.	British Virgin IS.	Holding company	\$ 852,156	\$ 852,156	-	100.00	\$ 2,280,574	\$ 257,475	\$ 257,475	Subsidiary
ABILITY ENTERPRISE CO., LTD.	Ability Electronics Technology (Vietnam) Company Limited	Vietnam	Manufacturing of computers, computer peripheral equipment, home electronics, communication equipment and optical instrument and equipment	477,656	312,431	-	100.00	396,215	( 13,328)	( 13,328)	Subsidiary
ABILITY ENTERPRISE CO., LTD.	ABILITY INTERNATIONAL INVESTMENT CO., LTD.	Taiwan	Investments	217,000	217,000	21,700,000	100.00	221,856	1,280	1,280	Subsidiary
ABILITY ENTERPRISE CO., LTD.	E-PIN OPTICAL INDUSTRY CO., LTD.	Taiwan	Sales of optical products and electronic components	571,681	421,288	17,149,503	90.26	159,731	( 99,070)	( 57,186)	Subsidiary
ABILITY ENTERPRISE CO., LTD.	ABILITY TECHNOLOGIES CO., LTD.	Taiwan	Manufacturing and trading of computer peripheral equipment, photography equipment and electronic components	50,000	50,000	5,000,000	100.00	33,081	( 14,333)	( 14,333)	Subsidiary
ABILITY ENTERPRISE CO., LTD.	ABILITY INT'L TENANCY CO., LTD.	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	96,390	96,390	5,400,000	45.00	91,563	( 12,638)	( 5,687)	-
ABILITY ENTERPRISE CO., LTD.	ALTASEC TECHNOLOGY CORPORATION	Taiwan	Professional video solutions for surveillance and remote monitoring and installation of camera and server	48,750	48,750	3,783,000	32.33	69,726	13,350	4,644	-

Ability Enterprise Co., Ltd. and subsidiaries  
Information on investees  
For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025 (Note 2(2) and 3)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2(3))	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
ABILITY ENTERPRISE CO., LTD.	ABILITY INTELLIGENT CORPORATION	Taiwan	System integration	\$ 20,000	-	\$ 2,000,000	40.00	\$ 17,759	(\$ 5,604)	(\$ 2,241)	-
ABILITY ENTERPRISE CO., LTD.	FU HONG DA CO., LTD	Taiwan	Equipment leasing and sales, parking system development, and parking lot management.	28,000	-	2,800,000	46.20	28,000	-	-	-
ABILITY ENTERPRISE CO., LTD.	BESTMOMENT HOLDINGS PTE. LTD.	Singapore	Holding company	36,671	36,671	1,723,110	25.00	45,301	10,059	2,515	-
ABILITY ENTERPRISE CO., LTD.	JIA WANG CAPITAL CO., LTD.	Taiwan	Investments	220,000	220,000	22,000,000	36.67	221,510	3,818	-	-
ABILITY TECHNOLOGIES CO., LTD.	ABILITY TECHNOLOGY COMPANY LIMITED	Vietnam	Manufacturing of computers, computer peripheral equipment, home electronics, communication equipment and optical instrument and equipment	31,313	31,313	-	100.00	28,864	( 10,877)	-	Second-tier subsidiary
ABILITY ENTERPRISE (BVI) CO., LTD.	EVER PINE INTERNATIONAL LTD. (BVI)	British Virgin IS.	Sales, import and export of precision metal and plastic part of small motor, plastic case of camera and cover for optical instrument	63,034	63,034	-	27.02	-	-	-	-
E-PIN OPTICAL INDUSTRY CO., LTD.	ALL VISION HOLDING LTD.	Samoa	Holding company	516,527	516,527	15,236,910	100.00	211,763	( 40,483)	-	Second-tier subsidiary
E-PIN OPTICAL INDUSTRY CO., LTD.	E-PIN OPTICAL INDUSTRY (M.) SDN BHD	Malaysia	Manufacturing of precision lens	45,700	45,700	5,000,000	100.00	-	-	-	Second-tier subsidiary
E-PIN OPTICAL INDUSTRY CO., LTD.	ALL VISION TECHNOLOGY SDN. BHD.	Malaysia	Manufacturing of precision lens	659,334	659,334	72,243,894	100.00	-	-	-	Second-tier subsidiary
E-PIN OPTICAL INDUSTRY CO., LTD.	JIAPIN INVESTMENT CO., LTD.	Taiwan	Investing compny	56,000	56,000	5,600,000	100.00	53,958	( 549)	-	Second-tier subsidiary
JIAPIN INVESTMENT CO., LTD.	CHIA PING LIMITED	Samoa	Holding company	37,713	37,713	1,350,000	100.00	35,845	( 309)	-	Second-tier subsidiary
ALL VISION HOLDING LTD.	EVERLIGHT DEVELOPMENT CORPORATION	Panama	Holding company	\$ 192,006	\$ 192,006	\$ 58,494	100.00	\$ 322,367	\$ 8,434	-	Second-tier subsidiary

Ability Enterprise Co., Ltd. and subsidiaries  
Information on investees  
For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025 (Note 2(2) and 3)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2(3))	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
ALL VISION HOLDING LTD.	E-SKY HOLDING LTD.	Mauritius	Holding company	396,901	396,901	14,338,918	100.00	( 108,785)	( 48,917)	-	Second-tier subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2025' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2025' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2025' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: The column was calculated based on the average exchange rate of USD/NTD 31.254 for the year ended December 31, 2025.

Ability Enterprise Co., Ltd. and subsidiaries  
Information on investments in Mainland China  
For the year ended December 31, 2025

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ABILITY TECHNOLOGY (DONGGUAN) CO., LTD.	Sales of digital still cameras	\$ 1,869,947	2	\$ 1,546,206	-	-	\$ 1,546,206	\$ 257,578	100.00	\$ 257,578	\$ 2,262,846	-	(2)B and Note 6
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	Development and manufacture of optical components	345,221	2	130,881	-	-	130,881	15,211	50.05	5,997	319,119	-	(2)B and Note 7
WEIHAY E-SKY OPTICAL-ELECTRICAL CO., LTD.	Development and manufacture of precision optical lens	44,509	2	37,948	-	-	37,948	-	90.26	-	-	-	(2)B and Note 7
ZHONGSHAN SHANXIN ACCURATE INDUSTRY CO., LTD.	Development and manufacture of precision optical lens	339,641	2	211,836	-	-	211,836	( 48,915)	90.26	( 31,072)	( 108,966)	-	(2)B and Note 8
NANJING E-PIN OPTICAL CO., LTD.	Development and manufacture of precision optical lens	239,023	2	52,761	-	-	52,761	( 3)	65.19	( 1)	173	-	(2)B and Note 8
CHIA PING (SHENZHEN) OPTICAL TECHNOLOGY CO., LTD.	Trading of optical lens and components	39,595	2	37,917	-	-	37,917	( 309)	90.26	( 196)	35,845	-	(2)B and Note 9

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company and E-PIN OPTICAL INDUSTRY CO., LTD.	\$ 2,017,549	\$ 2,307,687	\$ 4,983,394

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2025' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements were audited by R.O.C. parent company's CPA.
  - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The accumulated amount of remittance from Taiwan to Mainland China did not include investees that have no control (DONGGUAN GUANG TONG BUSINESS MACHINES CO., LTD. and DONGGUAN YORKEY OPTICAL MACHINERY CO., LTD.).

The total investment amount was USD 2,633 thousand.

Note 5: VIEWQUEST TECHNOLOGIES (DONGGUAN) CO., LTD.'s accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025 was NTD 1,546,206 thousand (USD 51,985 thousand) which did not include USD 9,871 thousand of investment through machinery and equipment.

Note 6: Through ABILITY ENTERPRISE (BVI) CO.,LTD.

Note 7: Through EVERLIGHT DEVELOPMENT CORPORATION

Note 8: Through E-SKY HOLDING LTD.

Note 9: Through CHIA PING LIMITED

Ability Enterprise Co., Ltd. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2025

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2025	%	Balance at December 31, 2025	Purpose	Maximum balance during the year ended December 31, 2025	Balance at December 31, 2025	Interest rate	Interest during the year ended December 31, 2025	
NANJING EVERLIGHT PHOTONICS TECHNOLOGY CO., LTD.	(\$ 263,868)	( 5)	-	-	(\$ 86,162)	( 1)	-	-	-	-	-	-	-