

**Prosperity Dielectrics Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

PROSPERITY DIELECTRICS CO., LTD.

By

YU-HENG CHIAO
Chairman

February 25, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Prosperity Dielectrics Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Prosperity Dielectrics Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended as restated, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended as restated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 based on our audits and the reports of other auditors.

Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2025 is described as follows:

Validity of Sales Revenue

The Group engages mainly in the manufacturing and selling chip capacitors, chip resistors and dielectric porcelain powders. For the year ended December 31, 2025, the sales revenue of the Group was NT\$4,055,349 thousand. It has been assessed that the authenticity of sales from key customers is significant to consolidated financial statements. The existence of sales revenue from key customers was considered as a key audit matter for the audit of the Group's consolidated financial statements for the year ended December 31, 2025. For the accounting policies related to sales revenue, please refer to Note 4 of the consolidated financial statements.

Our audit procedures performed in response to the aforementioned key audit matter include the following: We understood the Group's internal controls on the recognition of sales revenue from the aforementioned customers, evaluated the design of the key controls, tested the operating effectiveness of these controls and inspected the sales transactions from these customers on a sample basis to ensure the validity of the occurrence of the sales transactions.

Other Matter

We did not audit the financial statements of certain investments accounted for using the equity method, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of the other auditors. The investments accounted for using the equity method amounted to NT\$353,886 thousand and NT\$377,977 thousand as of December 31, 2025 and 2024, and the share of loss of associates accounted for using the equity method for the years ended December 31, 2025 and 2024 amounted to NT\$23,150 thousand and NT\$18,783 thousand, respectively.

We have also audited the parent company only financial statements of Prosperity Dielectrics Co., Ltd. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion with other matter paragraph.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit work performed. 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 for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Min Huang and Chin-Chuan Shih.

Yi - min Huang CHIN - CHUAN , SHIH

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2026

Notice to Readers

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

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

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6)	\$ 947,246	9	\$ 398,844	5
Financial assets at fair value through profit or loss - current (Notes 7)	54,250	1	87,025	1
Financial assets at amortized cost - current (Notes 8)	149,120	1	282,526	4
Notes receivable from unrelated parties (Notes 9)	25,703	-	25,306	-
Trade receivables from unrelated parties (Notes 9)	684,389	7	682,770	9
Trade receivables from related parties (Notes 26)	277,841	3	230,515	3
Other receivables from unrelated parties	33,044	-	34,201	-
Other receivables from related parties (Note 26)	4,585	-	3,456	-
Inventories (Notes 10)	752,701	7	642,247	8
Other current assets	62,338	1	22,494	-
Total current assets	<u>2,991,217</u>	<u>29</u>	<u>2,409,384</u>	<u>30</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 12)	3,615,401	35	1,702,054	21
Financial assets at amortized cost - non-current (Notes 8)	1,076,655	11	1,058,296	13
Investments accounted for using the equity method (Notes 13)	1,200,246	12	1,231,313	15
Property, plant and equipment (Notes 14)	1,241,569	12	1,457,543	18
Right-of-use assets (Notes 15)	66,080	1	119,727	2
Computer software	3,275	-	4,133	-
Deferred tax assets (Notes 4)	39,172	-	38,983	1
Other non-current assets	7,938	-	9,469	-
Total non-current assets	<u>7,250,336</u>	<u>71</u>	<u>5,621,518</u>	<u>70</u>
TOTAL	<u>\$ 10,241,553</u>	<u>100</u>	<u>\$ 8,030,902</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 20,000	-	\$ -	-
Trade payables to unrelated parties	346,179	4	245,027	3
Trade payables to related parties (Note 26)	70,246	1	112,596	2
Other payables to unrelated parties (Note 17)	432,628	4	403,053	5
Other payables to related parties (Note 26)	13,357	-	12,915	-
Current tax liabilities (Notes 4)	70,731	1	58,747	1
Lease liabilities - current (Notes 15)	30,987	-	29,751	-
Current portion of long-term borrowings (Note 16)	-	-	67,917	1
Other current liabilities	10,090	-	22,181	-
Total current liabilities	<u>994,218</u>	<u>10</u>	<u>952,187</u>	<u>12</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4)	177,515	2	161,009	2
Lease liabilities - non-current (Notes 15)	28,457	-	92,628	1
Net defined benefit liabilities - non-current (Notes 4)	5,146	-	4,092	-
Guarantee deposits received	31,203	-	20,274	-
Total non-current liabilities	<u>242,321</u>	<u>2</u>	<u>278,003</u>	<u>3</u>
Total liabilities	<u>1,236,539</u>	<u>12</u>	<u>1,230,190</u>	<u>15</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital				
Ordinary shares	1,720,000	17	1,720,000	22
Capital surplus	497,255	5	497,255	6
Retained earnings				
Legal reserve	785,055	8	732,642	9
Special reserve	55,421	-	55,421	1
Unappropriated earnings	3,713,437	36	3,451,593	43
Total retained earnings	4,553,913	44	4,239,656	53
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(13,444)	-	9,583	-
Unrealized gain on financial assets at fair value through other comprehensive income	2,301,661	22	388,589	5
Total other equity	2,288,217	22	398,172	5
Treasury shares	(54,371)	-	(54,371)	(1)
Total equity attributable to owners of the Company	<u>9,005,014</u>	<u>88</u>	<u>6,800,712</u>	<u>85</u>
Total equity	<u>9,005,014</u>	<u>88</u>	<u>6,800,712</u>	<u>85</u>
TOTAL	<u>\$ 10,241,553</u>	<u>100</u>	<u>\$ 8,030,902</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2026)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
NET SALES (Notes 4 and 31)	\$ 4,055,349	100	\$ 3,724,038	100
COST OF SALES (Note 10)	<u>3,071,001</u>	<u>76</u>	<u>2,926,025</u>	<u>79</u>
GROSS PROFIT	<u>984,348</u>	<u>24</u>	<u>798,013</u>	<u>21</u>
OPERATING EXPENSES				
Selling and marketing expenses	123,106	3	121,287	3
General and administrative expenses	121,417	3	115,560	3
Research and development expenses	<u>59,107</u>	<u>1</u>	<u>70,490</u>	<u>2</u>
Total operating expenses	<u>303,630</u>	<u>7</u>	<u>307,337</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>680,718</u>	<u>17</u>	<u>490,676</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,176	2	68,630	2
Dividend income	45,362	1	34,336	1
Other income	13,600	-	15,352	-
Gain on disposal of property, plant and equipment	4,814	-	565	-
Gain on disposal of investments	5,557	-	1,312	-
Gain on lease modifications	9,487	-	-	-
Foreign exchange gain	-	-	78,994	2
Gain on valuation of financial assets at FVTPL	10,684	-	18,270	1
Interest expense	(1,431)	-	(7,600)	-
Miscellaneous expenses	(16,579)	-	(3,287)	-
Loss on lease modifications	-	-	(509)	-
Foreign exchange loss	(57,172)	(1)	-	-
Impairment loss	(9,486)	-	-	-
Share of loss of associates accounted for using the equity method (Notes 4 and 13)	<u>(39,136)</u>	<u>(1)</u>	<u>(65,187)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>28,876</u>	<u>1</u>	<u>140,876</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	709,594	18	631,552	17
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(151,990)</u>	<u>(4)</u>	<u>(133,433)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>557,604</u>	<u>14</u>	<u>498,119</u>	<u>13</u>

(Continued)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (3,433)	-	\$ 1,911	-
Unrealized valuation gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,896,773	47	(359,133)	(10)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	16,299	-	(21,100)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	(21,159)	(1)	68,219	2
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(1,868)</u>	<u>-</u>	<u>7,395</u>	<u>-</u>
Other comprehensive income (loss) for the year	<u>1,886,612</u>	<u>46</u>	<u>(302,708)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,444,216</u>	<u>60</u>	<u>\$ 195,411</u>	<u>5</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.26</u>		<u>\$ 2.91</u>	
Diluted	<u>\$ 3.25</u>		<u>\$ 2.90</u>	

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

(With Deloitte & Touche auditors' report dated February 25, 2026)

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity (Note 20)		Treasury Shares	Total Equity
	Number of Shares (In Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2024	172,000	\$ 1,720,000	\$ 498,708	\$ 687,087	\$ 67,764	\$ 3,179,413	\$ (66,031)	\$ 768,962	\$ (54,371)	\$ 6,801,532
Appropriation of 2023 earnings (Note 20)										
Legal reserve	-	-	-	45,555	-	(45,555)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(206,400)	-	-	-	(206,400)
Change in capital surplus from investments in associates accounted for using the equity method	-	-	3	-	-	5,829	-	-	-	5,832
Net profit for the year ended December 31, 2024	-	-	-	-	-	498,119	-	-	-	498,119
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	2,051	75,614	(380,373)	-	(302,708)
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	500,170	75,614	(380,373)	-	195,411
Disposal of investments accounted for using the equity method	-	-	-	-	(12,343)	12,343	-	-	-	-
Differences between consideration and carrying amount of subsidiaries disposed	-	-	(1,456)	-	-	-	-	-	-	(1,456)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	5,793	-	-	-	5,793
BALANCE AT DECEMBER 31, 2024	172,000	1,720,000	497,255	732,642	55,421	3,451,593	9,583	388,589	(54,371)	6,800,712
Appropriation of 2024 earnings (Note 20)										
Legal reserve	-	-	-	52,413	-	(52,413)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(240,800)	-	-	-	(240,800)
Change in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	886	-	-	-	886
Net profit for the year ended December 31, 2025	-	-	-	-	-	557,604	-	-	-	557,604
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	-	(3,433)	(23,027)	1,913,072	-	1,886,612
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	-	554,171	(23,027)	1,913,072	-	2,444,216
BALANCE AT DECEMBER 31, 2025	172,000	\$ 1,720,000	\$ 497,255	\$ 785,055	\$ 55,421	\$ 3,713,437	\$ (13,444)	\$ 2,301,661	\$ (54,371)	\$ 9,005,014

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

(With Deloitte & Touche auditors' report dated February 25, 2026)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 709,594	\$ 631,552
Adjustments for:		
Depreciation expense	364,292	406,851
Amortization expense	5,399	8,006
Reversal of expected credit losses	(174)	-
Net gain on valuation of financial assets at FVTPL	(10,684)	(18,270)
Interest expense	1,431	7,600
Interest income	(63,176)	(68,630)
Dividend income	(45,362)	(34,336)
Share of loss of associates accounted for using the equity method	39,136	65,187
Gain on disposal of property, plant and equipment	(4,814)	(565)
Gain on disposal of investments	(5,557)	(1,312)
Impairment loss of non-financial assets	15,045	3,908
(Gain) loss on lease modifications	(9,487)	509
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	49,016	912
(Increase) decrease in notes receivable from unrelated parties	(397)	4,345
Increase in trade receivables from unrelated parties	(1,445)	(114,012)
(Increase) decrease in trade receivables from related parties	(47,326)	39,635
Decrease in other receivables from unrelated parties	398	2,435
Decrease in other receivables from related parties	1,283	5,059
Increase in inventories	(116,013)	(45,203)
Increase in other current assets	(39,844)	(1,636)
Increase in other non-current assets	(2,190)	(2,350)
Increase in trade payables to unrelated parties	101,152	8,810
(Decrease) increase in trade payables to related parties	(42,350)	20,133
Increase in other payables to unrelated parties	50,500	32,051
Increase in other payables to related parties	442	1,008
(Decrease) increase in other current liabilities	(12,091)	10,612
Decrease in net defined benefit liabilities	(2,379)	(2,614)
Cash generated from operations	934,399	959,685
Interest received	63,970	63,335
Dividends received	46,067	34,301
Interest paid	(1,519)	(6,690)
Income tax paid	(123,689)	(155,215)
Net cash generated from operating activities	<u>919,228</u>	<u>895,416</u>

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PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (16,574)	\$ (359,481)
Purchase of financial assets at amortized cost	-	(257,570)
Proceeds from financial assets at amortized cost	115,047	-
Purchase of investments accounted for using the equity methods (Note 13)	-	(138,330)
Payments for property, plant and equipment	(150,875)	(84,685)
Proceeds from disposal of property, plant and equipment	4,906	672
Increase in refundable deposits	-	(163)
Decrease in refundable deposits	401	-
Purchase of intangible assets	<u>(1,225)</u>	<u>-</u>
Net cash used in investing activities	<u>(48,320)</u>	<u>(839,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,000	-
Repayment of short-term borrowings	-	(63,411)
Repayment of long-term borrowings	(67,917)	(409,158)
Proceeds from guaranteed deposits received	10,929	-
Refund of guaranteed deposits received	-	(8,880)
Repayment of the principal portion of lease liabilities	(30,267)	(30,333)
Cash dividends paid to owners of the Company	<u>(240,800)</u>	<u>(206,400)</u>
Net cash used in financing activities	<u>(308,055)</u>	<u>(718,182)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(14,451)</u>	<u>43,749</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	548,402	(618,574)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>398,844</u>	<u>1,017,418</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 947,246</u>	<u>\$ 398,844</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2026)

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Prosperity Dielectrics Co., Ltd. (PDC or the “Company”) was incorporated on May 21, 1990. The Company mainly manufactures, processes and sells multilayer ceramic capacitors (MLCC), chip resistors and ceramic dielectric powders.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since April 19, 2002. The parent company, Walsin Technology Corporation, held 43.13% of the common shares of the Company as of December 31, 2025 and 2024.

The consolidated financial statements of the Company and its subsidiaries (collectively known as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 25, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

1) Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets.

3) Identification of related parties

In accordance with the Q&A “Identification of Related Parties” issued by the Accounting Research and Development Foundation (ARDF) in June 2025, the Group has reassessed its relationship with its managed funds to determine whether it exercises control or significant influence, or if it solely provides key management services to them. As a result, the Group may revise the previous identification of related parties based on the Q&A issued by the ARDF in July 2013. The assessment is currently in progress. Furthermore, in accordance with the Q&A issued by the FSC, comparative information for the year 2024 needs not to be restated, which means the identified and disclosed related party relationships and transactions in prior financial statements are not required to be adjusted retrospectively.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”(including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PDC and the entities controlled by PDC (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PDC. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PDC and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of PDC.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of PDC and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of PDC are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date. Inventories are usually priced at standard cost and are adjusted on the closing date to make it close to the weighted-average cost. At the end of the period, an appropriate allowance for loss on inventory is recognized based on an analysis of inventory aging and turnover.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

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

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

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

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Depreciation is recognized over the shorter of the useful life of the asset and the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

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

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indicators that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. The financial asset is more than 120 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

1. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic components. Sales of electronic components are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2) Revenue from the rendering of services

Revenue is recognized when services are rendered.

Revenue from the rendering of services is recognized based on the degree of completion of contracts.

n. Leasing

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

1) The Group as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The difference between the proceeds received from a government loan with a below-market rate of interest and the fair value of the loan based on prevailing market interest rates is recognized as a government grant.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

q. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of volatility in foreign currency markets and US reciprocal tariffs on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2025	2024
Cash on hand	\$ 286	\$ 342
Checking accounts and demand deposits	264,617	285,624
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	460,557	71,856
Repurchase agreements collateralized by bonds	<u>221,786</u>	<u>41,022</u>
	<u>\$ 947,246</u>	<u>\$ 398,844</u>

The market rate intervals of cash equivalents were as follows:

	<u>December 31</u>	
	2025	2024
Time deposits with original maturities of 3 months or less	0.65%-1.65%	0.9%-1.45%
Repurchase agreements collateralized by bonds	1.4%	1.4%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets mandatorily classified as at FVTPL - current</u>		
Non-derivative financial assets		
Domestic listed shares	<u>\$ 54,250</u>	<u>\$ 87,025</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 142,909	\$ 138,281
Current portion of bonds (b)	<u>6,211</u>	<u>144,245</u>
	<u>\$ 149,120</u>	<u>\$ 282,526</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year (a)	\$ -	\$ 89,821
Bonds (c)	<u>1,076,655</u>	<u>968,475</u>
	<u>\$ 1,076,655</u>	<u>\$ 1,058,296</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months and 1 year were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Time deposits with original maturities of more than 3 months	1.55%-3.1%	1.25%-1.75%
Time deposits with original maturities of more than 1 year	-	3.1%

- b. The corporate bonds held by the Group at the balance sheet date were as follows:

December 31, 2025

Current

Period	Face Value	Range of Coupon Rate	Range of Effective Interest Rate
August 2025	US\$ 200,000	1.375%	4.0018%

Non-current

Period	Face Value	Range of Coupon Rate	Range of Effective Interest Rate
January 2025	US\$ 4,800,000	2.375%-3.7%	4.638%-4.792%
January to May 2024	US\$ 9,100,000	5.033%-6.45%	5.17%-5.8%
	NT\$ 200,000,000	3.7%	3.7%
February to November 2023	US\$ 9,156,000	4.902%-6.75%	5.0868%-5.5403%
June 2022	US\$ 5,000,000	3.3%-3.875%	3.7563%-3.8992%

December 31, 2024

Non-current

Period	Face Value	Range of Coupon Rate	Range of Effective Interest Rate
January to May 2024	US\$ 9,100,000 NT\$ 200,000,000	5.033%-6.45% 3.7%	5.17%-5.8% 3.7%
February to November 2023	US\$ 13,556,000	4.902%-6.75%	4.4235%-5.5403%
June 2022	US\$ 5,000,000	3.3%-3.875%	3.7563%-3.8992%

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2025	2024
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Gross carrying amount	\$ 25,703	\$ 25,306
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 25,703</u>	<u>\$ 25,306</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Gross carrying amount	\$ 708,072	\$ 706,652
Less: Allowance for impairment loss	<u>(23,683)</u>	<u>(23,882)</u>
	<u>\$ 684,389</u>	<u>\$ 682,770</u>

The average credit period of sales of goods is 0 to 120 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable and trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated by reference to the customers' past default records and current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the Group determines the expected credit loss rate only by reference to the past due days of notes receivable and accounts receivable.

The Group writes off a note receivable or trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on past default experience with the customers and the customers' current financial positions:

December 31, 2025

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 728,130	\$ -	\$ 4,100	\$ 1,545	\$ -	\$ -	\$ 733,775
Loss allowance (Lifetime ECLs)	<u>(22,964)</u>	<u>-</u>	<u>(410)</u>	<u>(309)</u>	<u>-</u>	<u>-</u>	<u>(23,683)</u>
Amortized cost	<u>\$ 705,166</u>	<u>\$ -</u>	<u>\$ 3,690</u>	<u>\$ 1,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710,092</u>

December 31, 2024

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 721,087	\$ -	\$ 9,459	\$ 1,412	\$ -	\$ -	\$ 731,958
Loss allowance (Lifetime ECLs)	<u>(22,654)</u>	<u>-</u>	<u>(946)</u>	<u>(282)</u>	<u>-</u>	<u>-</u>	<u>(23,882)</u>
Amortized cost	<u>\$ 698,433</u>	<u>\$ -</u>	<u>\$ 8,513</u>	<u>\$ 1,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,076</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 23,882	\$ 22,806
Add: Transfers from delinquent receivables	-	1,001
Add: Foreign exchange differences	(25)	75
Less: Reversal of bad debt expense	<u>(174)</u>	<u>-</u>
Balance at December 31	<u>\$ 23,683</u>	<u>\$ 23,882</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Finished goods	\$ 255,756	\$ 190,755
Semi-finished goods	119,225	114,927
Work in progress	156,779	147,014
Raw materials	204,290	173,097
Inventory in transit	<u>16,651</u>	<u>16,454</u>
	<u>\$ 752,701</u>	<u>\$ 642,247</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	\$ 3,065,442	\$ 2,929,933
Inventory write-downs (reversed)	<u>5,559</u>	<u>(3,908)</u>
	<u>\$ 3,071,001</u>	<u>\$ 2,926,025</u>

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2025	2024
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Investment holding	100	100
Prosperity Dielectrics Co., Ltd.	Prosperity Investments (Singapore) Co., Limited	Investment holding	100 (Note 1)	-
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Investment holding	100	100
PDC Prime Holdings Limited	Frontier Components Co., Limited	International trade	100	100
PDC Prime Holdings Limited	Prosperity International Development (HK) Co., Limited	Investment holding	100	100
PDC Success Investments Ltd.	PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of ceramic materials	100	100
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	100	100

Note: The company was established in December 2025.

The above-mentioned subsidiaries included in the consolidated financial statements have been audited for the years ended December 31, 2025 and 2024.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments

	December 31	
	2025	2024
<u>Non-current</u>		
Domestic investments - listed shares	\$ 3,078,761	\$ 1,427,107
Domestic investments - unlisted shares	<u>536,640</u>	<u>274,947</u>
	<u>\$ 3,615,401</u>	<u>\$ 1,702,054</u>

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Non-current</u>		
Domestic investments - listed shares		
Walton Advanced Engineering Inc.	\$ 1,825,569	\$ 445,222
Walsin Lihwa Corporation	377,209	260,453
HannStar Board Corporation	481,332	277,431
Fubon Financial Holding Co., Ltd.		
Preferred Shares C	26,700	26,600
Hotai Finance Co., Ltd.		
Preferred Shares B	99,500	96,400
O-Bank Co., Ltd.		
Preferred Shares B	59,250	59,500
TXC Corporation	209,201	261,501
Domestic investments - unlisted shares		
Chin-Xin Investment Co., Ltd.	263,445	100,317
Hwa Bao Botanic Conservation Corp.	<u>273,195</u>	<u>174,630</u>
	<u>\$ 3,615,401</u>	<u>\$ 1,702,054</u>

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Associates

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Chongqing Shuohong Investment Co., Ltd.	\$ 486,005	\$ 513,077
Chongqing Xincheng Electronics Co., Ltd.	38,997	39,355
GHPW Enterprise Corporation (HK) Limited	61,605	62,838
Tsai Yi Corporation	113,671	94,052
Joyin Co., Ltd.	353,886	377,977
Hannstar Board New Energy Co., Ltd.	1,923	2,255
PSA Japan Investment G.K.	<u>144,159</u>	<u>141,759</u>
	<u>\$ 1,200,246</u>	<u>\$ 1,231,313</u>

Share of (loss) profit of associates for the years ended December 31, 2025 and 2024 after restated was summarized as follows:

	<u>2025</u>	<u>2024</u>
Chongqing Shuohong Investment Co., Ltd.	\$ (26,899)	\$ (50,412)
Chongqing Xincheng Electronics Co., Ltd.	(392)	(642)
GHPW Enterprise Corporation (HK) Limited	(1,317)	(803)
Tsai Yi Corporation	4,101	757
Joyin Co., Ltd.	(23,150)	(18,783)
Hannstar Board New Energy Co., Ltd.	(332)	(192)
PSA Japan Investment G.K.	<u>8,853</u>	<u>4,888</u>
	<u>\$ (39,136)</u>	<u>\$ (65,187)</u>

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group was as follows:

	December 31	
	2025	2024
Chongqing Shuohong Investment Co., Ltd.	20.43%	20.43%
Chongqing Xincheng Electronics Co., Ltd.	13.04%	13.04%
GHPW Enterprise Corporation (HK) Limited	10%	10%
Tsai Yi Corporation	3.36%	3.36%
Joyin Co., Ltd.	30.4%	30.4%
Hannstar Board New Energy Co., Ltd.	5%	5%
PSA Japan Investment G.K.	9%	9%

Even though PDC holds less than 20% of the voting rights each in Chongqing Xincheng Electronics Co., Ltd., GHPW Enterprise Corporation (HK) Limited, Tsai Yi Corporation, Hannstar Board New Energy Co., Ltd. and PSA Japan Investment G.K., its parent company, Walsin Technology Corporation, exercises significant influence over those companies; therefore, they are accounted for using the equity method.

Refer to Table 5 “Information on Investments” and Table 6 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

Except for Joyin Co., Ltd., the share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the years ended December 31, 2025 and 2024 was recognized based on the associates’ financial statements audited by independent accountants for the same periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Property under Construction and Prepayments for Equipment	Total
Cost							
Balance at January 1, 2024	\$ 451,115	\$ 1,109,697	\$ 2,844,163	\$ 52,043	\$ 227,324	\$ 70,779	\$ 4,755,121
Additions	-	-	4,119	-	119	64,816	69,054
Disposals	-	(5,058)	(15,556)	(2,345)	(2,551)	-	(25,510)
Effects of foreign currency exchange differences	-	7,074	5,376	25	1,095	-	13,570
Reclassifications	-	7,750	12,746	2,977	3,597	(21,059)	6,011
Balance at December 31, 2024	<u>\$ 451,115</u>	<u>\$ 1,119,463</u>	<u>\$ 2,850,848</u>	<u>\$ 52,700</u>	<u>\$ 229,584</u>	<u>\$ 114,536</u>	<u>\$ 4,818,246</u>
Accumulated depreciation and impairment							
Balance at January 1, 2024	\$ -	\$ 828,735	\$ 1,923,755	\$ 37,574	\$ 195,620	\$ -	\$ 2,985,684
Depreciation expenses	-	74,162	287,719	5,086	12,815	-	379,782
Disposals	-	(4,969)	(15,537)	(2,345)	(2,551)	-	(25,402)
Effects of foreign currency exchange differences	-	6,388	5,361	26	1,088	-	12,863
Reclassifications	-	6,011	-	-	1,765	-	7,776
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 910,327</u>	<u>\$ 2,201,298</u>	<u>\$ 40,341</u>	<u>\$ 208,737</u>	<u>\$ -</u>	<u>\$ 3,360,703</u>
Carrying amount at December 31, 2024	<u>\$ 451,115</u>	<u>\$ 209,136</u>	<u>\$ 649,550</u>	<u>\$ 12,359</u>	<u>\$ 20,847</u>	<u>\$ 114,536</u>	<u>\$ 1,457,543</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Property under Construction and Prepayments for Equipment	Total
<u>Cost</u>							
Balance at January 1, 2025	\$ 451,115	\$ 1,119,463	\$ 2,850,848	\$ 52,700	\$ 229,584	\$ 114,536	\$ 4,818,246
Additions	-	-	1,671	-	45	128,322	130,038
Disposals	-	(54,003)	(158,028)	(688)	(26,837)	-	(239,556)
Effects of foreign currency exchange differences	-	(1,373)	(4,295)	(20)	(767)	-	(6,455)
Reclassifications	-	6,636	7,418	-	3,150	(11,193)	6,011
Balance at December 31, 2025	<u>\$ 451,115</u>	<u>\$ 1,070,723</u>	<u>\$ 2,697,614</u>	<u>\$ 51,992</u>	<u>\$ 205,175</u>	<u>\$ 231,665</u>	<u>\$ 4,708,284</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2025	\$ -	\$ 910,327	\$ 2,201,298	\$ 40,341	\$ 208,737	\$ -	\$ 3,360,703
Depreciation expenses	-	67,667	252,635	4,970	9,176	-	334,448
Disposals	-	(54,003)	(157,934)	(689)	(26,837)	-	(239,463)
Effects of foreign currency exchange differences	-	(1,181)	(4,290)	(20)	(765)	-	(6,256)
Impairment loss	-	9,486	-	-	-	-	9,486
Reclassifications	-	6,010	-	-	1,787	-	7,797
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 938,306</u>	<u>\$ 2,291,709</u>	<u>\$ 44,602</u>	<u>\$ 192,098</u>	<u>\$ -</u>	<u>\$ 3,466,715</u>
Carrying amount at December 31, 2025	<u>\$ 451,115</u>	<u>\$ 132,417</u>	<u>\$ 405,905</u>	<u>\$ 7,390</u>	<u>\$ 13,077</u>	<u>\$ 231,665</u>	<u>\$ 1,241,569</u>

(Concluded)

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-41 years
Electrical mechanical and power equipment	2-21 years
Engineering system	2-25 years
Others	2-35 years
Machinery and equipment	2-12 years
Office equipment	3-5 years
Other equipment	2-10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Land	\$ 55,652	\$ 101,819
Buildings	9,904	17,189
Transportation equipment	<u>524</u>	<u>719</u>
	<u>\$ 66,080</u>	<u>\$ 119,727</u>

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 1,594</u>	<u>\$ 639</u>
Depreciation charge for right-of-use assets		
Land	\$ 22,697	\$ 19,915
Buildings	6,941	6,941
Transportation equipment	<u>206</u>	<u>213</u>
	<u>\$ 29,844</u>	<u>\$ 27,069</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2025 and 2024.

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amount</u>		
Current	<u>\$ 30,987</u>	<u>\$ 29,751</u>
Non-current	<u>\$ 28,457</u>	<u>\$ 92,628</u>

The discount rates of lease liabilities were as follows:

	December 31	
	2025	2024
Land	1%	1%
Buildings	1%	1%
Transportation equipment	1%	1%

c. Other lease information

	December 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 6,013</u>	<u>\$ 5,675</u>
Total cash outflow for leases	<u>\$ (36,280)</u>	<u>\$ (36,008)</u>

The Group's leases of certain office equipment qualify as short-term leases and leases of certain computer equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2025	2024
Unsecured borrowings		
Line of credit borrowings	<u>\$ 20,000</u>	<u>\$ -</u>
Interest rate	1.8%	-

b. Long-term borrowings

	<u>December 31</u>	
	2025	2024
E.Sun Commercial Bank		
Line of credit borrowings: The loan limit is NT\$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.		
Loan period		
2020.07.09-2025.06.15	\$ -	\$ 19,971
2020.08.07-2025.06.15	-	24,964
2021.11.09-2025.06.15	-	14,978
First Commercial Bank		
Line of credit borrowings: The loan limit is NT\$900,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.		
Loan period		
2020.03.02-2025.03.02	-	7,912
Add: Current portion of deferred revenue	-	92
Less: Current portion	<u>-</u>	<u>(67,917)</u>
	<u>\$ -</u>	<u>\$ -</u>
Interest rate	-	1.325%-1.375%

17. OTHER LIABILITIES

	<u>December 31</u>	
	2025	2024
<u>Other payables</u>		
Payables for accrued expense	\$ 386,360	\$ 338,536
Payables for purchases of equipment	17,355	38,192
Payables for annual leave (Note 18)	3,316	2,651
Payables for remuneration of directors and employee bonuses	25,097	23,174
Payables for dividends	<u>500</u>	<u>500</u>
	<u>\$ 432,628</u>	<u>\$ 403,053</u>

18. PROVISIONS

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Employee benefits (presented in other payables)	\$ <u>3,316</u>	\$ <u>2,651</u>

The provision for employee benefits represents the accrual of employees' vested service leave entitlement.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

PDC adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, PDC makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The foreign subsidiaries allocate pension funds to the relevant pension management program in compliance with their local laws.

b. Defined benefit plans

The defined benefit plans adopted by PDC in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. PDC contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<u>December 31</u>	
	2025	2024
Present value of defined benefit obligation	\$ 25,539	\$ 23,693
Fair value of plan assets	<u>(20,393)</u>	<u>(19,601)</u>
Deficit	<u>5,146</u>	<u>4,092</u>
Net defined benefit liabilities	\$ <u>5,146</u>	\$ <u>4,092</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	\$ 23,882	\$ (15,265)	\$ 8,617
Net interest expense (income)	<u>328</u>	<u>(223)</u>	<u>105</u>
Recognized in profit or loss	<u>328</u>	<u>(223)</u>	<u>105</u>
Remeasurement			
Actuarial gain - changes in financial assumptions	(317)	-	(317)
Actuarial gain - experience adjustments	(200)	-	(200)
Return on the plan assets	<u>-</u>	<u>(1,394)</u>	<u>(1,394)</u>
Recognized in other comprehensive income	<u>(517)</u>	<u>(1,394)</u>	<u>(1,911)</u>
Contributions from the employer	<u>-</u>	<u>(2,253)</u>	<u>(2,253)</u>
Transfers to the Company's pension fund	<u>-</u>	<u>(466)</u>	<u>(466)</u>
Balance at December 31, 2024	<u>23,693</u>	<u>(19,601)</u>	<u>4,092</u>
Net interest expense (income)	<u>355</u>	<u>(311)</u>	<u>44</u>
Recognized in profit or loss	<u>355</u>	<u>(311)</u>	<u>44</u>
Remeasurement			
Actuarial gain - changes in financial assumptions	1,323	-	1,323
Actuarial gain - experience adjustments	3,371	-	3,371
Return on the plan assets	<u>-</u>	<u>(1,261)</u>	<u>(1,261)</u>
Recognized in other comprehensive income	<u>4,694</u>	<u>(1,261)</u>	<u>3,433</u>
Contributions from the employer	<u>-</u>	<u>(2,423)</u>	<u>(2,423)</u>
Return on the calculate assets	<u>(3,203)</u>	<u>3,203</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 25,539</u>	<u>\$ (20,393)</u>	<u>\$ 5,146</u>

Through the defined benefit plans under the Labor Standards Act, PDC is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation of PDC were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2025	2024
Discount rate	1.25%	1.5%
Expected rate of salary increase	2.25%	2%

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

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (679)</u>	<u>\$ (618)</u>
0.25% decrease	<u>\$ 704</u>	<u>\$ 640</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 684</u>	<u>\$ 625</u>
0.25% decrease	<u>\$ (664)</u>	<u>\$ (606)</u>

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

	December 31	
	2025	2024
Expected contributions to the plan for the next year	<u>\$ 2,422</u>	<u>\$ 2,275</u>
Average duration of the defined benefit obligation	10.8 years	10.6 years

20. EQUITY

a. Share capital

Common shares

	December 31	
	2025	2024
Authorized shares (in thousands of shares)	<u>220,000</u>	<u>220,000</u>
Authorized capital	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>
Issued and paid shares (in thousands of shares)	<u>172,000</u>	<u>172,000</u>
Issued capital	<u>\$ 1,720,000</u>	<u>\$ 1,720,000</u>

Shares issued with par value of \$10 carry one vote per share and the right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of common shares	\$ 402,192	\$ 402,192
Conversion of bonds	55,484	55,484
Treasury share transactions	28,889	28,889
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates accounted for using the equity method	<u>10,690</u>	<u>10,690</u>
	<u>\$ 497,255</u>	<u>\$ 497,255</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in PDC's articles of incorporation (the "Articles"), where PDC made a profit in a fiscal year, the profit shall be first used to offset losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals PDC's paid-in capital. After setting aside or reversing a special reserve in accordance with the law and regulations, additional appropriations may be made to the special reserve depending on business needs. Any remaining profit together with any undistributed retained earnings shall be used by PDC's board of directors as the basis of proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of the compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors and supervisors in Note 22-b.

In addition to the distribution of dividends in accordance with the Articles, cash dividends are limited to 50% of the total dividends distributed. The remaining retained earnings shall be distributed in the form of share dividends. However, should the Company obtain sufficient funds to meet its capital requirements during the current year, the cash distribution ratio can be raised to 100%. The Group should decide on the most appropriate dividend distribution policy and the form of payment based on the current year's actual operating condition, taking into consideration the following year's capital budget plans.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 and Rule No. 10901500221 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by PDC.

The appropriations of earnings for 2024 and 2023, which were approved in the shareholders' meetings on June 17, 2025 and June 14, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
Legal reserve	\$ 52,413	\$ 45,555
Cash dividends	240,800	206,400
Cash dividends per share (NT\$)	1.4	1.2

The appropriation of earnings for 2025 will be resolved by the shareholders in their meeting to be held in 2026.

d. Special reserve

The movements of the special reserve were as follows:

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 55,421	\$ 67,764
Reversals		
Disposal of subsidiaries	_____ -	_____(12,343)
Balance at December 31	<u>\$ 55,421</u>	<u>\$ 55,421</u>

The special reserve for the first-time adoption of IFRS Accounting Standards for exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. When distributing earnings, a special reserve shall be provided supplementary for the difference of the special reserve provided for the net reduction to other equity accounted for at the end of the reporting period. Subsequently, if the balance of the reduction to other equity is reversed, the special reserve may be reversed regarding the reversed part for the distribution of earnings.

e. Other equity items

The movements of other equity items were as follows:

	For the Year Ended December 31, 2025		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	\$ 9,583	\$ 388,589	\$ 398,172
Exchange differences on the translation of the net assets of foreign operations	(21,159)	-	(21,159)
Unrealized valuation gain on investments in equity instruments at FVTOCI	-	1,896,773	1,896,773
Share from associates accounted for using the equity method	<u>(1,868)</u>	<u>16,299</u>	<u>14,431</u>
Balance at December 31	<u>\$ (13,444)</u>	<u>\$ 2,301,661</u>	<u>\$ 2,288,217</u>

	For the Year Ended December 31, 2024		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	\$ (66,031)	\$ 768,962	\$ 702,931
Exchange differences on the translation of the net assets of foreign operations	68,219	-	68,219
Unrealized valuation gain on investments in equity instruments at FVTOCI	-	(359,133)	(359,133)
Share from associates accounted for using the equity method	<u>7,395</u>	<u>(21,240)</u>	<u>(13,845)</u>
Balance at December 31	<u>\$ 9,583</u>	<u>\$ 388,589</u>	<u>\$ 398,172</u>

f. Treasury shares

- 1) Movements of the treasury shares for the years ended December 31, 2025 and 2024 were as follows:

Unit: In Thousands of Shares

	For the Year Ended December 31, 2025			
Purpose of Buy-back	Number of Shares at January 1, 2025	Increase During the Period	Decrease During the Period	Number of Shares at December 31, 2025
Shares transferred to employees	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>

	For the Year Ended December 31, 2024			
Purpose of Buy-back	Number of Shares at January 1, 2024	Increase During the Period	Decrease During the Period	Number of Shares at December 31, 2024
Shares transferred to employees	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>

- 2) As of the years ended December 31, 2025 and 2024, the amount of the Company's treasury shares were both \$54,371 thousand.
- 3) The buy-back shares shall be transferred to employees at one time or in installments within 5 years from the date of purchase. All employees of PDC and employees of the Company's subsidiaries in which PDC directly or indirectly holds more than 50% of the voting shares on the subscription date are eligible to subscribe.

- 4) The Securities and Exchange Act stipulates that the proportion of the number of shares that a company can buy back must not exceed 10% of the company's total issued shares. The total amount of shares purchased must not exceed retained earnings plus the amount of issued share premium and realized capital surplus. For the years ended December 31, 2025 and 2024, PDC held a maximum of 800 thousand shares as treasury shares, and the total amount of shares purchased was \$54,371 thousand, which complies with the provisions of the Securities and Exchange Act.
- 5) Treasury shares held by PDC shall not be pledged in accordance with the provisions of the Securities and Exchange Act and shall not enjoy shareholder rights.

21. OPERATING REVENUE

Disaggregation of revenue based on customer segments by geographical region

The location of operations is the basis for calculating disaggregation of revenue based on customer segments by geographical region. For information about the Group's revenue by geographical location and from major customers, refer to Note 31-c and d.

22. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

- a. The employee benefits expense, depreciation and amortization incurred in the current period are summarized according to their functions as follows:

	For the Year Ended December 31					
	2025			2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits						
Salaries and wages	\$ 403,961	\$ 155,726	\$ 559,687	\$ 369,154	\$ 145,593	\$ 514,747
Labor/health insurance	43,287	11,782	55,069	41,998	11,604	53,602
Pension	14,204	4,333	18,537	14,683	4,121	18,804
Other employee benefits	30,847	6,492	37,339	29,246	6,456	35,702
Depreciation	349,017	15,275	364,292	388,958	17,893	406,851
Amortization	3,234	2,165	5,399	5,094	2,912	8,006

The number of employees of the Group as of December 31, 2025 and 2024 was 735 and 730, respectively.

- b. Compensation of employees and remuneration of directors

According to the Company's Articles, PDC accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on February 25, 2026 and February 19, 2025, respectively, are as follows:

	For the Year Ended December 31	
	2025	2024
<u>Accrual rate</u>		
Compensation of employees	2.5%	2.5%
Remuneration of directors	1%	1%

	For the Year Ended December 31			
	2025		2024	
	Cash	Shares	Cash	Shares
<u>Amount</u>				
Compensation of employees	\$ 17,927	\$ -	\$ 16,553	\$ -
Remuneration of directors	7,171	-	6,621	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors and paid on February 19, 2025 and February 22, 2024, respectively, are as follows. The differences were adjusted to profit and loss for the years ended December 31, 2025 and 2024, respectively.

	For the Year Ended December 31			
	2024		2023	
	Cash	Shares	Cash	Shares
Compensation of employees				
Amounts approved in the board of directors' meeting	\$ 16,553	\$ -	\$ 14,586	\$ -
Actual amounts paid	16,530	-	14,546	-
Remuneration of directors				
Amounts approved in the board of directors' meeting	6,621	-	5,835	-
Actual amounts paid	6,621	-	5,835	-

Information on the compensation of employees and remuneration of directors resolved by the PDC's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES

- a. The details of income tax expense for the years ended December 31, 2025 and 2024 are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 140,843	\$ 142,090
Repatriation of earnings	-	(17,346)
Income tax on unappropriated earnings	11,357	10,180
Adjustments of previous year's income tax	(210)	(1,491)
	<u>\$ 151,990</u>	<u>\$ 133,433</u>

The reconciliation of the Group's accounting profit to current income tax expense for the years ended December 31, 2025 and 2024 are as follows:

	For the Year Ended December 31	
	2025	2024
Income tax expense calculated at the statutory rate (20%) according to profit before tax	\$ 155,026	\$ 136,584
Permanent differences	(7,333)	(7,169)
Other adjustments	(6,850)	(4,671)
Income tax on unappropriated earnings	11,357	10,180
Adjustment of previous year's income tax	<u>(210)</u>	<u>(1,491)</u>
Income tax expense recognized in profit or loss	<u>\$ 151,990</u>	<u>\$ 133,433</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax liabilities at end of period

	For the Year Ended December 31	
	2025	2024
Income tax payable	<u>\$ 70,731</u>	<u>\$ 58,747</u>

c. Deferred income tax assets and liabilities

	December 31	
	2025	2024
Deferred tax assets		
Impairment loss on assets	\$ 14,185	\$ 12,288
Unrealized loss from inventory devaluation	12,994	11,993
Unrealized loss from bad debt	2,586	2,867
Others	<u>9,407</u>	<u>11,835</u>
	<u>\$ 39,172</u>	<u>\$ 38,983</u>
Deferred tax liabilities		
Unappropriated earnings of subsidiaries	\$ 150,958	\$ 134,928
Reserve for land value increment tax	13,734	13,734
Others	<u>12,823</u>	<u>12,347</u>
	<u>\$ 177,515</u>	<u>\$ 161,009</u>

d. PDC's income tax returns through 2023 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2025 and 2024 are as follows:

	For the Year Ended December 31, 2025		
	Amount (In Thousands) After Income Tax	Number of Shares	Earnings Per Share (In Dollars) After Income Tax
Basic earnings per share			
Amount after income tax attributable to owners of the Company	\$ 557,604	171,200,000	<u>\$ 3.26</u>
Effect of potentially dilutive common shares - employee share options	<u>-</u>	<u>328,393</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	<u>\$ 557,604</u>	<u>171,528,393</u>	<u>\$ 3.25</u>
	For the Year Ended December 31, 2024		
	Amount (In Thousands) After Income Tax	Number of Shares	Earnings Per Share (In Dollars) After Income Tax
Basic earnings per share			
Amount after income tax attributable to owners of the Company	\$ 498,119	171,200,000	<u>\$ 2.91</u>
Effect of potentially dilutive common shares - employee share options	<u>-</u>	<u>440,619</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	<u>\$ 498,119</u>	<u>171,640,619</u>	<u>\$ 2.90</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group have the essential financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures in the next 12 months.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2025 and 2024.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 54,250	\$ -	\$ -	\$ 54,250
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 3,078,761	\$ -	\$ -	\$ 3,078,761
Domestic unlisted shares	-	-	536,640	536,640
	<u>\$ 3,078,761</u>	<u>\$ -</u>	<u>\$ 536,640</u>	<u>\$ 3,615,401</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 87,025	\$ -	\$ -	\$ 87,025
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 1,427,107	\$ -	\$ -	\$ 1,427,107
Domestic unlisted shares	-	-	274,947	274,947
	<u>\$ 1,427,107</u>	<u>\$ -</u>	<u>\$ 274,947</u>	<u>\$ 1,702,054</u>

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

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach or asset-based approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio and value of net assets. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 54,250	\$ 87,025
Financial assets at amortized cost (Note 1)	3,202,771	2,720,502
Financial assets at FVTOCI		
Equity instruments	3,615,401	1,702,054
<u>Financial liabilities</u>		
Amortized cost (Note 2)	913,613	861,782

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes receivable, trade receivables (include related parties), other receivables (include related parties) and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables (include related parties), other payables (include related parties), current portion of long-term borrowings, long-term borrowings and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, borrowings, trade receivables and trade payables. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group has established a financial risk management policy, which is approved by the Board of Directors and implemented to manage foreign exchange risk, interest rate risk, and credit risk. Internal audit personnel regularly review compliance with the policy and the exposure limits.

1) Market risk

The Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group's exposure to market risk in financial instruments and its management and measurement of such exposure has not changed since the last period.

a) Foreign currency risk

The Group manages the risk of exchange rate fluctuations arising from foreign currency transactions by using forward exchange contracts to the extent permitted by the regulations governing the procedures for the handling of derivative financial instrument transactions.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 29.

	USD Impact		RMB Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024	2025	2024
Profit or loss	\$ 40,528	\$ 44,243	\$ 16,812	\$ 14,715	\$ -	\$ -
Equity	1,848	1,885	15,750	16,573	4,325	4,253

The sensitivity analysis included only outstanding foreign currency denominated monetary items and their adjusted translation at the end of the year for a 3% change in foreign currency rates. A positive number indicates a decrease in post-tax profit and equity associated with the New Taiwan dollar strengthening 3% against the relevant currency. For a 3% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and positive impact on post-tax profit and equity.

b) Interest rate risk

The Group was exposed to interest rate risk arising from both fixed and floating interest rate deposits, and repurchase agreements collateralized by bonds and borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial liabilities	\$ 59,444	\$ 122,379
Cash flow interest rate risk		
Financial assets	825,252	340,980
Financial liabilities	20,000	67,917

The Group's sensitivity analysis of interest rate risk mainly focuses on changes in the fair value of the financial assets and liabilities at fixed interest rate at the end of the reporting period. If interest rates were lower by 1% and all other variables were held constant, the Group's variable-rate financial assets for the years ended December 31, 2025 and 2024 would have resulted in cash outflows by \$8,053 thousand and \$2,731 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by \$180,770 thousand and \$85,103 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to price risk in 2025 increased compared with 2024, mainly due to the rise in market prices of equity investments. Other risk factors and changes in the investment portfolio were not significant. The Group continues to monitor market price fluctuations in accordance with its risk management policies to control overall investment risk.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group.

The management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group's working capital is sufficient to meet its obligations; therefore, there is no liquidity risk arising from the inability to raise funds to meet its contractual obligations.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods:

December 31, 2025

	Less than 1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financing liabilities</u>				
Non-interest bearing	\$ 893,613	\$ -	\$ -	\$ 893,613
Variable interest rate liabilities	20,000	-	-	20,000
Lease liabilities	<u>30,987</u>	<u>25,719</u>	<u>2,738</u>	<u>59,444</u>
	<u>\$ 944,600</u>	<u>\$ 25,719</u>	<u>\$ 2,738</u>	<u>\$ 973,057</u>

December 31, 2024

	Less than 1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financing liabilities</u>				
Non-interest bearing	\$ 793,865	\$ -	\$ -	\$ 793,865
Variable interest rate liabilities	67,917	-	-	67,917
Lease liabilities	<u>29,751</u>	<u>55,761</u>	<u>36,867</u>	<u>122,379</u>
	<u>\$ 891,533</u>	<u>\$ 55,761</u>	<u>\$ 36,867</u>	<u>\$ 984,161</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation, refer to Table 4. Details of transactions between the Group and other related parties are disclosed as follows:

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Technology Corporation	Parent company
Dongguan Walsin Technology Electronics Co., Ltd.	Sister company
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Sister company
Walsin Technology Corporation (HK) Limited	Sister company
Kamaya Electric Co., Ltd.	Sister company
Kamaya Electric (M) Sdn. Bhd.	Sister company
Eleceram Technology Co., Ltd.	Sister company
INPAQ Technology Co., Ltd.	Sister company
INPAQ Technology (Suzhou) Co., Ltd.	Sister company
Taiwan INPAQ Electronics Co., Ltd.	Sister company
INPAQ Technology (China) Co., Ltd.	Sister company
Hunan Frontier Electronics Co., Ltd.	Sister company
PSA Japan Investment G.K.	Sister company
Tsai Yi Corporation	Associate
Joyin Co., Ltd.	Associate
Dongguan Joyin Electronics Co., Ltd.	Associate
Hannstar Board New Energy Co., Ltd.	Associate
Walsin Lihwa Corporation	Other related party
Hannstar Board Corporation	Other related party
Falcon Automation Equipment Corporation	Other related party
Info-Tek Corp.	Other related party
VVG Inc.	Other related party
Global Brands Manufacture Ltd.	Other related party
Hwa Bao Botanic Conservation Corp.	Other related party
PSA Charitable Foundation	Other related party
PSA WG Culture and Arts Foundation	Other related party
New Taipei City Private Career Social Welfare Charitable Foundation	Other related party

Transactions

Transactions between the Group and other related parties for the years ended December 31, 2025 and 2024 are disclosed as follows:

Related Party Category/Name	Sales of Goods	
	For the Year Ended December 31	
	2025	2024
Parent company	\$ 960,080	\$ 837,867
Sister companies		
Dongguan Walsin Technology Electronics Co., Ltd.	169,627	186,142
Others	<u>75,781</u>	<u>58,769</u>
	<u>245,408</u>	<u>244,911</u>
Other related parties	<u>61</u>	<u>31</u>
	<u>\$ 1,205,549</u>	<u>\$ 1,082,809</u>

Related Party Category/Name	Purchases of Goods	
	For the Year Ended December 31	
	2025	2024
Parent company	\$ 290,244	\$ 301,874
Sister companies		
Dongguan Walsin Technology Electronics Co., Ltd.	280,100	350,343
Others	<u>43,802</u>	<u>31,261</u>
	<u>323,902</u>	<u>381,604</u>
Associates	<u>48,557</u>	<u>20,607</u>
	<u>\$ 662,703</u>	<u>\$ 704,085</u>

The selling prices between the Group and related parties were not significantly different from that of general transactions. The collection terms of general transactions are within 0 to 120 days. The collection terms of related parties were not significantly different from that of general customers. Among them, trade receivables (payables) of Walsin Technology Corporation are directly offset by its respective counterparty's trade receivables (payables), and the remaining receivables are collected (paid) under the usual collection (payment) terms.

The prices of the purchase transactions between the Group and related parties were not significantly different from that of general transactions, and the payment terms of general transactions are within 0 to 120 days. The payment terms of related parties were not significantly different from that of general suppliers.

Related Party Category/Name	Acquisition of Assets	
	For the Year Ended December 31	
	2025	2024
Other related parties		
Falcon Automation Equipment Corporation	<u>\$ 500</u>	<u>\$ 170</u>

Related Party Category	Disposal of Assets	
	For the Year Ended December 31, 2025	
	Proceeds	Gain (Loss) on Disposal
Associates	<u>\$ 50</u>	<u>\$ 12</u>

Lease arrangements as lessee

Item	Related Party Category	December 31	
		2025	2024
Lease liabilities	Parent company	\$ 9,733	\$ 16,379
	Other related parties	<u>6,087</u>	<u>7,701</u>
		<u>\$ 15,820</u>	<u>\$ 24,080</u>

Item	Related Party Category	For the Year Ended December 31	
		2025	2024
Interest expense	Parent company	\$ 128	\$ 194
	Other related parties	<u>68</u>	<u>84</u>
		<u>\$ 196</u>	<u>\$ 278</u>
Rental expense	Sister companies	<u>\$ 241</u>	<u>\$ 249</u>

Lease arrangements as lessor

Lease income was summarized as follows:

Related Party Category	For the Year Ended December 31	
	2025	2024
Parent company	\$ 3,009	\$ 3,056
Sister companies	80	93
Associates	52	52
Other related parties	<u>2,601</u>	<u>2,601</u>
	<u>\$ 5,742</u>	<u>\$ 5,802</u>

For the years ended December 31, 2025 and 2024, the remaining balances were as follows:

Related Party Category/Name	Trade Receivables		Trade Payables	
	December 31		December 31	
	2025	2024	2025	2024
Parent company	\$ 239,039	\$ 164,621	\$ -	\$ -
Sister companies				
Dongguan Walsin Technology				
Electronics Co., Ltd.	10,292	46,654	41,971	86,833
Others	<u>28,471</u>	<u>19,240</u>	<u>12,211</u>	<u>12,819</u>
	<u>38,763</u>	<u>65,894</u>	<u>54,182</u>	<u>99,652</u>
Associates	-	-	16,064	12,944
Other related parties	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 277,841</u>	<u>\$ 230,515</u>	<u>\$ 70,246</u>	<u>\$ 112,596</u>

Related Party Category	Other Receivables		Other Payables	
	December 31		December 31	
	2025	2024	2025	2024
Parent company	\$ 2,726	\$ 2,247	\$ -	\$ -
Sister companies	108	543	467	613
Associates	1,216	504	9	104
Other related parties	<u>535</u>	<u>162</u>	<u>12,881</u>	<u>12,198</u>
	<u>\$ 4,585</u>	<u>\$ 3,456</u>	<u>\$ 13,357</u>	<u>\$ 12,915</u>

Other receivables are the uncollected amounts from the Group's lease income, selling of raw materials, spare parts, and the collections and payments on behalf of others.

Other payables are the payments that have not been made for the collections and payments on behalf of others.

The remaining trade payables - related parties were not guaranteed and would be paid off by cash; trade receivables - related parties were also not guaranteed. There was no bad debt expense for trade receivables - related parties as of December 31, 2025 and 2024.

Remuneration of key management personnel

Remuneration of the board of directors and other key management personnel for the years ended December 31, 2025 and 2024 was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 27,778	\$ 26,492
Post-employment benefits	<u>216</u>	<u>216</u>
	<u>\$ 27,994</u>	<u>\$ 26,708</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at the end of the reporting period were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment	<u>\$ 633,802</u>	<u>\$ 83,562</u>

On July 31, 2025, the board of directors resolved to increase the capital expenditure budget for plant and equipment investments by approximately \$1,160,000 thousand, in view of operational expansion and long-term strategic needs. Within the aforementioned budget, on September 26, 2025, the Company entered into a construction contract with a non-related party for the development of a factory on its own land. The contract amount is \$632,000 thousand, and capital expenditures will be disbursed in stages according to the progress of construction.

b. Contingencies

As of December 31, 2025 and 2024, credit of the Group had no open and unused letters of credit.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2025			2024		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>						
Monetary items						
USD	\$ 46,449	31.438	\$ 1,460,264	\$ 47,919	32.781	\$ 1,570,833
RMB	140,871	4.4965	633,426	128,216	4.4909	575,805
Non-monetary items						
Investments accounted for using the equity method						
USD	1,960	31.438	61,605	1,917	32.781	62,838
RMB	116,758	4.4965	525,002	123,011	4.4909	552,432
JPY	717,566	0.2099	144,159	675,364	0.2099	141,759
<u>Financial liabilities</u>						
Monetary items						
USD	3,478	31.438	109,341	2,931	32.781	96,081
RMB	16,238	4.4965	73,014	18,995	4.4909	85,305

For the years ended December 31, 2025 and 2024, foreign exchange (losses) gains were \$(57,172) thousand and \$78,994 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)

b. Investees and information about reinvestment

Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the

investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 4)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the geographical segments as its operating segments. The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Taiwan segment
- China segment

a. Segment revenue and results

The following tables detail the Group's segment revenue and results by reportable segments for the years ended December 31, 2025 and 2024 as restated:

	For the Year Ended December 31, 2025			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Net sales	\$ 3,637,399	\$ 1,987,931	\$ (1,569,981)	\$ 4,055,349
Cost of sales	(2,704,902)	(1,925,755)	1,559,656	(3,071,001)
Unrealized gain on inter-affiliate accounts	<u>(15,181)</u>	<u>-</u>	<u>15,181</u>	<u>-</u>
Gross profit	917,316	62,176	4,856	984,348
Operating expenses	<u>(269,210)</u>	<u>(29,578)</u>	<u>(4,842)</u>	<u>(303,630)</u>
Profit from operations	648,106	32,598	14	680,718
Non-operating income and expenses	<u>43,610</u>	<u>2,574</u>	<u>(17,308)</u>	<u>28,876</u>
Profit before income tax	<u>\$ 691,716</u>	<u>\$ 35,172</u>	<u>\$ (17,294)</u>	<u>\$ 709,594</u>

For the Year Ended December 31, 2024

	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Net sales	\$ 3,276,584	\$ 1,961,933	\$ (1,514,479)	\$ 3,724,038
Cost of sales	(2,578,674)	(1,870,346)	1,522,995	(2,926,025)
Unrealized gain on inter-affiliate accounts	<u>3,506</u>	<u>-</u>	<u>(3,506)</u>	<u>-</u>
Gross profit	701,416	91,587	5,010	798,013
Operating expenses	<u>(270,684)</u>	<u>(31,698)</u>	<u>(4,955)</u>	<u>(307,337)</u>
Profit from operations	430,732	59,889	55	490,676
Non-operating income and expenses	<u>206,777</u>	<u>(28,817)</u>	<u>(37,084)</u>	<u>140,876</u>
Profit before income tax	<u>\$ 637,509</u>	<u>\$ 31,072</u>	<u>\$ (37,029)</u>	<u>\$ 631,552</u>

b. Segment assets and liabilities

December 31, 2025

	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 617,471	\$ 329,775	\$ -	\$ 947,246
Notes and trade receivables	928,025	476,046	(416,138)	987,933
Inventories	716,766	76,239	(40,304)	752,701
Other current assets	<u>176,062</u>	<u>127,278</u>	<u>(3)</u>	<u>303,337</u>
Total current assets	<u>2,438,324</u>	<u>1,009,338</u>	<u>(456,445)</u>	<u>2,991,217</u>
Financial assets at FVTOCI - non-current	3,615,401	-	-	3,615,401
Investments accounted for using the equity method	1,964,136	730,766	(1,494,656)	1,200,246
Financial assets at amortized cost	774,242	302,413	-	1,076,655
Property, plant and equipment	1,236,782	4,787	-	1,241,569
Other non-current assets	<u>108,749</u>	<u>7,716</u>	<u>-</u>	<u>116,465</u>
Total assets	<u>\$ 10,137,634</u>	<u>\$ 2,055,020</u>	<u>\$ (1,951,101)</u>	<u>\$ 10,241,553</u>

	December 31, 2024			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 268,524	\$ 130,320	\$ -	\$ 398,844
Notes and trade receivables	809,964	489,182	(360,555)	938,591
Inventories	592,843	74,527	(25,123)	642,247
Other current assets	<u>159,930</u>	<u>269,776</u>	<u>(4)</u>	<u>429,702</u>
Total current assets	<u>1,831,261</u>	<u>963,805</u>	<u>(385,682)</u>	<u>2,409,384</u>
Financial assets at FVTOCI - non-current	1,702,054	-	-	1,702,054
Investments accounted for using the equity method	1,987,987	757,029	(1,513,703)	1,231,313
Financial assets at amortized cost	800,218	258,078	-	1,058,296
Property, plant and equipment	1,445,520	12,023	-	1,457,543
Other non-current assets	<u>163,357</u>	<u>8,955</u>	<u>-</u>	<u>172,312</u>
Total assets	<u>\$ 7,930,397</u>	<u>\$ 1,999,890</u>	<u>\$ (1,899,385)</u>	<u>\$ 8,030,902</u>

	December 31, 2025			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 906,873	\$ 503,485	\$ (416,140)	\$ 994,218
Guarantee deposits received	7,486	23,717	-	31,203
Deferred income tax liabilities	177,515	-	-	177,515
Other non-current liabilities	<u>33,603</u>	<u>-</u>	<u>-</u>	<u>33,603</u>
Total liabilities	<u>\$ 1,125,477</u>	<u>\$ 527,202</u>	<u>\$ (416,140)</u>	<u>\$ 1,236,539</u>

	December 31, 2024			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 857,072	\$ 455,674	\$ (360,559)	\$ 952,187
Guarantee deposits received	7,486	12,788	-	20,274
Deferred income tax liabilities	161,009	-	-	161,009
Other non-current liabilities	<u>96,720</u>	<u>-</u>	<u>-</u>	<u>96,720</u>
Total liabilities	<u>\$ 1,122,287</u>	<u>\$ 468,462</u>	<u>\$ (360,559)</u>	<u>\$ 1,230,190</u>

All intercompany transactions had been eliminated upon consolidation.

c. Geographical information

The Group operates in three principal geographical areas - Asia, America and Europe.

The Group's revenue from external customers by location of operations is detailed as below:

	<u>For the Year Ended December 31</u>	
	2025	2024
Asia	\$ 3,667,122	\$ 3,357,855
America	223,862	201,764
Europe	164,332	164,419
Others	<u>33</u>	<u>-</u>
	<u>\$ 4,055,349</u>	<u>\$ 3,724,038</u>

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue for the years ended December 31, 2025 and 2024 were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Customer A	<u>\$ 960,080</u>	<u>\$ 837,867</u>

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Prosperity Dielectrics Co., Ltd.	<u>Listed shares</u>							
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at FVTOCI - non-current	31,915,536	\$ 1,825,569	6.16	\$ 1,825,569	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company	"	11,861,940	377,209	0.27	377,209	
	HannStar Board Corporation	The chairman of the securities issuer is the same as the Company's	"	5,214,865	481,332	1.07	481,332	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	"	500,000	26,700	-	26,700	
	Hotai Finance Co., Ltd. Preferred Shares B	"	"	1,000,000	99,500	0.14	99,500	
	TXC Corporation	"	"	2,602,000	209,201	0.76	209,201	
	O-Bank Co., Ltd. Preferred Shares B	"	"	5,000,000	59,250	0.16	59,250	
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	Financial assets at FVTPL - current	35,000	54,250	-	54,250	
	<u>Shares</u>							
	Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	Financial assets at FVTOCI - non-current	3,500,000	263,445	0.72	263,445	
	Hwa Bao Botanic Conservation Corp.	"	"	18,000,000	273,195	10	273,195	
	<u>Bonds</u>							
	ANZ New Zealand International Ltd.	None	Financial assets at amortized cost - non-current	-	62,690	-	65,096	
	Sumitomo Mitsui Trust Bank, Limited	"	"	-	31,483	-	32,708	
	Norinchukin Bank	"	"	-	31,577	-	32,199	
	Credit Agricole S.A.	"	"	-	31,411	-	32,422	
	NBN Co Limited	"	"	-	63,676	-	65,661	
	Burlington Northern Santa Fe, LLC	"	"	-	32,955	-	33,900	
	Bristol-Myers Squibb Company	"	"	-	32,283	-	33,702	
Macquarie Group Limited.	"	"	-	49,909	-	51,302		
Banco Santander, S.A.	"	"	-	63,503	-	65,240		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Prosperity Dielectrics Co., Ltd.	<u>Bonds</u> The First Issue of 2024 for unsecured Cumulative Subordinated Corporate Bonds of Cathay Life Insurance Co., Ltd. Series A	None	Financial assets at amortized cost - non-current	-	\$ 200,000	-	\$ 200,677	
	The Second Issue of 2024 for US-dollar-denominated unsecured cumulative subordinated corporate Bonds of Cathay Life Insurance Co., Ltd.	"	"	-	78,595	-	81,516	
	Hyundai Capital America	"	"	-	63,229	-	64,970	
	Volkswagen Group America Finance, LLC	"	"	-	32,931	-	33,821	
	Shinhan Card Co., Ltd.	"	Financial assets at amortized cost - current	-	6,211	-	6,209	
	Frontier Components Co., Limited	<u>Bonds</u> TSMC Arizona Corp.	None	Financial assets at amortized cost - non-current	-	94,284	-	94,308
	Amazon.com, Inc.	"	"	-	62,534	-	62,616	
	Westpac New Zealand Ltd.	"	"	-	4,858	-	4,994	
	Equinor ASA	"	"	-	71,613	-	73,240	
	Berkshire Hathaway Energy Company	"	"	-	69,124	-	71,148	

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Indirectly owned second-tier subsidiary	Sales	\$ (881,807)	(24)	No significant difference with third parties	-	-	Trade receivables \$ 210,938	23	
	Walsin Technology Corporation	Parent company	Sales	(960,080)	(26)	"	-	-	Trade receivables 239,039	26	
	Walsin Technology Corporation	Parent company	Purchases	290,244	20	"	-	-	Trade payables -	-	
Frontier Components Co., Limited	Prosperity Dielectrics Co., Ltd.	Parent company	Purchases	881,807	100	"	-	-	Trade payables (210,938)	(95)	
	Dongguan Walsin Technology Electronics Co., Ltd.	Sister company	Sales	(169,627)	(19)	"	-	-	Trade receivables 10,292	5	
	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Sales	(686,211)	(76)	"	-	-	Trade receivables 196,252	89	
Dongguan Frontier Electronics Co., Ltd.	Frontier Components Co., Limited	Parent company	Purchases	686,211	68	"	-	-	Trade payables (196,252)	(75)	
	Dongguan Walsin Technology Electronics Co., Ltd.	Sister company	Purchases	236,915	23	"	-	-	Trade payables (32,194)	(12)	

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited Walsin Technology Corporation	Indirectly owned second-tier subsidiary Parent company	Trade receivables	\$ 210,938	4.43	\$ -	-	\$ 106,443	\$ -
			Trade receivables	239,039	4.76	-	-	-	-
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Trade receivables	196,252	3.96	-	-	79,001	-

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Parent company to subsidiary	Sales	\$ 881,807	No significant difference with third parties	22
				Trade receivables	210,938		"
1	Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	686,211	"	17
				Trade receivables	196,252		"

Note 1: The investee company is represented in the number column as follows:

- a. The parent company is numbered "0".
- b. The subsidiaries are numbered consecutively from "1" in the order presented in the table above.

Note 2: There are three natures of relationships regarding the flow of transactions (in the case of the same transaction between the parent company and its subsidiary or between subsidiaries, there is no need to repeat disclosure. For example: If the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary does not need to be disclosed. If a subsidiary has disclosed the transaction between the other subsidiary and itself, the other subsidiary does not need to be disclosed).

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The transaction amount as a percentage of the consolidated total revenue or total assets is calculated as follows: For balance sheet items, each item's period-end balance is shown as a percentage of consolidated total assets as of December 31, 2025. For profit or loss items, cumulative amounts are shown as a percentage of consolidated total operating revenue for the year ended December 31, 2025.

Note 4: The decision whether or not to disclose the significant intercompany transactions was made based on the principle of materiality.

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Investment holding	\$ 728,456	\$ 728,456	23,464,538	100	\$ 1,494,655	\$ 17,294	\$ 17,294	
	Tsai Yi Corporation	Taiwan	Investment holding	51,928	51,928	4,934,995	3.36	113,671	121,893	4,101	
	Hannstar Board New Energy Co., Ltd.	Taiwan	Solar power generation	2,500	2,500	250,000	5	1,923	(6,643)	(332)	
	Joyin Co., Ltd.	Taiwan	Manufacturing of electronic components	426,701	426,701	23,715,360	30.4	353,886	(59,138)	(23,150)	
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Republic of Mauritius	Investment holding	387,932	387,932	12,009,000	100	629,196	(52,807)	(52,807)	
	Frontier Components Co., Limited	Hong Kong	International trade	282,973 (Note 2)	282,973 (Note 2)	70,036,752	100	837,290	71,664	71,664	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Investment holding	75,483 (Note 2)	75,483 (Note 2)	2,401,000	100	61,631	(1,317)	(1,317)	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Investment holding	75,451 (Note 2)	75,451 (Note 2)	2,400,000	10	61,605	(13,172)	(1,317)	
Frontier Components Co., Limited	PSA Japan Investment G.K.	Japan	Investment company	131,087 (Note 2)	131,087 (Note 2)	-	9	144,159	98,366	8,853	

Note 1: For the information on investees in mainland China, refer to Table 6.

Note 2: The closing exchange rate as of December 31, 2025 was used to convert the foreign currencies into New Taiwan dollars. The closing exchange rate as of December 31, 2025 was US\$ to NT\$= 1:31.438 and JPY to NT\$= 1:0.2009.

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, method of investment, remittance of funds, percentage of ownership in investment, investment gain or loss, carrying amount, and accumulated repatriation of Investment Income were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of ceramic components	\$ 377,256 (US\$ 12,000,000)	Note 1	\$ 377,256 (US\$ 12,000,000)	\$ -	\$ -	\$ 377,256 (US\$ 12,000,000)	\$ (52,796)	100	\$ (52,796)	\$ 628,898	\$ 162,859 (US\$ 5,180,313)
Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	191,772 (US\$ 6,100,000)	Note 1	191,772 (US\$ 6,100,000)	-	-	191,772 (US\$ 6,100,000)	28,888	100	28,888	314,927	260,972 (US\$ 8,301,154)
Chongqing Shuohong Investment Co., Ltd.	Investment management, investment consultation services	2,383,145 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(131,651)	20.43	(26,899)	486,005	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	243,360 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	(3,005)	13.04	(392)	38,997	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	754,512 (US\$ 24,000,000)	Note 1	75,451 (US\$ 2,400,000)	-	-	75,451 (US\$ 2,400,000)	(12,929)	10	(1,293)	61,584	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee companies reviewed by the attesting CPA of the parent company in Taiwan.

Note 3: The average exchange rate as of December 31, 2025 is used to convert the foreign currencies into New Taiwan dollars except for the investment gains and losses of the current period (converted at the average exchange rate of the year ended December 31, 2025) if the relevant figures in this table involve foreign currencies.

Note 4: Investment amount of RMB 108,290,000 was made using PDC Electronics (Suzhou) Co., Ltd.'s own capital.

Note 5: Investment amount of RMB 7,055,500 was made using Frontier Electronic (Chong Qing) Co., Ltd.'s own capital, which has been transferred to Dongguan Frontier Electronics Co., Ltd. in December 2017.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 630,632 (US\$ 20,059,533.72)	\$ 630,632 (US\$ 20,059,533.72)	(Note 2)

Note 1: The closing exchange rates as of December 31, 2025 are as follows:

US\$ to NT\$= 1:31.438
RMB to NT\$= 1:4.4965

The average exchange rates for the year ended December 31, 2025 are as follows:

US\$ to NT\$= 1:31.18
RMB to NT\$= 1:4.3645

Note 2: The Company has obtained the operational headquarters certification document approved by the Industrial Development Bureau of the Ministry of Economic Affairs and is exempt from the "Regulations Governing the Examination of Investment or Technical Cooperation in mainland China".

(Continued)

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Tables 2 and 4.
4. Circumstances in which investee mainland China companies in provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.
5. Circumstances of financing provided with investee mainland China companies directly or indirectly through a third region: None.
6. Other transactions that have a material effect on the current profit and loss or financial status: None.

(Concluded)