

E Ink Holdings Inc.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Opinion

We have audited the accompanying parent company only financial statements of E Ink Holdings Inc. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter for the Company's financial statements for the year ended December 31, 2025 is stated as follows:

**Authenticity of Sales Revenue - Recognition of Sales Revenue from
Internet of Things Applications Products**

The Company mainly sells e-paper products such as Internet of Things applications and consumer electronics. Sales revenue is of significant importance to the overall financial statements. The Company experienced significant revenue growth in Internet of Things applications products this year. Therefore, the occurrence of such sales revenue was identified as a key audit matter.

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

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.
2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declarations of overseas sales, and we confirmed the receipt of payments.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the financial statements for the year ended December 31, 2025, and is therefore the key audit matter. We describe this matter 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 Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

E INK HOLDINGS INC.

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

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 8,541,240	8	\$ 5,063,827	6
Financial assets at fair value through other comprehensive income (Notes 8 and 11)	-	-	289,052	1
Financial assets at amortized cost (Notes 9 and 29)	35,977	-	35,106	-
Accounts receivable (Notes 10 and 19)	4,423,638	4	3,503,012	4
Accounts receivable from related parties (Notes 10, 19 and 28)	7,236,725	7	5,500,190	6
Other receivables from related parties (Note 28)	1,194,717	1	1,001,259	1
Inventories (Note 12)	3,196,532	3	2,857,773	3
Prepayments	199,617	-	241,240	-
Other current assets	70,419	-	86,163	-
Total current assets	<u>24,898,865</u>	<u>23</u>	<u>18,577,622</u>	<u>21</u>
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Notes 7 and 28)	504,098	1	399,594	-
Financial assets at fair value through other comprehensive income (Notes 8 and 11)	10,422,810	10	7,869,387	9
Investments accounted for using the equity method (Notes 13 and 24)	61,266,731	57	54,316,867	62
Property, plant and equipment (Notes 14, 25 and 28)	6,923,068	7	5,030,095	6
Right-of-use assets (Notes 15 and 28)	1,128,140	1	792,327	1
Other intangible assets	138,123	-	150,345	-
Deferred tax assets (Note 21)	1,156,691	1	593,638	1
Other non-current assets (Notes 17 and 28)	230,004	-	16,670	-
Total non-current assets	<u>81,769,665</u>	<u>77</u>	<u>69,168,923</u>	<u>79</u>
TOTAL	<u>\$ 106,668,530</u>	<u>100</u>	<u>\$ 87,746,545</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Note 16)	\$ 3,090,000	3	\$ 6,340,000	7
Short-term bills payable (Note 16)	3,049,536	3	3,347,498	4
Financial liabilities at fair value through profit or loss (Note 7)	160,462	-	214,510	-
Contract liabilities (Note 19)	197,062	-	370,840	-
Notes and accounts payable	1,674,737	1	2,054,117	2
Accounts payable to related parties (Note 28)	7,020,864	7	4,866,510	6
Other payables (Notes 25 and 28)	2,374,507	2	1,661,537	2
Current tax liabilities (Note 21)	2,125,525	2	1,382,116	2
Receipts in advance (Note 28)	3,245,292	3	869,391	1
Long-term borrowings - current portion (Note 16)	100,000	-	494,386	1
Other current liabilities (Notes 15 and 28)	704,376	1	374,450	-
Total current liabilities	<u>23,742,361</u>	<u>22</u>	<u>21,975,355</u>	<u>25</u>
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 16)	12,909,452	12	7,727,004	9
Lease liabilities (Notes 15 and 28)	1,085,037	1	798,071	1
Other non-current liabilities (Notes 13, 21 and 28)	221,270	1	193,625	-
Total non-current liabilities	<u>14,215,759</u>	<u>14</u>	<u>8,718,700</u>	<u>10</u>
Total liabilities	<u>37,958,120</u>	<u>36</u>	<u>30,694,055</u>	<u>35</u>
EQUITY (Notes 18 and 23)				
Share capital	11,508,832	11	11,459,163	13
Advance receipts for share capital	96,613	-	152,064	-
Capital surplus	11,660,031	11	10,970,780	13
Retained earnings	29,500,750	27	24,736,387	28
Other equity	15,944,184	15	9,734,096	11
Total equity	<u>68,710,410</u>	<u>64</u>	<u>57,052,490</u>	<u>65</u>
TOTAL	<u>\$ 106,668,530</u>	<u>100</u>	<u>\$ 87,746,545</u>	<u>100</u>

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

E INK HOLDINGS INC.

PARENT COMPANY ONLY 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	%
OPERATING REVENUE (Notes 4, 19 and 28)	\$ 35,542,880	100	\$ 21,527,009	100
OPERATING COSTS (Notes 12, 20 and 28)	<u>22,595,803</u>	<u>64</u>	<u>13,326,307</u>	<u>62</u>
GROSS PROFIT	<u>12,947,077</u>	<u>36</u>	<u>8,200,702</u>	<u>38</u>
OPERATING EXPENSES (Notes 20 and 28)				
Selling and marketing expenses	647,436	2	485,055	2
General and administrative expenses	1,296,837	4	1,116,297	5
Research and development expenses	<u>1,619,082</u>	<u>4</u>	<u>1,355,388</u>	<u>6</u>
Total operating expenses	<u>3,563,355</u>	<u>10</u>	<u>2,956,740</u>	<u>13</u>
INCOME FROM OPERATIONS	<u>9,383,722</u>	<u>26</u>	<u>5,243,962</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	346,054	1	363,195	2
Royalty income (Notes 4 and 19)	226,056	1	224,674	1
Dividend income	268,728	1	166,955	1
Other income (Note 28)	95,660	-	65,912	-
Net gain on disposal of property, plant and equipment	46	-	184	-
Net gain on disposal of investment (Note 13)	490,243	1	-	-
Net (loss) gain on foreign currency exchange (Note 31)	(513,954)	(1)	491,842	2
Share of profit of subsidiaries and associates accounted for using the equity method	2,654,125	7	3,961,186	18
Interest expenses (Notes 14 and 28)	(331,673)	(1)	(283,075)	(1)
Other expenses	(36,837)	-	(28,111)	-
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	<u>(43,391)</u>	<u>-</u>	<u>(151,435)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>3,155,057</u>	<u>9</u>	<u>4,811,327</u>	<u>22</u>
INCOME BEFORE INCOME TAX	12,538,779	35	10,055,289	47
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(2,023,900)</u>	<u>(5)</u>	<u>(1,187,807)</u>	<u>(6)</u>
NET INCOME FOR THE YEAR	<u>10,514,879</u>	<u>30</u>	<u>8,867,482</u>	<u>41</u>

(Continued)

E INK HOLDINGS INC.

PARENT COMPANY ONLY 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) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ (634)	-	\$ 4,758	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,912,135	5	500,732	3
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	6,346,286	18	3,621,207	17
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(999,420)</u>	<u>(3)</u>	<u>(589,366)</u>	<u>(3)</u>
	<u>7,258,367</u>	<u>20</u>	<u>3,537,331</u>	<u>17</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	54,206	-	(97,103)	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(1,114,365)	(3)	735,626	3
Income tax related to items that may be reclassified subsequently to profit or loss (Note 21)	<u>(18,234)</u>	<u>-</u>	<u>(4,134)</u>	<u>-</u>
	<u>(1,078,393)</u>	<u>(3)</u>	<u>634,389</u>	<u>3</u>
Other comprehensive income for the year, net of income tax	<u>6,179,974</u>	<u>17</u>	<u>4,171,720</u>	<u>20</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,694,853</u>	<u>47</u>	<u>\$ 13,039,202</u>	<u>61</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 9.14</u>		<u>\$ 7.75</u>	
Diluted	<u>\$ 9.08</u>		<u>\$ 7.67</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

E INK HOLDINGS INC.

**PARENT COMPANY ONLY 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		Total
	Shares (In Thousands)	Amount	Advance Receipts for Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	
BALANCE ON JANUARY 1, 2024	1,141,103	\$ 11,411,033	\$ 87,141	\$ 10,878,525	\$ 4,019,252	\$ 70,678	\$ 16,606,700	\$ 20,696,630	\$ (1,189,487)	\$ 7,023,979	\$ 48,907,821
Appropriation of 2023 earnings											
Legal reserve	-	-	-	-	800,566	-	(800,566)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(5,140,772)	(5,140,772)	-	-	(5,140,772)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	12,850	-	-	-	-	-	-	12,850
Other changes in capital surplus	-	-	-	34	-	-	-	-	-	-	34
Net income for the year ended December 31, 2024	-	-	-	-	-	-	8,867,482	8,867,482	-	-	8,867,482
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	(1,335)	(1,335)	735,626	3,437,429	4,171,720
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	-	8,866,147	8,866,147	735,626	3,437,429	13,039,202
Disposal of investments accounted for using equity method	-	-	-	(256,797)	-	-	-	-	40,931	-	(215,866)
Share-based payments	-	-	-	59,577	-	-	-	-	-	-	59,577
Exercise of employee share options	4,813	48,130	64,923	276,591	-	-	-	-	-	-	389,644
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	314,382	314,382	-	(314,382)	-
BALANCE ON DECEMBER 31, 2024	1,145,916	11,459,163	152,064	10,970,780	4,819,818	70,678	19,845,891	24,736,387	(412,930)	10,147,026	57,052,490
Appropriation of 2024 earnings											
Legal reserve	-	-	-	-	918,052	-	(918,052)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(5,741,097)	(5,741,097)	-	-	(5,741,097)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	151	-	-	-	-	-	-	151
Other changes in capital surplus	-	-	-	49	-	-	-	-	-	-	49
Net income for the year ended December 31, 2025	-	-	-	-	-	-	10,514,879	10,514,879	-	-	10,514,879
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	(352)	(352)	(1,114,365)	7,294,691	6,179,974
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	-	10,514,527	10,514,527	(1,114,365)	7,294,691	16,694,853
Disposal of associates accounted for using equity method	-	-	-	(1,852)	-	-	-	-	381	-	(1,471)
Disposal of subsidiaries accounted for using equity method	-	-	-	-	-	-	(93,601)	(93,601)	113,915	-	20,314
Share-based payments	-	-	-	411,252	-	-	-	-	-	-	411,252
Exercise of employee share options	4,967	49,669	(55,451)	279,651	-	-	-	-	-	-	273,869
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	84,534	84,534	-	(84,534)	-
BALANCE ON DECEMBER 31, 2025	1,150,883	\$ 11,508,832	\$ 96,613	\$ 11,660,031	\$ 5,737,870	\$ 70,678	\$ 23,692,202	\$ 29,500,750	\$ (1,412,999)	\$ 17,357,183	\$ 68,710,410

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

E INK HOLDINGS INC.

PARENT COMPANY ONLY 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	\$ 12,538,779	\$ 10,055,289
Adjustments for		
Depreciation expenses	836,569	699,181
Amortization expenses	43,370	48,547
Expected credit (reversal) loss	(549)	1,929
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	43,391	151,435
Interest expenses	331,673	283,075
Interest income	(346,054)	(363,195)
Dividend income	(268,728)	(166,955)
Compensation costs of share-based payments	240,789	29,442
Share of profit of subsidiaries and associates accounted for using the equity method	(2,654,125)	(3,961,186)
Net gain on disposal of property, plant and equipment	(46)	(184)
Net loss on disposal of intangible assets	270	289
Gain on disposal of investment	(490,243)	-
(Reversal of) write-downs of inventories	(15,044)	175,144
Net unrealized gain on foreign currency exchange	(49,785)	(202,622)
Gain on lease modifications	(21,930)	-
Royalty income	(226,056)	(224,674)
Changes in operating assets and liabilities		
Accounts receivable	(906,507)	(2,014,721)
Accounts receivable from related parties	(1,661,875)	(3,108,207)
Inventories	(323,715)	(690,996)
Prepayments	8,986	(46,251)
Other current assets	(174,847)	(15,963)
Financial liability held for trading	(126,977)	(5,020)
Contract liabilities	52,278	122,431
Notes and accounts payable	(290,450)	380,167
Accounts payable to related parties	2,232,632	1,080,878
Other payables	69,197	218,057
Receipts in advance	2,375,901	467,888
Other current liabilities	327,019	9,085
Net defined benefit liabilities	(230)	(5,014)
Cash generated from operations	11,543,693	2,917,849
Income tax paid	(1,818,281)	(775,440)
Net cash generated from operating activities	<u>9,725,412</u>	<u>2,142,409</u>

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E INK HOLDINGS INC.

PARENT COMPANY ONLY 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		
Acquisition of financial assets at fair value through other comprehensive income	\$ (1,306,961)	\$ (3,451,607)
Proceeds from sale of financial assets at fair value through other comprehensive income	847,061	-
Acquisition of financial assets at amortized cost	(527,902)	(6,754,838)
Proceeds from sale of financial assets at amortized cost	527,031	10,297,089
Acquisition of financial assets at fair value through profit or loss	(146,620)	(317,524)
Proceeds from sale of financial assets at fair value through profit or loss	71,654	112,742
Acquisition of property, plant and equipment	(2,104,425)	(1,432,053)
Proceeds from disposal of property, plant and equipment	14,356	29,565
(Increase) decrease in refundable deposits	(12,742)	4,723
Acquisition of other intangible assets	(29,818)	(34,115)
Prepaid investments	(202,860)	-
Interest received	349,224	375,294
Dividends received	<u>873,585</u>	<u>760,486</u>
Net cash used in investing activities	<u>(1,648,417)</u>	<u>(410,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(3,250,000)	3,070,000
Decrease in short-term bills payable	(297,962)	(878,726)
Increase in long-term borrowings	4,788,062	2,599,775
Repayment of the principal portion of lease liabilities	(39,087)	(36,075)
(Decrease) increase in other non-current liabilities	(183)	29
Cash dividends	(5,741,097)	(5,140,772)
Exercise of employee share options	273,869	389,644
Interest paid	(333,233)	(278,009)
Return of overdue uncollected dividends	<u>49</u>	<u>34</u>
Net cash used in financing activities	<u>(4,599,582)</u>	<u>(274,100)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,477,413	1,458,071
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,063,827</u>	<u>3,605,756</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,541,240</u>	<u>\$ 5,063,827</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

E INK HOLDINGS INC.

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

1. GENERAL INFORMATION

E Ink Holdings Inc. (the “Company”) was incorporated in June 1992 in the Hsinchu Science Park. The Company’s shares have been listed on the Taipei Exchange (TPEX) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The financial statements of the Company are presented in New Taiwan dollars, the functional currency of the Company.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 6, 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)

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 Company’s accounting policies.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
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 financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the amendments on the Company’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 Disclosure 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 Company 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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 Company 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 Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company 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.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company'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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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 based on 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 an 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 an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net income for the year, other comprehensive income (loss) for the year and total equity in its financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit (loss) of subsidiaries and associates accounted for using the equity method, and the share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method in these financial statements.

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; and
- 3) Liabilities for which the Company 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. Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company'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 year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year 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 that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income 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 included in the calculation of equity transactions but 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.

e. Inventories

Inventories consist of raw materials, finished goods, semi-finished goods and work in progress 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.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss for the year.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in subsequent years.

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

Profits or losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

The Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss for the year.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates accounted for using the equity method and investments accounted for using the equity method. If the Company's ownership interest is reduced due to the 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 if the investee had 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 Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Company discontinues the use of the equity method from the date on which 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 Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. 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 Company continues to apply the equity method and does not remeasure the retained interest.

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

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.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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 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

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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.

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 (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for 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 Company 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 an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss 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 category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

- i) The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables are measured at amortized cost, which equals to 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 asset, 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 and repurchase agreements collateralized by notes 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 debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income (loss) and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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 or loss and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents 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 represents 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 Company determines that a financial asset is in default (without taking into account any collateral held by the Company) when internal or external information shows that the debtor is unlikely to pay its creditors.

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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another 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. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income or loss is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are carried 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.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative and their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

1. Provisions

Provisions (included in other current liabilities) 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.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

m. Revenue recognition

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

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Licensing revenue

If the patented technology licensed by the Company can remain functional without any updates or technical support and the Company is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Company recognizes revenue at the point in time at which the license of patented technology transfers. If the Company is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Company recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Company does not have a present right to payment of the royalties is recorded as contract assets and reclassified to accounts receivable after the Company fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing revenue

The Company enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

n. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. 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 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. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. 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.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

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 the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year 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 represent the actual deficit in the Company's defined benefit plans.

q. Share-based payment arrangements

The fair value at the grant date of share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash that are reserved for employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss, such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the 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 and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit 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 year 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 year 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations 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 Company considers the possible impact of climate change and related government policies and regulations on the cash flow projections, growth rates, discount rates, profitability 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	\$ 1,570	\$ 999
Checking accounts and demand deposits	3,937,321	3,073,578
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	2,311,840	819,625
Repurchase agreements collateralized by notes	<u>2,290,509</u>	<u>1,169,625</u>
	<u>\$ 8,541,240</u>	<u>\$ 5,063,827</u>

The market rate intervals of demand deposits, time deposits and repurchase agreements collateralized by notes at the end of the reporting years were as follows:

	<u>December 31</u>	
	2025	2024
Demand deposits	0.005%-3.70%	0.002%-4.30%
Time deposits	0.40%-4.27%	4.23%-4.44%
Repurchase agreements collateralized by notes	1.44%-4.10%	1.45%-4.73%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 238,123	\$ 176,520
Foreign investment - listed stocks	<u>265,975</u>	<u>223,074</u>
	<u>\$ 504,098</u>	<u>\$ 399,594</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 160,462</u>	<u>\$ 214,510</u>

At the end of the year, the outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2025</u>			
Sell	USD/NTD	2026.03-2026.10	USD180,000/NTD5,498,457
<u>December 31, 2024</u>			
Sell	USD/NTD	2025.01-2025.07	USD146,000/NTD4,549,758

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Investments in debt instruments at FVTOCI	\$ <u> -</u>	\$ <u> 289,052</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 8,810,178	\$ 5,856,519
Investments in debt instruments at FVTOCI	<u> 1,612,632</u>	<u> 2,012,868</u>
	<u>\$ 10,422,810</u>	<u>\$ 7,869,387</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 8,786,778	\$ 5,832,254
Unlisted shares	<u> 23,400</u>	<u> 24,265</u>
	<u>\$ 8,810,178</u>	<u>\$ 5,856,519</u>

The Company holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Foreign investments		
Straight corporate bonds		
7-year	\$ -	\$ 289,052
Coupon rates	-	5.90%
Effective interest rates	-	5.71%
<u>Non-current</u>		
Foreign investments		
Straight corporate bonds		
6-year	\$ -	\$ 577,425
10-year	284,927	190,063
11-year	163,077	66,580
30-year	373,902	373,048
31-year	276,828	279,783
40-year	254,874	262,240
60-year	<u>259,024</u>	<u>263,729</u>
	<u>\$ 1,612,632</u>	<u>\$ 2,012,868</u>
Coupon rates	5.25%-5.81%	5.25%-6.30%
Effective interest rates	4.85%-6.15%	4.66%-6.15%

Refer to Note 11 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Pledged time deposits (a)	<u>\$ 35,977</u>	<u>\$ 35,106</u>

- a. The market rate intervals for time deposits pledged as security were both 0.67%-1.69% per annum, as of December 31, 2025 and 2024. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.
- b. Refer to Note 11 for information relating to the credit risk and impairment assessment of investments in financial assets at amortized cost.

10. ACCOUNTS RECEIVABLE

	December 31	
	2025	2024
Accounts receivable	\$ 4,424,548	\$ 3,503,962
Less: Loss allowance	<u>(910)</u>	<u>(950)</u>
	<u>4,423,638</u>	<u>3,503,012</u>
Accounts receivable from related parties (Note 28)	7,256,229	5,520,535
Less: Loss allowance	<u>(19,504)</u>	<u>(20,345)</u>
	<u>7,236,725</u>	<u>5,500,190</u>
	<u>\$ 11,660,363</u>	<u>\$ 9,003,202</u>

The Company recognizes impairment loss when there is actual credit loss from an individual client. In addition, the Company recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtor operates and past due status.

The following table details the loss allowance for accounts receivables:

December 31, 2025

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	78%	
Gross carrying amount	\$ 11,417,924	\$ 236,562	\$ 26,291	\$ 11,680,777
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(20,414)</u>	<u>(20,414)</u>
Amortized cost	<u>\$ 11,417,924</u>	<u>\$ 236,562</u>	<u>\$ 5,877</u>	<u>\$ 11,660,363</u>

December 31, 2024

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 8,858,214	\$ 137,488	\$ 28,795	\$ 9,024,497
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(21,295)</u>	<u>(21,295)</u>
Amortized cost	<u>\$ 8,858,214</u>	<u>\$ 137,488</u>	<u>\$ 7,500</u>	<u>\$ 9,003,202</u>

The movements of the loss allowance were as follows:

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ 21,295	\$ 19,960
Net remeasurement of loss allowance	-	(16)
Effect of foreign currency exchange differences	<u>(881)</u>	<u>1,351</u>
Balance on December 31	<u>\$ 20,414</u>	<u>\$ 21,295</u>

Accounts receivable of the Company were mainly concentrated in customers A, B, E and I. The accounts receivable from the foregoing customers, as of December 31, 2025 and 2024, respectively, were as follows:

	December 31	
	2025	2024
Customer B	\$ 1,631,009	\$ 116,932
Customer E	696,122	6,953
Customer A	628,729	955,319
Customer I	555,043	823,915

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments of the Company in debt instruments classified as at FVTOCI was as follows:

December 31, 2025

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 1,656,925	\$ 35,977
Less: Allowance for impairment loss	<u>(1,396)</u>	<u>-</u>
Amortized cost	1,655,529	<u>\$ 35,977</u>
Adjustment to fair value	<u>(42,897)</u>	
	<u>\$ 1,612,632</u>	

December 31, 2024

	At FVTOCI	At Amortized Cost
Gross carrying amount	\$ 2,400,968	\$ 35,106
Less: Allowance for impairment loss	<u>(1,945)</u>	<u>-</u>
Amortized cost	2,399,023	<u>\$ 35,106</u>
Adjustment to fair value	<u>(97,103)</u>	
	<u>\$ 2,301,920</u>	

The Company only invests in debt instruments that meet or exceed the investment-grade standard and have low credit risk for impairment assessment, as provided by independent rating agencies. The Company continuously monitors external rating information to supervise changes in the credit risk of the invested debt instruments. Additionally, the Company reviews other information, such as the bond yield curve and significant news about the debtor, to evaluate whether there has been a significant increase in credit risk since the initial recognition of the debt instrument investment. This evaluation is critical to ensuring the Company's investments remain viable and profitable.

The Company considers historical default rates associated with each rating provided by external rating agencies, the current financial condition of debtors, and the future outlook of the industry when measuring the expected credit loss for debt instrument investments over the next 12 months or the expected credit loss over the investment's remaining period.

The Company's current credit risk grading mechanism is as follows:

Credit Rating	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and sufficient capability to meet contractual cash flows	12-month ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were as follows:

December 31, 2025

Category	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.05%-0.17%	<u>\$ 1,656,925</u>	<u>\$ 35,977</u>

December 31, 2024

Category	Expected Loss Rate	Gross Carrying Amount	
		At FVTOCI	At Amortized Cost
Performing	0.06%-0.11%	<u>\$ 2,400,968</u>	<u>\$ 35,106</u>

The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	Credit Rating Performing (12-month ECLs)
Balance on January 1, 2025	\$ 1,945
New financial assets purchased (Note 1)	270
Derecognition (Note 2)	(703)
Change in exchange rates or others	<u>(116)</u>
Balance on December 31, 2025	<u>\$ 1,396</u>
Balance on January 1, 2024	\$ -
New financial assets purchased	<u>1,945</u>
Balance on December 31, 2024	<u>\$ 1,945</u>

Note 1: During 2025 and 2024, new investments in foreign corporate bonds at FVTOCI increased by \$265,437 thousand and \$2,360,983 thousand, respectively, and correspondingly the loss allowance for investments rated as performing increased by \$270 thousand and \$1,945 thousand, respectively.

Note 2: Investments in foreign corporate bonds at FVTOCI of \$847,061 thousand was sold during 2025, with a consequential reduction in the loss allowance for investments rated as performing of \$703 thousand.

12. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 471,328	\$ 913,242
Semi-finished goods	1,865,849	1,058,568
Work in progress	173,435	204,687
Raw materials	<u>685,920</u>	<u>681,276</u>
	<u>\$ 3,196,532</u>	<u>\$ 2,857,773</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 included reversals (write-downs) of inventory of \$15,044 thousand and \$(175,144) thousand, respectively. Previous write-downs were reversed due to the disposal of slow-moving inventories.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in subsidiaries	\$ 61,266,731	\$ 54,178,282
Investments in associates	<u>-</u>	<u>138,585</u>
	<u>\$ 61,266,731</u>	<u>\$ 54,316,867</u>

a. Investment in subsidiaries

	December 31	
	2025	2024
Emerging market companies		
Integrated Solutions Technology, Inc.	\$ 616,714	\$ -
Unlisted companies		
E Ink Technology B.V.	42,150,582	39,639,282
YuanHan Materials Inc.	15,185,212	11,831,506
New Field e-Paper Co., Ltd.	2,809,129	2,219,905
Dream Universe Ltd.	487,455	473,502
E Ink Japan Inc.	13,400	13,710
Linfiny Corporation	4,239	377
Prime View Communications Ltd. (Note 1)	<u>-</u>	<u>-</u>
	<u>\$ 61,266,731</u>	<u>\$ 54,178,282</u>

Note 1: As of December 31, 2025 and 2024, the investment in Prime View Communications Ltd. was recorded as other non-current liabilities due to the credit balance of \$117,888 thousand and \$115,196 thousand, respectively.

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2025	2024
E Ink Technology B.V.	100.00%	100.00%
YuanHan Materials Inc.	100.00%	100.00%
New Field e-Paper Co., Ltd.	100.00%	100.00%
Dream Universe Ltd.	100.00%	100.00%
E Ink Japan Inc.	100.00%	100.00%
Linfyn Corporation	23.00%	23.00%
Integrated Solutions Technology, Inc. (Note 2)	25.82%	-
Prime View Communications Ltd.	100.00%	100.00%

Refer to Note 32 for the details of investment in subsidiaries indirectly held by the Company.

Note 2: After the re-election of directors in the shareholders' meeting of Integrated Solutions Technology, Inc. on June 19, 2025, the Company has taken three seats on the board of directors and the Company representative was elected as chairman. The Company evaluates that it has substantial control over it. Therefore, it has been included in the Company's financial statements starting from June 2025. Please refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2025 for the disclosure about acquisition of Integrated Solutions Technology, Inc.

These subsidiaries are included in the consolidated financial statements of the Company as of December 31, 2025 and 2024.

b. Investments in associates

	December 31	
	2025	2024
Associates that are not individually material	\$ <u>-</u>	\$ <u>138,585</u>
<u>Aggregate information of associates that are not individually material</u>		
	For the Year Ended December 31	
	2025	2024
The Company's share of		
Net (loss) gain for the year	\$ (2,993)	\$ 3,536
Other comprehensive (loss) gain	<u>(325)</u>	<u>95</u>
Total comprehensive (loss) income for the year	\$ <u>(3,318)</u>	\$ <u>3,631</u>

In June 2025, the Company reclassified Integrated Solutions Technology, Inc. from investments accounted for using the equity method to a subsidiary due to the acquisition of substantial control. The previously held equity interest was deemed disposed of and remeasured at its fair value on the date control was obtained, resulting in a recognized gain on disposal of investment amounting to \$493,212 thousand. Furthermore, the amount previously recognized in other comprehensive income, along with the net change in equity of associates recorded under capital surplus - equity method, totaling \$1,095 thousand, was entirely reclassified to gain on disposal of investment.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments except for some associates that are not individually material, the other were based on the audited financial statements of subsidiaries and associates for the corresponding year.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance on January 1, 2024	\$ -	\$ 1,541,917	\$ 5,379,144	\$ 2,109,799	\$ 1,767,436	\$ 10,798,296
Additions	-	83,153	36,020	32,100	1,313,325	1,464,598
Disposals	-	-	(108,260)	(18,362)	-	(126,622)
Reclassifications	-	1,064,583	196,462	110,078	(1,374,165)	(3,042)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 2,689,653</u>	<u>\$ 5,503,366</u>	<u>\$ 2,233,615</u>	<u>\$ 1,706,596</u>	<u>\$ 12,133,230</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 1, 2024	\$ -	\$ 989,889	\$ 4,129,039	\$ 1,430,153	\$ -	\$ 6,549,081
Depreciation expenses	-	77,539	335,141	238,615	-	651,295
Disposals	-	-	(78,879)	(18,362)	-	(97,241)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 1,067,428</u>	<u>\$ 4,385,301</u>	<u>\$ 1,650,406</u>	<u>\$ -</u>	<u>\$ 7,103,135</u>
Carrying amount at December 31, 2024	<u>\$ -</u>	<u>\$ 1,622,225</u>	<u>\$ 1,118,065</u>	<u>\$ 583,209</u>	<u>\$ 1,706,596</u>	<u>\$ 5,030,095</u>
<u>Cost</u>						
Balance on January 1, 2025	\$ -	\$ 2,689,653	\$ 5,503,366	\$ 2,233,615	\$ 1,706,596	\$ 12,133,230
Additions	1,346,338	25,437	99,924	69,903	1,152,671	2,694,273
Disposals	-	-	(15,105)	(2,415)	-	(17,520)
Reclassifications	-	24,358	714,696	165,445	(906,099)	(1,600)
Balance on December 31, 2025	<u>\$ 1,346,338</u>	<u>\$ 2,739,448</u>	<u>\$ 6,302,881</u>	<u>\$ 2,466,548</u>	<u>\$ 1,953,168</u>	<u>\$ 14,808,383</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 1, 2025	\$ -	\$ 1,067,428	\$ 4,385,301	\$ 1,650,406	\$ -	\$ 7,103,135
Depreciation expenses	-	109,476	444,586	231,328	-	785,390
Disposals	-	-	(795)	(2,415)	-	(3,210)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 1,176,904</u>	<u>\$ 4,829,092</u>	<u>\$ 1,879,319</u>	<u>\$ -</u>	<u>\$ 7,885,315</u>
Carrying amount at December 31, 2025	<u>\$ 1,346,338</u>	<u>\$ 1,562,544</u>	<u>\$ 1,473,789</u>	<u>\$ 587,229</u>	<u>\$ 1,953,168</u>	<u>\$ 6,923,068</u>

Information about the capitalized interest is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Capitalized interest	<u>\$ 31,256</u>	<u>\$ 28,957</u>
Capitalization rate intervals	1.74%-2.09%	1.29%-1.93%

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

Buildings	
Main buildings	33-56 years
Clean rooms and plumbing construction	25-30 years
Others	2-14 years
Machinery	2-11 years
Other equipment	2-26 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Land	\$ 1,039,384	\$ 790,790
Buildings	88,520	-
Other equipment	<u>236</u>	<u>1,537</u>
	<u>\$ 1,128,140</u>	<u>\$ 792,327</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 617,276</u>	<u>\$ 2,582</u>
Depreciation charge for of right-of-use assets		
Land	\$ 48,666	\$ 45,775
Buildings	1,121	-
Other equipment	<u>1,392</u>	<u>2,111</u>
	<u>\$ 51,179</u>	<u>\$ 47,886</u>

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

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Current (included in other current liabilities)	<u>\$ 70,772</u>	<u>\$ 33,708</u>
Non-current	<u>\$ 1,085,037</u>	<u>\$ 798,071</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Land	1.56%-4.37%	0.58%-4.92%
Buildings	4.37%	-
Other equipment	1.50%	1.50%-1.64%

c. Material lease-in activities and terms

The Company leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Company has renewal options if the Company does not violate the lease agreements during the rental period.

The Company also leased certain land and plants for its production plants and offices, with a lease term of 5 to 10 years. Among them, some land lease agreements include annual adjustments of lease payments based on the percentage increase in announced land values or Consumer Price Index, with the right of preemption to purchase upon lease expiration.

The Company is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using them illegally.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 11,585</u>	<u>\$ 18,140</u>
Total cash outflow for leases	<u>\$ 72,419</u>	<u>\$ 75,362</u>

The Company leases of other equipment qualify as short-term leases. The Company 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

	December 31	
	2025	2024
Unsecured borrowings	<u>\$ 3,090,000</u>	<u>\$ 6,340,000</u>
Interest rate intervals	1.85%-1.93%	1.88%-1.98%

b. Short-term bills payable

	December 31	
	2025	2024
Commercial paper	\$ 3,050,000	\$ 3,350,000
Less: Discounts on bills payable	<u>(464)</u>	<u>(2,502)</u>
	<u>\$ 3,049,536</u>	<u>\$ 3,347,498</u>
Interest rate intervals	1.63%-1.72%	1.61%-1.93%

c. Long-term borrowing

	December 31	
	2025	2024
Syndicated loans	\$ 8,990,452	\$ 4,888,004
Unsecured borrowings	4,019,000	3,333,386
Less: Current portion	<u>(100,000)</u>	<u>(494,386)</u>
	<u>\$ 12,909,452</u>	<u>\$ 7,727,004</u>
Interest rate intervals	1.53%-2.09%	1.43%-2.21%

Long-term unsecured borrowings will expire in October 2030, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Company entered into a Green Loan Agreement with a syndicate of two banks led by Crédit Agricole Bank and Investment Bank on September 11, 2024, with a total credit facility of \$3,000,000 thousand. The loan term is within 3 years from the first drawdown date (September 2024). Additionally, the Company entered into a syndicated loan agreement with a syndicate seventeen banks led by Mega International Commercial Bank Co., Ltd. on November 8, 2024, with a total credit facility of \$12,000,000 thousand. The loan term is within 5 years from the first drawdown date. As of December 31, 2025 and 2024, the drawdown status of the syndicated loans were as follows:

	December 31	
	2025	2024
Mega Bank	\$ 6,000,000	\$ 3,400,000
Crédit Agricole CIB	<u>3,000,000</u>	<u>1,500,000</u>
	<u>\$ 9,000,000</u>	<u>\$ 4,900,000</u>

The Company promises that during the credit period, its semi-annual reviewed current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than \$15,000,000 thousand. The Company should meet certain financial ratios based on audited consolidated annual financial statements and reviewed consolidated financial statements for the six months.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company 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. The Company 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 Company 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 Company 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 Company has no right to influence the investment policy and strategy.

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

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 56,497	\$ 52,621
Fair value of plan assets	<u>(60,595)</u>	<u>(57,122)</u>
Net defined benefit assets (recognized in other non-current assets)	<u>\$ (4,098)</u>	<u>\$ (4,501)</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 on January 1, 2024	<u>\$ 50,108</u>	<u>\$ (44,837)</u>	<u>\$ 5,271</u>
Service cost			
Current service cost	350	-	350
Past service cost and loss on settlements	3,681	-	3,681
Net interest expense (income)	<u>626</u>	<u>(569)</u>	<u>57</u>
Recognized in profit or loss	<u>4,657</u>	<u>(569)</u>	<u>4,088</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,942)	(6,942)
Actuarial (gain) loss			
Changes in financial assumptions	(962)	-	(962)
Experience adjustments	<u>3,146</u>	<u>-</u>	<u>3,146</u>
Recognized in other comprehensive income (loss)	<u>2,184</u>	<u>(6,942)</u>	<u>(4,758)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (5,421)	\$ (5,421)
Benefits paid	<u>(4,328)</u>	<u>647</u>	<u>(3,681)</u>
Balance on December 31, 2024	<u>52,621</u>	<u>(57,122)</u>	<u>(4,501)</u>
Service cost			
Current service cost	455	-	455
Past service cost and loss on settlements	758	-	758
Net interest expense (income)	<u>789</u>	<u>(875)</u>	<u>(86)</u>
Recognized in profit or loss	<u>2,002</u>	<u>(875)</u>	<u>1,127</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,881)	(3,881)
Actuarial (gain) loss			
Changes in financial assumptions	997	-	997
Experience adjustments	<u>3,518</u>	<u>-</u>	<u>3,518</u>
Recognized in other comprehensive income (loss)	<u>4,515</u>	<u>(3,881)</u>	<u>634</u>
Contributions from the employer	-	(1,358)	(1,358)
Benefits paid	<u>(2,641)</u>	<u>2,641</u>	<u>-</u>
Balance on December 31, 2025	<u>\$ 56,497</u>	<u>\$ (60,595)</u>	<u>\$ (4,098)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company 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 rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the 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 were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rates	1.25%	1.50%
Expected rates of salary increase	3.50%	3.50%

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

	December 31	
	2025	2024
Discount rates		
0.25% increase	<u>\$ (997)</u>	<u>\$ (928)</u>
0.25% decrease	<u>\$ 1,039</u>	<u>\$ 962</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 1,002</u>	<u>\$ 930</u>
0.25% decrease	<u>\$ (967)</u>	<u>\$ (902)</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 would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	<u>\$ 1,326</u>	<u>\$ 2,414</u>
Average duration of the defined benefit obligation	11.9 years	10.5 years

18. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Amount of shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,150,883</u>	<u>1,145,916</u>
Amount of shares issued	<u>\$ 11,508,832</u>	<u>\$ 11,459,163</u>

For the years ended December 31, 2025 and 2024, the Company's employees exercised their rights under the ESOP to purchase 4,967 thousand shares and 4,813 thousand shares of the Company's ordinary shares, respectively. The changes of registration were completed before December 31, 2025 and 2024, respectively.

For the three months ended December 31, 2025, September 30, 2025, June 30, 2025, March 31, 2025 and December 31, 2024, the Company's employees exercised their rights under the ESOP to purchase 1,487 thousand shares, 407 thousand shares, 582 thousand shares, 1,675 thousand shares and 2,303 thousand shares of the Company's ordinary shares, generating total proceeds of \$96,613 thousand, \$28,011 thousand, \$38,253 thousand, \$110,992 thousand and \$152,064 thousand, respectively. The effective dates for these transactions are set for March 18, 2026, November 17, 2025, August 18, 2025, May 12, 2025 and March 6, 2025, respectively. They are recorded as advance receipts for shares.

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 (1)</u>		
Issuance of shares	\$ 10,289,155	\$ 9,928,722
Conversion of bonds	525,200	525,200
Treasury share transactions	260,084	260,084
Expired employee share options	57,477	57,477
 <u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in associates (2)	8,653	10,354
Unclaimed dividends extinguished by prescription	178	129
 <u>May not be used for any purpose</u>		
Employee share options	<u>519,284</u>	<u>188,814</u>
	<u>\$ 11,660,031</u>	<u>\$ 10,970,780</u>

- 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).
- 2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for 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 employees' compensation and remuneration of directors after the amendment, refer to Note 20.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholder's meeting.

An appropriation of earnings to a 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 deficits 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. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in the appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2024 and 2023 were as follows:

	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ 918,052</u>	<u>\$ 800,566</u>
Cash dividends	<u>\$ 5,741,097</u>	<u>\$ 5,140,772</u>
Dividends per share (NT\$)	<u>\$ 5.0</u>	<u>\$ 4.5</u>

The above appropriations for cash dividends were resolved by the Company's board of directors on February 21, 2025 and February 23, 2024; the other proposed appropriations for 2025 and 2024 were resolved by the shareholders in their meetings on May 28, 2025 and May 29, 2024, respectively.

The appropriations of earnings for 2025 were proposed by the Company's board of directors on March 6, 2026. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 1,050,546</u>
Cash dividends	<u>\$ 6,798,985</u>
Dividends per share (NT\$)	<u>\$ 5.9</u>

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 27, 2026.

d. Special reserve

	For the Year Ended December 31	
	2025	2024
Balance on January 1 and December 31	<u>\$ 70,678</u>	<u>\$ 70,678</u>

If a special reserve of \$70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations and the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ (412,930)	\$ (1,189,487)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	(1,114,365)	735,626
Reclassification adjustment		
Disposal of subsidiaries	113,915	-
Share from the disposal of associates accounted for using the equity method	<u>381</u>	<u>40,931</u>
Balance on December 31	<u>\$ (1,412,999)</u>	<u>\$ (412,930)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ 10,147,026	\$ 7,023,979
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	1,912,135	500,732
Debt instruments	54,206	(97,103)
Share from subsidiaries and associates accounted for using the equity method	5,328,350	3,033,800
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal		
Share from subsidiaries and associates accounted for using the equity method	<u>(84,534)</u>	<u>(314,382)</u>
Balance on December 31	<u>\$ 17,357,183</u>	<u>\$ 10,147,026</u>

19. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
Type of Revenue/Category by Product	2025	2024
Revenue from sale of goods		
Internet of things applications	\$ 15,431,910	\$ 12,399,544
Consumer electronics	19,933,131	9,096,693
Others	<u>177,839</u>	<u>30,860</u>
	<u>\$ 35,542,880</u>	<u>\$ 21,527,009</u>
Royalty income	<u>\$ 226,056</u>	<u>\$ 224,674</u>

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable (Note 10)	<u>\$ 4,423,638</u>	<u>\$ 3,503,012</u>	<u>\$ 1,365,187</u>
Accounts receivable - related party (Note 10)	<u>\$ 7,236,725</u>	<u>\$ 5,500,190</u>	<u>\$ 2,092,042</u>
Contract liabilities - current			
Royalty	\$ 56,359	\$ 59,956	\$ 68,300
Sale of goods	<u>140,703</u>	<u>310,884</u>	<u>404,783</u>
	<u>\$ 197,062</u>	<u>\$ 370,840</u>	<u>\$ 473,083</u>

The changes in the balances of contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the year from the beginning balance of the contract liabilities was as follows:

Type of Revenue	<u>For the Year Ended December 31</u>	
	2025	2024
Royalty income	\$ 59,956	\$ 65,322
Revenue from sale of goods	<u>310,884</u>	<u>404,783</u>
	<u>\$ 370,840</u>	<u>\$ 470,105</u>

20. NET INCOME

a. Interest income

	<u>For the Year Ended December 31</u>	
	2025	2024
Bank deposits	\$ 199,812	\$ 154,521
Financial assets at amortized cost	11,303	122,465
Financial assets at FVTOCI	113,475	65,816
Others	<u>21,465</u>	<u>20,393</u>
	<u>\$ 346,054</u>	<u>\$ 363,195</u>

b. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2025	2024
Property, plant and equipment	\$ 785,390	\$ 651,295
Other intangible assets	43,370	48,547
Right-of-use assets	<u>51,179</u>	<u>47,886</u>
	<u>\$ 879,939</u>	<u>\$ 747,728</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	\$ 645,578	\$ 519,183
Operating expenses	<u>190,991</u>	<u>179,998</u>
	<u>\$ 836,569</u>	<u>\$ 699,181</u>
An analysis of amortization by function		
Operating costs	\$ 175	\$ 47
Operating expenses	<u>43,195</u>	<u>48,500</u>
	<u>\$ 43,370</u>	<u>\$ 48,547</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Post-employment benefits (Note 17)		
Defined contribution plans	\$ 70,669	\$ 65,266
Defined benefit plans	<u>1,127</u>	<u>4,088</u>
	71,796	69,354
Share-based payments		
Equity-settled	240,789	29,442
Other employee benefits	<u>2,623,113</u>	<u>2,278,346</u>
Total employee benefits expense	<u>\$ 2,935,698</u>	<u>\$ 2,377,142</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 831,141	\$ 705,777
Operating expenses	<u>2,104,557</u>	<u>1,671,365</u>
	<u>\$ 2,935,698</u>	<u>\$ 2,377,142</u>

d. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at the rates of at least 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolve the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of 0.1% of the annual compensation of employees as compensation distributions for non-executive employees. The estimated employees' compensation (including non-executive 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 March 6, 2026 and February 21, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
Employees' compensation	<u>\$ 129,000</u>	<u>\$ 103,000</u>
Remuneration of directors	<u>\$ 40,000</u>	<u>\$ 40,000</u>

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2024 and 2023.

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

21. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 2,368,640	\$ 1,295,225
Income tax on unappropriated earnings	126,069	87,608
Adjustments for the prior years	<u>66,981</u>	<u>(61,628)</u>
	<u>2,561,690</u>	<u>1,321,205</u>
Deferred tax		
In respect of the current year	(533,705)	(137,455)
Adjustments for the prior years	<u>(4,085)</u>	<u>4,057</u>
	<u>(537,790)</u>	<u>(133,398)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,023,900</u>	<u>\$ 1,187,807</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Income before income tax	<u>\$ 12,538,779</u>	<u>\$ 10,055,289</u>
Income tax expense calculated at the statutory rate	\$ 2,507,756	\$ 2,011,058
Nondeductible expenses in determining taxable income	4,547	5,779
Tax-exempt income	(677,368)	(822,027)
Income tax on unappropriated earnings	126,069	87,608
Unrecognized deductible temporary differences	-	(37,040)
Adjustments for the prior years	<u>62,896</u>	<u>(57,571)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,023,900</u>	<u>\$ 1,187,807</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ (127)	\$ 951
Share of the other comprehensive income (loss) of subsidiaries and associates	<u>1,017,781</u>	<u>592,549</u>
	<u>\$ 1,017,654</u>	<u>\$ 593,500</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 2,125,525</u>	<u>\$ 1,382,116</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities (included in other non-current liabilities) were as follows:

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventories	\$ 205,637	\$ (24,549)	\$ -	\$ 181,088
Accounts receivable	100,071	39,170	-	139,241
Property, plant and equipment	10,594	(1,560)	-	9,034
Prepayments	17,639	-	-	17,639
Defined benefit plans	26,336	-	127	26,463
Deferred revenue	174,639	475,180	-	649,819
Financial assets at FVTPL	50,974	14,386	-	65,360
Others	<u>7,748</u>	<u>60,299</u>	<u>-</u>	<u>68,047</u>
	<u>\$ 593,638</u>	<u>\$ 562,926</u>	<u>\$ 127</u>	<u>\$ 1,156,691</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Others	<u>\$ 77,946</u>	<u>\$ 25,136</u>	<u>\$ -</u>	<u>\$ 103,082</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventories	\$ 168,067	\$ 37,570	\$ -	\$ 205,637
Accounts receivable	63,164	36,907	-	100,071
Property, plant and equipment	12,164	(1,570)	-	10,594
Prepayments	17,639	-	-	17,639
Defined benefit plans	27,287	-	(951)	26,336
Deferred revenue	81,573	93,066	-	174,639
Financial assets at FVTPL	19,143	31,831	-	50,974
Others	<u>3,590</u>	<u>4,158</u>	<u>-</u>	<u>7,748</u>
	<u>\$ 392,627</u>	<u>\$ 201,962</u>	<u>\$ (951)</u>	<u>\$ 593,638</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Others	<u>\$ 9,382</u>	<u>\$ 68,564</u>	<u>\$ -</u>	<u>\$ 77,946</u>

- e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$28,056,860 thousand and \$26,461,290 thousand, respectively.

- f. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Basic earnings per share (\$)	<u>\$ 9.14</u>	<u>\$ 7.75</u>
Diluted earnings per share (\$)	<u>\$ 9.08</u>	<u>\$ 7.67</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Net income for the year	<u>\$ 10,514,879</u>	<u>\$ 8,867,482</u>

Number of Shares

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,150,166	1,144,839
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	752	433
Share-based payment arrangements	<u>6,863</u>	<u>10,392</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,157,781</u>	<u>1,155,664</u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation 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 was 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.

23. SHARE-BASED PAYMENT ARRANGEMENTS

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 20,000, 10,000 and 10,000 units of employee share options, the total is 40,000 units in May 2023, May 2021 and December 2020, respectively. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on March 31, 2031, October 3, 2027 and August 10, 2027, respectively.

Information about employee share options issued was as follows:

Share Options Grant Period			Percentage Exercisable (%) (Cumulative)	
Over 2 years			40	
Over 3 years			70	
Over 4 years			100	

	For the Year Ended December 31			
	2025		2024	
Employee Share Options	Unit	Weighted Average Exercise Price (\$)	Unit	Weighted Average Exercise Price (\$)
Balance on January 1	11,240	\$63.71-\$262.5	17,266	\$65.15-\$77.2
Options granted	20,000		-	
Options exercised	(4,151)		(5,826)	
Options forfeited	<u>(571)</u>		<u>(200)</u>	
Balance on December 31	<u>26,518</u>		<u>11,240</u>	

The Company used the Black-Scholes-Merton option evaluation model. The inputs to the models were as follows:

	April 2025	October 2021	August 2021
Grant date share price (NT\$)	\$268.50	\$69	\$77.20
Exercise price (NT\$)	\$268.50	\$69	\$77.20
Expected volatility	39.74%-47.43%	40.28%-42.73%	40.50%-43.77%
Expected life	2-4 years	2-4 years	2-4 years
Expected dividend yield	-	3.77%	3.77%
Risk-free interest rate	1.319%-1.477%	0.760%-0.765%	0.760%-0.765%
Weighted-average fair value of options granted (NT\$)	\$62.2-\$102.9	\$13.2-\$17.2	\$14.7-\$19.8

The Company has an exercise price adjustment formula for the changes in ordinary shares, and the exercise price of the stock warrants granted were adjusted from \$72.9 to \$71.29, \$65.15 to \$63.71 and from \$268.5 to \$262.5, effective from July 30, 2025, which serves as the ex-dividend date.

Compensation costs recognized were \$240,789 thousand and \$29,442 thousand for the years ended December 31, 2025 and 2024, respectively.

24. ACQUISITION OF A SUBSIDIARY THAT CONSTITUTES A BUSINESS - WITH OBTAINED CONTROL

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Integrated Solutions Technology, Inc.	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	June 19, 2025	34.82	\$ -

For details about the acquisition of Integrated Solutions Technology, Inc., refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2025.

25. NON-CASH TRANSACTIONS

For the years ended December 31, 2025 and 2024, the Company entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2025	2024
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 2,694,273	\$ 1,464,598
Increase in payables for construction and equipment (included in other payables)	<u>(589,848)</u>	<u>(32,545)</u>
Net cash paid	<u>\$ 2,104,425</u>	<u>\$ 1,432,053</u>

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the future.

The Company's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Company expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or, the payment of old debt.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ -	\$ -	\$ 238,123	\$ 238,123
Foreign listed shares	<u>265,975</u>	<u>-</u>	<u>-</u>	<u>265,975</u>
	<u>\$ 265,975</u>	<u>\$ -</u>	<u>\$ 238,123</u>	<u>\$ 504,098</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 8,786,778	\$ -	\$ -	\$ 8,786,778
Domestic unlisted shares	-	-	23,400	23,400
Investment in debt instruments				
Overseas straight corporate bonds	<u>-</u>	<u>1,612,632</u>	<u>-</u>	<u>1,612,632</u>
	<u>\$ 8,786,778</u>	<u>\$ 1,612,632</u>	<u>\$ 23,400</u>	<u>\$ 10,422,810</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 160,462</u>	<u>\$ -</u>	<u>\$ 160,462</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ -	\$ -	\$ 176,520	\$ 176,520
Foreign listed shares	<u>223,074</u>	<u>-</u>	<u>-</u>	<u>223,074</u>
	<u>\$ 223,074</u>	<u>\$ -</u>	<u>\$ 176,520</u>	<u>\$ 399,594</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 5,832,254	\$ -	\$ -	\$ 5,832,254
Domestic unlisted shares	-	-	24,265	24,265
Investment in debt instruments				
Overseas straight corporate bonds	<u>-</u>	<u>2,301,920</u>	<u>-</u>	<u>2,301,920</u>
	<u>\$ 5,832,254</u>	<u>\$ 2,301,920</u>	<u>\$ 24,265</u>	<u>\$ 8,158,439</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 214,510</u>	<u>\$ -</u>	<u>\$ 214,510</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<u>For the Year Ended December 31</u>	
	2025	2024
Balance on January 1	\$ 200,785	\$ -
Recognition in profit or loss	15,313	(7,397)
Recognized in other comprehensive income (loss) (recognized in unrealized loss on financial assets at FVTOCI)	(865)	(735)
Purchased	144,000	208,917
Disposal	<u>(97,710)</u>	<u>-</u>
Balance on December 31	<u>\$ 261,523</u>	<u>\$ 200,785</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of year, discounted at a rate that reflects the credit risk of each counterparties.

Non-derivatives - the fair value of straight corporate bonds was determined by quoted market prices provided by the third party.

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

- a) Domestically non-listed equity investment adopts the asset approach and evaluates based on the net assets of the most recent financial statements of the invested company.
- b) The domestic private funds held by the Company were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
FVTPL	\$ 504,098	\$ 399,594
Amortized cost (Note 1)	21,501,215	15,188,982
FVTOCI		
Equity instruments	8,810,178	5,856,519
Debt instruments	1,612,632	2,301,920
<u>Financial liabilities</u>		
FVTPL	160,462	214,510
Amortized cost (Note 2)	30,219,096	26,491,052

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties) (included in other current assets).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties) and long-term borrowings (include current portion).

c. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign-currency-denominated sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting years are set out in Note 31.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar (USD).

The following details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD against USD, pre-tax income for the years ended December 31, 2025 and 2024 would increase by \$120,974 thousand and \$83,928 thousand, respectively. For a 1% weakening of NTD against USD, there would be an equal and opposite impact on pre-tax income.

b) Interest rate risk

The carrying amount of the Company's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting years were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Fair value interest rate risk		
Financial assets	<u>\$ 2,025,227</u>	<u>\$ 2,024,356</u>
Financial liabilities	<u>\$ 19,148,988</u>	<u>\$ 17,908,888</u>
Lease liabilities	<u>\$ 1,155,809</u>	<u>\$ 831,779</u>
Cash flow interest rate risk		
Financial assets	<u>\$ 3,937,321</u>	<u>\$ 3,073,578</u>

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting years. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting years was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Company's pre-tax cash inflows for the years ended December 31, 2025 and 2024 would have increased by \$19,687 thousand and \$15,368 thousand, respectively, which was attributable to the Company's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would have been an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Company was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt instruments. Equity investments are held for strategic rather than for trading purposes, and the Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risks of mutual funds, debt instruments and equity securities at the end of the reporting years.

If prices of mutual funds, debt instruments and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2025 and 2024 would have increased/decreased by \$25,205 thousand and \$19,980 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the years ended December 31, 2025 and 2024 would have increased/decreased by \$521,141 thousand and \$407,922 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Company's sensitivity to price risk mainly resulted from the increased investment in equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the reporting years, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets;
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Company's unutilized bank borrowing facilities were \$22,753,597 thousand and \$19,697,767 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 8,751	\$ 17,503	\$ 78,290	\$ 391,430	\$ 928,706
Fixed interest rate liabilities	<u>4,525,393</u>	<u>1,689,659</u>	<u>299,024</u>	<u>13,556,459</u>	<u>-</u>
	<u>\$ 4,534,144</u>	<u>\$ 1,707,162</u>	<u>\$ 377,314</u>	<u>\$ 13,947,889</u>	<u>\$ 928,706</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 104,544</u>	<u>\$ 391,430</u>	<u>\$ 514,069</u>	<u>\$ 115,177</u>	<u>\$ 115,177</u>	<u>\$ 184,283</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 4,575	\$ 9,150	\$ 40,448	\$ 189,183	\$ 852,578
Fixed interest rate liabilities	<u>5,103,992</u>	<u>4,128,297</u>	<u>1,059,003</u>	<u>7,560,124</u>	<u>334,752</u>
	<u>\$ 5,108,567</u>	<u>\$ 4,137,447</u>	<u>\$ 1,099,451</u>	<u>\$ 7,749,307</u>	<u>\$ 1,187,330</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 54,173</u>	<u>\$ 189,183</u>	<u>\$ 217,493</u>	<u>\$ 233,050</u>	<u>\$ 186,367</u>	<u>\$ 215,668</u>

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related party Category
YuanHan Materials Inc.	Subsidiary
New Field e-Paper Co., Ltd.	Subsidiary
Linfiny Corporation	Subsidiary
Transyork Technology Yangzhou Ltd.	Subsidiary
Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary
E Ink Technology B.V.	Subsidiary
Prime View Communications Ltd.	Subsidiary
Hydis Technologies Co., Ltd.	Subsidiary
E Ink Japan Inc.	Subsidiary
E Ink Corporation	Subsidiary
E Ink Netherlands B.V.	Subsidiary
Dream Universe Ltd.	Subsidiary
Integrated Solutions Technology Inc.	Subsidiary (became subsidiary since June 2025)
YFY Inc.	Investor with significant influence over the Company
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Company
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Company
China Color Printing Co., Ltd.	Subsidiary of investor with significant influence over the Company
Yuen Foong Shop Co., Ltd.	Subsidiary of investor with significant influence over the Company
Ensilience Co., Ltd.	Subsidiary of investor with significant influence over the Company
SinoPac Financial Holdings Company Limited	Substantive related party
TGKW Management Limited	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
SinoPac Asset Management (Asia) Ltd.	Substantive related party
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Nuclera Limited (originally named Nuclera Nucleics Limited)	Associate (became non-associates since August 2024)

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2025	2024
Subsidiary	\$ 197,655	\$ 55,181
Associate	<u>2,436,941</u>	<u>31,916</u>
	<u>\$ 2,634,596</u>	<u>\$ 87,097</u>

The sales price and collection terms were based on the agreements with the related parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
E Ink Corporation	\$ 7,373,115	\$ 7,293,207
Transcend Optronics (Yangzhou) Co., Ltd.	2,650,904	1,280,330
Others	<u>1,684,097</u>	<u>800,733</u>
	11,708,114	9,374,270
Associate	214,200	1,688,319
Others	<u>3,134</u>	<u>661</u>
	<u>\$ 11,925,448</u>	<u>\$ 11,063,250</u>

The purchase price and payment terms were based on the agreements with the related parties.

d. Manufacturing cost

Related Party Category	For the Year Ended December 31	
	2025	2024
Subsidiary		
Transcend Optronics (Yangzhou) Co., Ltd.	\$ 2,597,460	\$ 941,201
Others	<u>6,441</u>	<u>3,495</u>
	2,603,901	944,696
Subsidiary of investor with significant influence over the Company	6,505	13,754
Others	<u>15</u>	<u>38</u>
	<u>\$ 2,610,421</u>	<u>\$ 958,488</u>

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2025	2024
Subsidiary	\$ 165,703	\$ 170,121
Substantive related party	21,297	17,072
Associate	16,036	15,444
Subsidiary of investor with significant influence over the Company	<u>20,422</u>	<u>2,595</u>
	<u>\$ 223,458</u>	<u>\$ 205,232</u>

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31	
	2025	2024
Subsidiary		
Linfinity Corporation	\$ 7,607	\$ 18,004
Others	3,560	4,212
Others	<u>144</u>	<u>1,180</u>
	<u>\$ 11,311</u>	<u>\$ 23,396</u>

g. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2025	2024
Accounts receivable	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	\$ 6,348,903	\$ 5,485,480
	Others	<u>15,242</u>	<u>14,710</u>
		<u>6,364,145</u>	<u>5,500,190</u>
	Associate	892,084	20,345
	Less: Loss allowance	<u>(19,504)</u>	<u>(20,345)</u>
	<u>872,580</u>	<u>-</u>	
	<u>\$ 7,236,725</u>	<u>\$ 5,500,190</u>	
Other receivables	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	\$ 193,367	\$ -
	Others	<u>205</u>	<u>270</u>
		<u>193,572</u>	<u>270</u>
	Associate	11,001	11,475
	Less: Loss allowance	(9,769)	(9,769)
	Effects of foreign currency exchange differences	<u>(1,232)</u>	<u>(1,706)</u>
		<u>-</u>	<u>-</u>
	<u>\$ 193,572</u>	<u>\$ 270</u>	

The outstanding accounts receivable from related parties were unsecured.

h. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2025	2024
Accounts payable	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	\$ 5,060,580	\$ 2,981,210
	E Ink Corporation	1,757,674	1,583,074
	Others	<u>196,611</u>	<u>202,829</u>
		7,014,865	4,767,113
	Associate	5,653	99,134
	Subsidiary of investor with significant influence over the Company	242	263
Substantive related party	<u>104</u>	<u>-</u>	
	<u>\$ 7,020,864</u>	<u>\$ 4,866,510</u>	
Other payables	Subsidiary	\$ 20,821	\$ 8,432
	Subsidiary of investor with significant influence over the Company		
	Chung Hwa Pulp Corporation	404,925	196
	Substantive related party	<u>772</u>	<u>704</u>
	<u>\$ 426,518</u>	<u>\$ 9,332</u>	

The outstanding accounts payable to related parties were unsecured.

i. Receipts in advance

Related Party Category/Name	December 31	
	2025	2024
Subsidiary - Transcend Optronics (Yangzhou) Co., Ltd.	<u>\$ 3,245,292</u>	<u>\$ 869,391</u>

j. Refundable deposits (included in other non-current assets)

Related Party Category/Name	December 31	
	2025	2024
Subsidiary	\$ 757	\$ 790
Subsidiary of investor with significant influence over the Company		
Chung Hwa Pulp Corporation	<u>14,051</u>	<u>3,196</u>
	<u>\$ 14,808</u>	<u>\$ 3,986</u>

Line Item/Related Party Name	For the Year Ended December 31	
	2025	2024
Interest revenue		
Chung Hwa Pulp Corporation	<u>\$ 144</u>	<u>\$ 95</u>

k. Acquisition of financial assets

For the year ended December 31, 2024

Related Party Category	Line Item	Number of Shares	Underlying Assets	Purchase Price
Substantive related party	Financial assets at FVTPL - non-current	30,000	Funds	\$ 97,710

l. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31 2025	2024
Subsidiary of investor with significant influence over the Company Chung Hwa Pulp Corporation Subsidiary	\$ 1,346,338 <u>43,287</u>	\$ - <u>4,096</u>
	<u>\$ 1,389,625</u>	<u>\$ 4,096</u>

m. Disposal of financial assets

For the year ended December 31, 2025

Related Party Category	Line Item	Number of Shares	Underlying Assets	Proceeds	Loss on Disposal
Substantive related party	Financial assets at FVTPL - non-current	30,000	Funds	<u>\$ 71,654</u>	<u>\$ 26,056</u>

n. Construction in process and prepayments for equipment (included in property, plant and equipment)

Related Party Category	December 31	
	2025	2024
Subsidiary of investor with significant influence over the Company Associate Subsidiary	\$ 116,943 285 <u>-</u>	\$ 100,302 285 <u>996</u>
	<u>\$ 117,228</u>	<u>\$ 101,583</u>

o. Lease arrangements

The Company leased land from a subsidiary of an investor with significant influence over the Company in August 2022. The lease term was 20 years, however, in light of long-term operational development and business requirements, the land lease agreement was terminated in advance in November 2025, and recognized 21,930 thousand of gain on disposal of right-of-use assets. In addition, the Company leased land and building from a subsidiary of an investor with significant influence over the Company in November 2025, for a term of 10 years. The related amounts were as follows:

Line Item	December 31	
	2025	2024
<u>Acquisition of right-of-use assets</u>		
Subsidiary of investor with significant influence over the Company	\$ 613,851	\$ -
Right-of-use assets	\$ 606,177	\$ 219,101
Lease liabilities		
Current (included in other current liabilities)	\$ 41,190	\$ 4,065
Non-current	565,100	229,614
	\$ 606,290	\$ 233,679
	For the Year Ended December 31	
	2025	2024
Interest expenses	\$ 12,914	\$ 11,538

The lease contract between the Company and the related party was determined by reference to the market conditions and payment terms that were similar to those with the third parties.

p. Guarantee deposits received (included in other non-current liabilities)

Related Party Category	December 31	
	2025	2024
Subsidiary	\$ 47	\$ -
Substantive related party	3	3
	\$ 50	\$ 3

- q. Loans to related parties (included in other receivables from related parties)

Related Party Category/Name	December 31	
	2025	2024
Subsidiary - YuanHan Materials Inc.	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
<u>Interest receivable</u>		
Subsidiary - YuanHan Materials Inc.	<u>\$ 1,145</u>	<u>\$ 989</u>
<u>Interest revenue</u>		
Subsidiary - YuanHan Materials Inc.	<u>\$ 21,210</u>	<u>\$ 20,243</u>

- r. Endorsements and guarantees provided by related parties

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Subsidiary		
E Ink Corporation	\$ 2,514,400	\$ 3,704,705
YuanHan Materials Inc.	2,000,000	2,600,000
Linfyn Corporation	200,000	250,000
New Field e-Paper Co., Ltd.	1,500,000	1,500,000
E Ink Japan Inc.	<u>24,096</u>	<u>27,287</u>
	<u>\$ 6,238,496</u>	<u>\$ 8,081,992</u>

- s. Compensation of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 249,379	\$ 231,587
Post-employment benefits	1,890	1,820
Share-based payments	<u>71,558</u>	<u>5,054</u>
	<u>\$ 322,827</u>	<u>\$ 238,461</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL

The time deposits (included in financial assets measured at amortized cost) amounted to \$35,977 thousand and \$35,106 thousand as of December 31, 2025 and 2024, respectively, were provided as collateral for lease deposits of plants and land and tariff guarantee for imported inventories.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit of the Company for purchase of machinery amounted to \$335,838 thousand and \$56,673 thousand as of December 31, 2025 and 2024, respectively.
- b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$19,186,610 thousand and \$20,433,610 thousand as of December 31, 2025 and 2024, respectively.
- c. Guaranteed notes issued for syndicated loans were \$15,000,000 thousand and \$21,800,000 thousand as of December 31, 2025 and 2024, respectively.
- d. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct a new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, and the total amount of the construction is estimated at NT\$2.643 billion. As of December 31, 2025, the progress of implementation was approximately 87%. On August 9, 2024, the board of directors resolved to build a new production facility with an estimated investment of NT\$1.486 billion, which, as of December 31, 2025, the progress of implementation was approximately 19%. On May 8, 2025, the board of directors resolved to approve the project for the installation of large-format ePaper and mold production equipment, with an estimated investment of NT\$3.628 billion, which, as of December 31, 2025, has not yet been carried out.
- e. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis. Further, considering the Company's long-term operational development and needs, on November 7, 2025, the board of directors of the Company resolved to purchase the land originally leased at the Guanyin District, Taoyuan, with the transaction amount is expected to be NT\$1.346 billion, and to terminate the original land lease contract. On March 6, 2026, the board of directors resolved to approve the project for the new factory office buildings in Guanyin District, Taoyuan, with the total amount of the construction is expected to be NT\$5.536 billion.
- f. On November 7, 2025, the board of directors of the Company resolved to lease a factory in Guanyin District, Taoyuan, for a period of 10 years starting from the contract commencement date, with an expected right-of-use asset amount of NT\$0.614 billion. The board also approved the Guanyin Plant renovation project, with the total amount of the construction is expected to be NT\$1.411 billion, which, as of December 31, 2025, has not yet been carried out.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 655,426	31.43	\$ 20,600,039
JPY	5,497,009	0.2008	1,103,799

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Financial assets at FVTOCI			
USD	\$ 51,309	31.43	\$ 1,612,632
Investments accounted for using the equity method			
USD	1,356,603	31.43	42,638,037
<u>Foreign currency liabilities</u>			
Monetary items			
USD	270,525	31.43	8,502,601 (Concluded)

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 474,978	32.785	\$ 15,572,154
Non-monetary items			
Financial assets at FVTOCI			
USD	70,213	32.785	2,301,920
Investments accounted for using the equity method			
USD	1,223,510	32.785	40,122,784
<u>Foreign currency liabilities</u>			
Monetary items			
USD	218,983	32.785	7,179,358

The Company's net realized and unrealized (losses) gains on foreign currency exchange were \$(513,954) thousand and \$491,842 thousand for the years ended December 31, 2025 and 2024, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Significant marketable securities held (excluding investments in subsidiaries and associates) (Table 3)

- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 6) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China (Table 8)
- 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, 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.
 - 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:
 - 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 end of year balance, the interest rate range, and total current year interest with respect to 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.

33. SEGMENT INFORMATION

The Company has disclosed related segment information in accordance with IFRS 8 in the consolidated financial statements.

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	1.9	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 6,871,041	\$ 27,484,164
1	YuanHan Materials Inc.	Prime View Communications Ltd.	Other receivables	Yes	(US\$ 132,820 4,000 thousand)	(US\$ 125,720 4,000 thousand)	(US\$ 125,720 4,000 thousand)	5.0	Short-term financing	-	Working capital	-	-	-	1,524,573	6,098,293
		E Ink Netherlands B.V.	Other receivables	Yes	(US\$ 147,721 4,700 thousand)	(US\$ 147,721 4,700 thousand)	(US\$ 147,721 4,700 thousand)	4.9	Short-term financing	-	Working capital	-	-	-	1,524,573	6,098,293
2	E Ink Technology	E Ink Netherlands B.V.	Other receivables	Yes	(US\$ 139,461 4,200 thousand)	-	-	5.5	Short-term financing	-	Working capital	-	-	-	(US\$ 4,215,046 134,109 thousand)	(US\$ 16,860,246 536,438 thousand)
		New Field e-Paper Co., Ltd.	Other receivables	Yes	(US\$ 498,075 15,000 thousand)	-	-	5.5	Short-term financing	-	Working capital	-	-	-	(US\$ 4,215,046 134,109 thousand)	(US\$ 16,860,246 536,438 thousand)

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$31.43 on December 31, 2025, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., YuanHan Materials Inc. and E Ink Technology B.V. shall not exceed 40% and 10%, respectively, of the financing company's net equity over its latest financial statements.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Note 1)	Maximum Balance for the Year (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	\$ 17,177,603	\$ 3,752,165 (US\$ 113,000 thousand)	\$ 2,514,400 (US\$ 80,000 thousand)	\$ -	\$ -	3.66	\$ 68,710,410	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	17,177,603	2,600,000	2,000,000	-	-	2.91	68,710,410	Yes	No	No
		Linfiny Corporation	Subsidiary	17,177,603	250,000	200,000	22,000	-	0.29	68,710,410	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	17,177,603	1,500,000	1,500,000	450,000	-	2.18	68,710,410	Yes	No	No
		E Ink Japan Inc.	Subsidiary	17,177,603	29,146 (JPY 130,000 thousand)	24,096 (JPY 120,000 thousand)	13,052 (JPY 65,000 thousand)	-	0.04	68,710,410	Yes	No	No

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US\$1=NT\$31.43 and JPY1=NT\$1:0.2008 on December 31, 2025, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

TABLE 3

E INK HOLDINGS INC. AND SUBSIDIARIES

SIGNIFICANT 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
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	151,026,040	\$ 4,319,345	1.04	\$ 4,319,345	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	17,323,000	680,794	0.13	680,794	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	8,897,290	355,892	0.06	355,892	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI - non-current	10,885,000	400,568	11.08	400,568	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	12,310,000	1,048,812	4.69	1,048,812	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	1,758,000	610,026	1.71	610,026	
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	39,906,746	1,141,333	0.28	1,141,333	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,200,000	613,440	2.74	613,440	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	9,064,000	356,215	0.07	356,215	
	VusionGroup	-	Financial assets at FVTOCI - non-current	60,000	452,099	0.36	452,099	
		<u>Mutual funds</u>						
	HPS Corporate Lending Fund	-	Financial assets at FVTPL - non-current	587,774	466,832	-	466,832	
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	259,973,450	7,435,241	1.79	7,435,241	
	Netronix Inc.	-	Financial assets at FVTOCI - non-current	5,309,198	645,068	6.07	645,068	
	VusionGroup	-	Financial assets at FVTOCI - non-current	906,666	6,831,710	4.81	6,831,710	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	9,064,000	356,215	0.07	356,215	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	1,138,000	394,886	1.11	394,886	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,150,000	523,980	2.34	523,980	
		<u>Mutual funds</u>						
	Millennium	-	Financial assets at FVTPL - non-current	6,746,440	317,806	-	317,806	
E Ink Corporation	<u>Preferred shares</u>							
	Nuclera Limited (originally named Nuclera Nucleics Limited)	-	Financial assets at FVTOCI - non-current	1,107,094	US\$ 11,924 thousand	6.30	US\$ 11,924 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u> Hanshow Technology Corporation	-	Financial assets at FVTOCI - non-current	2,880,000	RMB 153,850 thousand	0.68	RMB 153,850 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTPL - non-current	1,265,309	RMB 67,593 thousand	0.30	RMB 67,593 thousand	
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u> SOLUM CO., LTD.	-	Financial assets at FVTPL - non-current	1,689,457	KRW 28,028,092 thousand	3.53	KRW 28,028,092 thousand	
	SOLUM CO., LTD.	-	Financial assets at FVTOCI - non-current	527,432	KRW 8,750,097 thousand	1.10	KRW 8,750,097 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI - non-current	683,517	KRW 64,318,950 thousand	0.25	KRW 64,318,950 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI - non-current	355,202	KRW 50,474,204 thousand	0.33	KRW 50,474,204 thousand	
	Samsung Card Co., Ltd.	-	Financial assets at FVTOCI - non-current	549,455	KRW 30,714,535 thousand	0.51	KRW 30,714,535 thousand	
	SK Telecom Co., Ltd.	-	Financial assets at FVTOCI - non-current	753,769	KRW 40,326,642 thousand	0.35	KRW 40,326,642 thousand	
	HD Hyundai Co., Ltd.	-	Financial assets at FVTOCI - non-current	373,912	KRW 70,482,412 thousand	0.53	KRW 70,482,412 thousand	
	Macquarie Korea Infrastructure Fund	-	Financial assets at FVTOCI - non-current	2,614,209	KRW 29,409,851 thousand	0.55	KRW 29,409,851 thousand	
	<u>Mutual funds</u> Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 17,830,618 thousand	-	KRW 17,830,618 thousand	
	<u>Perpetual bonds</u> JP Morgan Chase & Co.	-	Financial assets at FVTPL - current	29,800,000	KRW 42,973,820 thousand	-	KRW 42,973,820 thousand	
	BNP Paribas	-	Financial assets at FVTPL - non-current	8,600,000	KRW 15,946,911 thousand	-	KRW 15,946,911 thousand	
	<u>Straight corporate bonds</u> NOMURA Holdings, Inc.	-	Financial assets at FVTOCI - non-current	16,000,000	KRW 21,833,438 thousand	-	KRW 21,833,438 thousand	
	Societe Generale	-	Financial assets at FVTOCI - non-current	8,900,000	KRW 13,824,134 thousand	-	KRW 13,824,134 thousand	
	Fubon Hyundai Life	-	Financial assets at amortized cost - current	1,500,000	KRW 14,974,500 thousand	-	KRW 14,974,500 thousand	

Note: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

(Concluded)

E INK HOLDINGS INC. 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)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Purchase	\$ 7,373,115	38	By agreements	\$ -	-	\$ (1,757,674)	(25)	-
	YuanHan Materials Inc.	Subsidiary	Purchase	1,683,031	9	By agreements	-	-	(107,559)	(2)	-
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(149,879)	-	By agreements	-	-	6,542,270	90	-
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	2,650,904	14	By agreements	-	-	(5,060,580)	(72)	-
	NTX Electronics Yangzhou Co., Ltd.	Associate	Sale	(2,436,941)	(7)	By agreements	-	-	872,580	12	-
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	202,191	1	By agreements	-	-	-	-	-
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(1,683,031)	(100)	By agreements	-	-	107,559	100	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(2,650,904)	(98)	By agreements	-	-	5,060,580	100	-
	E Ink Holdings Inc.	Parent company	Purchase	149,879	100	By agreements	-	-	(6,542,270)	(76)	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(7,373,115)	(100)	By agreements	-	-	1,757,674	100	-

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: The above intercompany transactions have been eliminated upon consolidation, except for NTX Electronics Yangzhou Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	YuanHan Materials Inc.	Subsidiary	\$ 1,004,466	(Note 2)	\$ 2,163	In the process of collection	\$ 138	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	6,542,270	(Note 1)	232,531	Collected	4,039,622	-
	NTX Electronics Yangzhou Co., Ltd.	Associate	872,580	(Note 1)	-	-	590,636	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	5,060,580	(Note 1)	-	-	3,340,366	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	1,757,674	6.01	1,095,436	Collected	1,195,814	-
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	107,559	11.04	-	-	75,173	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Other receivables from financing provided.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

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

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Accounts payable to related parties	\$ 1,757,674	By agreements	1.6
		E Ink Corporation	Subsidiary	Cost of goods sold	7,373,115	By agreements	20.4
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	1,683,031	By agreements	4.7
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	1,004,466	By agreements	0.9
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	6,542,270	By agreements	6.1
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	5,060,580	By agreements	4.7
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	2,650,904	By agreements	7.3
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing expenses	2,597,460	By agreements	7.2

Note 1: The above intercompany transactions have been eliminated upon consolidation.

Note 2: Transactions amounts of \$500 million or more are disclosed in this table.

E INK HOLDINGS INC. 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 Business and Product	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2025	December 31, 2024	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	E Ink Technology B.V.	Eindhoven	Investment	\$ 12,510,056	\$ 12,510,056	437,536,259	100.00	\$ 42,150,582	\$ 1,579,374	\$ 1,579,374	(Note 1)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	158,703,191	100.00	2,809,129	88,659	88,659	(Note 1)
	YuanHan Materials Inc.	Taipei, Taiwan	Manufacture and sale of chemical materials and optical films	6,420,230	6,420,230	183,819,268	100.00	15,185,212	985,151	975,575	(Note 1)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	487,455	26,406	26,406	(Note 1)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(117,888)	(7,621)	(7,621)	(Note 1)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	4,340	4,340	339,828	23.00	4,239	6,926	5,744	(Note 1)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	-	-	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic paper products	15,065	15,065	200	100.00	13,400	(1,299)	(1,299)	(Note 1)
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	148,743	9,896,402	25.82	616,714	(37,879)	(12,713)	(Note 2)
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	323,400	323,400	1,137,686	77.00	14,191	6,926	5,333	(Note 1)
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	-	-	
	Kyoritsu Optronics Co., Ltd.,	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	51,027	3,395,000	8.86	211,565	(37,879)	(4,363)	(Note 2)
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research, development and sale of electronic paper products	11,088	11,088	4,000	100.00	26,267	2,274	2,274	(Note 1)
E Ink Technology B.V.	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 438,630 thousand	US\$ 45,123 thousand	US\$ 45,123 thousand	(Note 1)
	E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Eindhoven	Investment	US\$ 330,123 thousand	US\$ 330,123 thousand	355,123,083	100.00	US\$ 826,675 thousand	US\$ 11,478 thousand	US\$ 11,478 thousand	(Note 1)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 36,631 thousand	US\$ (1,031) thousand	US\$ (1,031) thousand	(Note 1)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US\$ \$1,750 thousand	US\$ \$1,750 thousand	1,750,000	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US\$ 1,540 thousand	US\$ 1,540 thousand	1,540,000	35.00	-	-	-	
E Ink Netherlands B.V.	Hydis Technologies Co., Ltd.	South Korea	Patent licensing and investment in financial instruments	US\$ 27,612 thousand	US\$ 27,612 thousand	3,783,265	94.73	US\$ 442,564 thousand	US\$ 9,858 thousand	US\$ 9,338 thousand	(Note 1)
	E Ink Corporation	Boston, USA	Research, development and manufacture of electronic inks	US\$ 329,123 thousand	US\$ 329,123 thousand	2,282	100.00	US\$ 388,750 thousand	US\$ 3,094 thousand	US\$ 3,094 thousand	(Note 1)
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	-	-	

Note 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: Integrated Solutions Technology, Inc. was reclassified from an investment accounted for using the equity method to a subsidiary as of June 19, 2025. Please refer to Note 13 for further details.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of December 31, 2025 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Research and development, assembly and sale of display panels	\$ 7,521,199 (US\$ 239,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,703,868 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,703,868 (US\$ 117,845 thousand)	\$ 1,384,111 (US\$ 44,391 thousand)	100.00	\$ 1,407,060 (US\$ 45,127 thousand)	\$ 13,779,415 (US\$ 438,416 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd. (Note 6)	Assembly and sale of display panels	-	The Company indirectly owns the investee through an investment company registered in a third region	942,900 (US\$ 30,000 thousand)	-	-	942,900 (US\$ 30,000 thousand)	2,183 (US\$ 70 thousand)	-	2,183 (US\$ 70 thousand)	-	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,160,741 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	717 (US\$ 23 thousand)	100.00	717 (US\$ 23 thousand)	945,226 (US\$ 30,074 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	43,688 (US\$ 1,390 thousand)	-	-	43,688 (US\$ 1,390 thousand)	-	-	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	157,150 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	55,003 (US\$ 1,750 thousand)	-	-	55,003 (US\$ 1,750 thousand)	-	35.00	-	-	-
Integrated Solutions Technology (Shenzhen) Co., Ltd.	Technical support and after-sales services.	78,575 (US\$ 2,500 thousand)	The Company engaged in direct investments in Mainland China	78,575 (US\$ 2,500 thousand)	-	-	78,575 (US\$ 2,500 thousand)	874 (RMB 203 thousand)	34.68	267 (RMB 62 thousand)	16,491 (RMB 3,688 thousand)	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	178,862 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	46,345 (RMB 10,764 thousand)	49.00	22,709 (RMB 5,274 thousand)	190,190 (RMB 42,533 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,824,034 (US\$ 153,485 thousand)	\$ 11,523,338 (US\$ 366,635 thousand)	\$ 50,666,221

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$31.43 and RMB1=NT\$4.47155 on December 31, 2025.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$31.18 and RMB1=NT\$4.30573 for the year ended December 31, 2025.

Note 3: The amounts were calculated based on audited financial statements of the corresponding year.

Note 4: Refer to Tables 4, 5 and 6, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except for NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

Note 6: Rich Optronics (Yangzhou) Co., Ltd. resolved to proceed with liquidation in November 2024 and completed the liquidation in August 2025.

E INK HOLDINGS INC.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets and Liabilities	
Statement of cash and cash equivalents	1
Statement of accounts receivable	2
Statement of inventories	3
Statement of changes in financial assets at FVTOCI - non-current	4
Statement of changes in investments accounted for using the equity method	5
Statement of changes in property, plant and equipment	Note 14
Statement of changes in right-of-use assets	6
Statement of short-term borrowings	7
Statement of short-term bills payable	8
Statement of notes and accounts payable	9
Statement of long-term borrowings	10
Statement of lease liabilities	11
Major Accounting Items in Profit or Loss	
Statement of operating revenue	12
Statement of operating costs	13
Statement of operating expenses	14
Statement of labor, depreciation and amortization by function	15

E INK HOLDINGS INC.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Period	Rate	Amount
Cash on hand (Note 1)			\$ <u>1,570</u>
Cash in banks			
Checking accounts			252
Demand deposits (Note 1)		0.005%-3.70%	<u>3,937,069</u>
			<u>3,937,321</u>
Cash equivalents			
Time deposits with original maturities of 3 months or less (Note 2)	2025.10-2026.03	0.40%-4.27%	2,311,840
Repurchase agreement collateralized by notes (Note 3)	2025.11-2026.01	1.44%-4.10%	<u>2,290,509</u>
			<u>4,602,349</u>
			<u>\$ 8,541,240</u>

Note 1: Including US\$99,739 thousand and JPY1,495,115 thousand, which are translated at the exchange rate of US\$1=NT\$31.43 and JPY1=NT\$0.2008.

Note 2: Including US\$48,000 thousand and JPY4,000,000 thousand, which is translated at the exchange rate of US\$1=NT\$31.43 and JPY1=NT\$0.2008.

Note 3: Including US\$66,513 thousand, which is translated at the exchange rate of US\$1=NT\$31.43.

E INK HOLDINGS INC.

**STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Client B	\$ 1,631,009
Client E	696,122
Client A	628,729
Client I	555,043
Others (Note)	<u>913,645</u>
	4,424,548
Less: Loss allowance	<u>(910)</u>
	<u>\$ 4,423,638</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

E INK HOLDINGS INC.**STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 565,200	\$ 1,031,344
Semi-finished goods	2,294,299	4,970,044
Work in progress	179,958	170,981
Raw materials	<u>948,566</u>	<u>943,911</u>
	3,988,023	<u>\$ 7,116,280</u>
Less: Allowance for write-downs and obsolescence of inventories (Note)	<u>791,491</u>	
	<u>\$ 3,196,532</u>	

Note: Including allowance for obsolete inventories.

E INK HOLDINGS INC.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Except Unit Price)

Type and Name of Marketable Securities	Balance, January 1, 2025		Increase in 2025		Decrease in 2025		Amortized Premiums	Other Adjustments	Unrealized Gain (Loss) on Financial Assets (Note 1)	Accumulated Impairment	Fair Value on December 31, 2025 (Note 2)						
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Percentage of Ownership (%)	Unit Price (NT\$)	Amount			
Ordinary shares																	
SinoPac Financial Holding Company Limited	132,856,623	\$ 3,042,416	18,169,417	\$ 289,939	-	\$ -	\$ -	\$ -	\$ 986,990	\$ -	151,026,040	1.04	28.60	\$ 4,319,345			
YFY Inc.	7,814,000	232,076	-	-	-	-	-	-	(27,740)	-	7,814,000	0.47	26.15	204,336			
Yuen Fong Yu Consumer Products Co., Ltd.	336,002	13,977	-	-	-	-	-	-	(1,041)	-	336,002	0.13	38.50	12,936			
Mega Financial Holding Company Limited	8,897,290	344,325	-	-	-	-	-	-	11,567	-	8,897,290	0.06	40.00	355,892			
Yuanta Financial Holding Company Limited	9,566,000	325,244	7,757,000	272,246	-	-	-	-	83,304	-	17,323,000	0.13	39.30	680,794			
Daxin Materials Corporation	1,758,000	334,020	-	-	-	-	-	-	276,006	-	1,758,000	1.71	347.00	610,026			
Zenitron Corporation.	2,132,000	60,869	3,898,000	140,618	-	-	-	-	23,733	-	6,030,000	2.54	37.35	225,220			
Taiwan Cement Corporation	5,031,386	159,495	-	-	-	-	-	-	(42,767)	-	5,031,386	0.06	23.20	116,728			
Asia Electronic Material Co., Ltd.	10,039,000	205,799	846,000	16,960	-	-	-	-	177,809	-	10,885,000	11.08	36.80	400,568			
Taiflex Scientific Co., Ltd.	6,767,000	303,500	5,543,000	266,579	-	-	-	-	478,733	-	12,310,000	4.68	85.20	1,048,812			
Research Innovation Capital Corporation	5,000,000	24,265	-	-	-	-	-	-	(865)	-	5,000,000	11.44	4.68	23,400			
TXC CORPORATION	2,519,000	253,160	-	-	-	-	-	-	(50,632)	-	2,519,000	0.73	80.40	202,528			
Global Mixed-mode Technology Inc.	-	-	264,000	55,182	-	-	-	-	258	-	264,000	0.31	210.00	55,440			
		<u>5,299,146</u>		<u>1,041,524</u>					<u>1,915,355</u>					<u>8,256,025</u>			
Preferred shares																	
Fubon Financial Holding Company Limited (a)	4,675,000	295,460	-	-	-	-	-	-	467	-	4,675,000	0.03	63.30	295,927			
Cathay Financial Holding Company Limited (a)	2,354,000	143,594	-	-	-	-	-	-	(706)	-	2,354,000	0.01	60.70	142,888			
Taishin Financial Holding Company Limited (c)	2,293,000	118,319	-	-	-	-	-	-	(2,981)	-	2,293,000	0.01	50.30	115,338			
		<u>557,373</u>							<u>(3,220)</u>					<u>554,153</u>			
Straight corporate bonds																	
Goldman Sachs Group	8,754,000	289,052	-	-	8,754,000	(277,689)	(651)	(12,751)	2,039	-	-	-	-	-			
Wells Fargo & Co.	8,420,000	287,506	-	-	8,420,000	(253,974)	(1,135)	(31,315)	(1,082)	-	-	-	-	-			
Electricite de France	8,750,000	279,783	-	-	-	-	(6)	(11,595)	8,932	(286)	8,750,000	-	-	276,828			
Kingdom of Saudi Arabia 5.25%	9,512,000	280,977	-	-	-	-	690	(11,834)	11,113	(235)	9,512,000	-	-	280,711			
Mizuho Financial Group Inc.	8,640,000	289,920	-	-	8,640,000	(261,485)	(1,261)	(31,116)	3,942	-	-	-	-	-			
Sumitomo Mitsui Financial Group Inc.	5,570,000	190,063	2,900,000	100,438	-	-	(1,570)	(12,760)	8,988	(232)	8,470,000	-	-	284,927			
Kingdom of Saudi Arabia 5.75%	8,938,000	263,729	-	-	-	-	(33)	(10,702)	6,318	(288)	8,938,000	-	-	259,024			
Coming Inc.	3,000,000	92,070	-	-	-	-	(97)	(3,802)	5,099	(79)	3,000,000	-	-	93,191			
Pfizer Investment Enterprises Pte. Inc.	8,700,000	262,240	-	-	-	-	(168)	(10,742)	3,687	(143)	8,700,000	-	-	254,874			
Mitsubishi UFJ Financial Group Inc	2,000,000	66,580	2,950,000	99,468	-	-	(562)	(7,446)	5,170	(133)	4,950,000	-	-	163,077			
Bayer 6.875	-	-	1,000,000	34,370	1,000,000	(30,343)	(13)	(4,014)	-	-	-	-	-	-			
Oracle 5.55	-	-	1,000,000	31,161	1,000,000	(27,634)	20	(3,547)	-	-	-	-	-	-			
		<u>2,301,920</u>		<u>265,437</u>		<u>(851,125)</u>	<u>(4,786)</u>	<u>(151,624)</u>	<u>54,206</u>	<u>(1,396)</u>				<u>1,612,632</u>			
		<u>\$ 8,158,439</u>		<u>\$ 1,306,961</u>		<u>\$ (851,125)</u>	<u>\$ (4,786)</u>	<u>\$ (151,624)</u>	<u>\$ 1,966,341</u>	<u>\$ (1,396)</u>				<u>\$ 10,422,810</u>			

Note 1: Included in unrealized gain (loss) on financial assets at FVTOCI.

Note 2: Calculated based on the closing price on December 31, 2025.

E INK HOLDINGS INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2025		Increase (Decrease) in 2025 (Note 1)		Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method (Note 3)	Equity Adjustments (Note 4)	Balance, December 31, 2025		
	Shares	Amount	Shares	Amount			Shares	Percentage of Ownership (%)	Amount
Investment in subsidiaries									
E Ink Technology B.V.	437,536,259	\$ 39,639,282	-	\$ -	\$ 1,579,374	\$ 931,926	437,536,259	100.00	\$ 42,150,582
YuanHan Materials Inc.	183,819,268	11,831,506	-	(482,729)	975,574	2,860,861	183,819,268	100.00	15,185,212
New Field e-Paper Co., Ltd.	158,703,191	2,219,905	-	(118,024)	88,659	618,589	158,703,191	100.00	2,809,129
Linfiny Corporation	339,828	377	-	(1,621)	5,745	(262)	339,828	23.00	4,239
Dream Universe Ltd.	4,050,000	473,502	-	-	26,405	(12,452)	4,050,000	100.00	487,455
E Ink Japan Inc.	200	13,710	-	-	(1,298)	988	200	100.00	13,400
Entte K Co., Ltd. (under liquidation)	2,203,161	-	-	-	-	-	2,203,161	47.07	-
Integrated Solutions Technology, Inc.	-	-	9,896,402	626,433	(9,720)	1	9,896,402	25.82	616,714
		<u>54,178,282</u>		<u>24,059</u>	<u>2,664,739</u>	<u>4,399,651</u>			<u>61,266,731</u>
Investment in associate									
Plastic Logic HK Limited	223,655	-	-	-	-	-	223,655	2.40	-
Integrated Solutions Technology, Inc.	9,896,402	138,585	(9,896,402)	(135,705)	(2,993)	113	-	26.01	-
		<u>138,585</u>		<u>(135,705)</u>	<u>(2,993)</u>	<u>113</u>			<u>-</u>
		<u>54,316,867</u>		<u>(111,646)</u>	<u>2,661,746</u>	<u>4,399,764</u>			<u>61,266,731</u>
Investment accounted for using the equity method									
Prime View Communications Ltd. (Note 2)	3,570,000	(115,196)	-	-	(7,621)	4,929	3,570,000	100.00	(117,888)
		<u>\$ 54,201,671</u>		<u>\$ (111,646)</u>	<u>\$ 2,654,125</u>	<u>\$ 4,404,693</u>			<u>\$ 61,148,843</u>

Note 1: Cash dividends were distributed by YuanHan Materials Inc., New Field e-Paper Co., Ltd., Integrated Solutions Technology, Inc., and Linfiny Corporation, and the investment in Integrated Solutions Technology, Inc. was transferred from the equity method to a subsidiary starting from June 19, 2025.

Note 2: Prime View Communication Ltd. are currently experiencing operating losses, which has resulted in the credit balance, and accounts for as other non-current liabilities.

Note 3: Except for the financial statements of some associates that are not audited, the others were based on the audited financial statements of subsidiaries and associates for the corresponding year.

Note 4: Including recognition of adjustments that have not been recognized based on exchange differences on translating the financial statements of foreign operations, remeasurement of defined plans, and unrealized gain (loss) on financial assets at FVTOCI, etc.

E INK HOLDINGS INC.

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars)

Item	Land	Building	Other Equipment	Total
Cost				
Balance on January 1, 2025	\$ 962,668	\$ -	\$ 3,905	\$ 966,573
Additions	527,454	89,641	181	617,276
Disposals	<u>(270,642)</u>	<u>-</u>	<u>(1,261)</u>	<u>(271,903)</u>
Balance on December 31, 2025	<u>\$ 1,219,480</u>	<u>\$ 89,641</u>	<u>\$ 2,825</u>	<u>\$ 1,311,946</u>
Accumulated depreciation				
Balance on January 1, 2025	\$ 171,878	\$ -	\$ 2,368	\$ 174,246
Depreciation expenses	48,666	1,121	1,392	51,179
Disposals	<u>(40,448)</u>	<u>-</u>	<u>(1,171)</u>	<u>(41,619)</u>
Balance on December 31, 2025	<u>\$ 180,096</u>	<u>\$ 1,121</u>	<u>\$ 2,589</u>	<u>\$ 183,806</u>
Carrying amounts at December 31, 2025	<u>\$ 1,039,384</u>	<u>\$ 88,520</u>	<u>\$ 236</u>	<u>\$ 1,128,140</u>

E INK HOLDINGS INC.**STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Type of Loan and Creditor	Contract Period	Interest Rate (%)	Amount	Loan Commitments
<u>Short-term unsecured borrowings</u>				
Bank of Taiwan	2025.10-2026.03	1.90-1.92	\$ 300,000	\$ 400,000
Yuanta Commercial Bank	2025.11-2026.01	1.90	500,000	700,000
Hua Nan Commercial Bank	2025.11-2026.02	1.85	500,000	500,000
E.SUN Bank	2025.12-2026.01	1.88	300,000	600,000
Shin Kong Bank	2025.12-2026.01	1.92	400,000	400,000
DBS Bank	2025.12-2026.03	1.90	800,000	800,000
First Bank	2025.12-2026.03	1.93	190,000	400,000
Citibank Taiwan	2025.12-2026.01	1.89	<u>100,000</u>	<u>2,137,240</u>
			<u>\$ 3,090,000</u>	<u>\$ 5,937,240</u>

E INK HOLDINGS INC.

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Guarantee Agency	Issuance Period	Discount Rate (%)	Amount of Issuance	Amount of Commercial Principal		Mortgage or Guarantee
				Unamortized Discounts in Short-term Bills Payable	Carrying Amount	
Mega Bills Finance	2025.12-2026.01	1.65-1.72	\$ 750,000	\$ 200	\$ 749,800	-
China Bills Finance	2025.12-2026.01	1.65	1,100,000	50	1,099,950	-
Ta Ching Bills Finance	2025.12-2026.01	1.63	1,200,000	214	1,199,786	-
			<u>\$ 3,050,000</u>	<u>\$ 464</u>	<u>\$ 3,049,536</u>	

E INK HOLDINGS INC.

STATEMENT OF NOTES AND ACCOUNTS PAYABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	\$ 515,938
Vendor C	236,187
Vendor B	101,850
Vendor F	90,759
Others (Note)	<u>730,003</u>
	<u>\$ 1,674,737</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

E INK HOLDINGS INC.

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Creditor	Contract Period	Repayment Method	Interest Rate (%)	Borrowing Amount			Guarantee and Pledge
				Current	Non-current	Total	
Syndicated loans							
Mega Bank	2025.12-2026.01 (Note)	Principal repayable on maturity, interest payable on a monthly basis	2.07	\$ -	\$ 6,000,000	\$ 6,000,000	-
Crédit Agricole CIB	2025.11-2026.03 (Note)	Principal repayable on maturity, interest payable on a monthly basis	2.09	-	3,000,000	3,000,000	-
Less: Arrangement fees of syndicated bank loans				-	(9,548)	(9,548)	-
				-	<u>8,990,452</u>	<u>8,990,452</u>	
Credit loans							
CTBC Bank	2020.08-2028.08	Principal repayable on maturity, interest payable on a monthly basis	1.85-1.88	-	460,000	460,000	-
Taishin Bank	2021.12-2026.12	Principal repayable on maturity, interest payable on a monthly basis	1.53	100,000	-	100,000	-
Bank of Taiwan	2023.11-2029.11	Principal repayable on maturity, interest payable on a monthly basis	1.58	-	1,750,000	1,750,000	-
Mega Bank	2023.11-2028.11	Principal repayable on maturity, interest payable on a monthly basis	1.83	-	200,000	200,000	-
Taiwan Cooperative Bank	2023.11-2030.10	Principal repayable on maturity, interest payable on a monthly basis	1.83	-	330,000	330,000	-
Hua Nan Bank	2023.08-2029.11	Principal repayable on maturity, interest payable on a monthly basis	1.55	-	1,000,000	1,000,000	-
Far Eastern Bank	2023.10-2028.09	Principal repayable on maturity, interest payable on a monthly basis	1.85	-	179,000	179,000	-
				<u>100,000</u>	<u>3,919,000</u>	<u>4,019,000</u>	
				<u>\$ 100,000</u>	<u>\$ 12,909,452</u>	<u>\$ 13,009,452</u>	

Note: The amount of the syndicated will be used cyclically during the period.

E INK HOLDINGS INC.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Lease Term	Discount Rate (%)	Amount
Land	2014.07-2035.11	1.56-4.37	\$ 1,067,032
Building	2025.11-2035.11	4.37	88,537
Other equipment	2023.04-2026.04	1.50	<u>240</u>
			1,155,809
Less: Current portion			<u>(70,772)</u>
Non-current portion			<u>\$ 1,085,037</u>

E INK HOLDINGS INC.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Shipping Units (In Thousands)	Amount
Revenue from sale of goods		
Consumer electronics	18,346	\$ 20,318,668
Internet of things applications	21,465	17,366,400
Others	606	<u>178,891</u>
		37,863,959
Less: Sales returns and discounts		<u>(2,321,079)</u>
Operating revenue, net		<u>\$ 35,542,880</u>

E INK HOLDINGS INC.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials balance, beginning of year	\$ 1,084,652
Add: Raw materials purchased	19,168,550
Less: Sales of raw materials	(385,683)
Transferred to other accounts	(414,786)
Raw materials, end of year	<u>(948,566)</u>
Usage of direct raw materials	18,504,167
Direct labor	225,893
Manufacturing expenses	<u>2,872,777</u>
Manufacturing cost	21,602,837
Add: Work in progress and semi-finished goods balance, beginning of year	1,634,256
Less: Sales of semi-finished goods	(1,838,931)
Transferred to other accounts	(545,618)
Work in progress and semi-finished goods balance, end of year	<u>(2,474,257)</u>
Cost of finished goods	18,378,287
Add: Finished goods balance, beginning of year	945,401
Less: Transferred to other accounts	(277,517)
Finished goods balance, end of year	<u>(565,200)</u>
Cost of finished goods sold	18,480,971
Add: Cost of raw materials sold	385,683
Cost of semi-finished goods sold	1,838,931
Loss on idle capacity	1,126,764
Loss on scrapped inventories	778,498
Reversal of write-downs of inventories	<u>(15,044)</u>
Total operating costs	<u>\$ 22,595,803</u>

E INK HOLDINGS INC.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Employee benefits expense	\$ 458,902	\$ 765,932	\$ 879,723	\$ 2,104,557
Professional service fee	65,341	37,978	120,233	223,552
Material expense	42,022	32,324	391,794	466,140
Depreciation expenses	1,411	134,542	55,037	190,990
Others (Note)	<u>79,760</u>	<u>326,061</u>	<u>172,295</u>	<u>578,116</u>
	<u>\$ 647,436</u>	<u>\$ 1,296,837</u>	<u>\$ 1,619,082</u>	<u>\$ 3,563,355</u>

Note: All amounts do not exceed 5% of the account balance.

E INK HOLDINGS INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	2025			2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Salaries	\$ 700,064	\$ 1,867,204	\$ 2,567,268	\$ 595,978	\$ 1,452,906	\$ 2,048,884
Labor and health insurance	58,036	89,047	147,083	51,769	82,810	134,579
Pension	21,739	50,057	71,796	18,835	50,519	69,354
Remuneration of directors	-	41,706	41,706	-	41,727	41,727
Others	51,302	56,543	107,845	39,195	43,403	82,598
	<u>\$ 831,141</u>	<u>\$ 2,104,557</u>	<u>\$ 2,935,698</u>	<u>\$ 705,777</u>	<u>\$ 1,671,365</u>	<u>\$ 2,377,142</u>
Depreciation	<u>\$ 645,578</u>	<u>\$ 190,991</u>	<u>\$ 836,569</u>	<u>\$ 519,183</u>	<u>\$ 179,998</u>	<u>\$ 699,181</u>
Amortization	<u>\$ 175</u>	<u>\$ 43,195</u>	<u>\$ 43,370</u>	<u>\$ 47</u>	<u>\$ 48,500</u>	<u>\$ 48,547</u>

Note 1: For the years ended December 31, 2025 and 2024, the Company had 1,403 and 1,363 employees on average, respectively, among which was 4 non-employee director.

Note 2: a. For the years ended December 31, 2025 and 2024, the average employee benefits were \$2,069 thousand and \$1,718 thousand, respectively.

b. For the years ended December 31, 2025 and 2024, the average employee salaries were \$1,835 thousand and \$1,508 thousand, respectively.

c. The change in average employee salaries was adjusted by 21.68%.

Note 3: The Company did not have supervisors for the years ended December 31, 2025 and 2024. Therefore, there was no remuneration to supervisors.

Note 4: a. Directors

According to the Company's Articles of Association, the board of directors is authorized to negotiate their remuneration according to their degree of participation and contribution to the Company's operations, with reference to the remuneration standards of domestic and foreign peers. If the Company is profitable, remuneration for directors shall be paid in cash. The amount and ratio for the payment of remuneration shall be determined by the board of directors subject to the attendance of more than 2/3 of directors and the consent of more than half of the directors present, and reported to the shareholders' meeting.

b. Management personnel and employees

According to the Company's salary structure, the remuneration policies of management personnel and employees are composed of fixed remuneration (base salary, meal allowance, duty allowance) and floating remuneration (performance bonus, share compensation), etc. The Company pays the remuneration based on the authority and responsibility and the contribution to the Company. Apart from the overall operation performance and the future development of industry, the payment of remuneration is also subject to the personal performance and contribution. The salary adjustment of managers shall be reviewed by the salary and compensation committee every year and submitted to the board of directors for approval.

Where the Company made a profit in the fiscal year, refer to Note 20(d) for further regulations in the Articles of Incorporation.

In conclusion, the remuneration policies for directors, management personnel, and employees had considered the operation performance of the year and future risk, to achieve the balance between corporate sustainability and risk management.