

Stock code: 6167

Powertip Technology Corporation
Parent company only Financial
Statements and Independent Auditor's
Report

For the Years 2025 and 2024

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Independent Auditor's Report

To the board of directors of Powertip Technology Corporation:

Audit Opinions

We have audited the balance sheet of Powertip Technology Corporation ("the Company") as at December 31, 2025 and 2024, and the statement of comprehensive income, statement of changes in equity, cash flow statement, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2025 and 2024.

In our opinion, all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, and presented a fair view of the financial position of Powertip Technology Corporation as at December 31, 2025 and 2024, and business performance and cash flow for the periods January 1 to December 31, 2025 and 2024.

Basis of audit opinion

We have conducted our audits on the financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities as an auditor for the parent company only financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Powertip Technology Corporation when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2025 parent company only financial statements of Powertip Technology Corporation. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore we do not provide opinions separately for individual issues. Other than the matters described in the paragraph regarding the material uncertainty of continuing operations, below are the key audit issues that we consider relevant for disclosure in this audit report:

I. Revenue cut-off

Please refer to Note 4 (14) "Revenue recognition" in the parent company only financial statements for the accounting policy on revenue recognition; please refer to Note 6 (12) "Revenue from contracts with customers" for additional information on revenue.

Explanation of key audit issues:

Powertip Technology Corporation, listed on TPEx, is primarily engaged in the manufacture and sale of LCD display modules. Investors closely monitor the Company's operating revenue, and as the transaction terms with each customer impact whether revenue recognition aligns with the transfer of control to the buyer under accounting standards, there is a risk of inappropriate revenue recognition if revenue is recognized before control of the product has been transferred to the customer. For this reason, the revenue cut-off test was identified as a key matter in our audit of the Company's financial statements.

Audit procedures:

Our main audit procedures for the key audit matters above include understanding the Company's primary revenue streams, contract terms and transaction conditions, testing the relevant controls within the sales and accounts receivable cycles, and sampling relevant supporting documents and forms to assess whether the timing and amount of revenue recognition for the Company are in compliance with relevant accounting standards.

Responsibilities of the management and governance body to the parent company only financial statements

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Powertip Technology Corporation to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Powertip Technology Corporation or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Powertip Technology Corporation (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing parent company only financial statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with the auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the parent company only financial statement user.

When conducting audits in accordance with the auditing principles, we exercised judgments and skepticism as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Powertip Technology Corporation.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Powertip Technology Corporation to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of parent company only financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Powertip Technology Corporation no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtaining sufficient and appropriate audit evidence on the financial information of equity-accounted investments, and expressing opinions on the parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on Powertip Technology Corporation.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2025 parent company only financial statements of the Company. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

KPMG

Certified Public
Accountant:

Wang Yiwen

Xin Yuting

Approval reference
of the securities
authority

Jin-Guan-Zheng-Shen-
0990013761
Jin-Guan-Zheng-Shen-Zi
No.1120333238

March 11, 2026

Notes to Readers

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

Powertip Technology Corporation

Balance Sheet

As of December 31, 2025 and 2024

Unit: NT\$ thousands

		2025.12.31		2024.12.31				2025.12.31		2024.12.31	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets						Current liabilities					
1100	Cash and cash equivalents (Note 6(1))	\$ 271,439	13	455,512	21	2170	Notes and accounts payable	\$ 37,652	2	33,804	2
1170	Notes and accounts receivable - net (Note 6 (2) and (12))	166,807	8	167,436	8	2180	Accounts payable - related parties (Note 7)	182,316	9	201,251	9
1180	Accounts receivable - related parties, net (Notes 6(2), (12) and 7)	9,021	1	1,554	-	2200	Other payables) (including related parties) (Note 7)	49,917	2	47,000	2
1310	Inventory (Note 6(4))	72,526	4	78,056	4	2230	Current income tax liabilities	1,299	-	-	-
1476	Other financial assets - current (Notes 6(3), 7, and 8)	7,211	-	7,136	-	2300	Other current liabilities (Note 6(12))	78,619	4	48,571	2
1470	Other current assets	7,399	-	7,475	-	2322	Long-term borrowings due within 1 year or 1 business cycle (Notes 6(7) and 8)	-	-	11,198	1
		<u>534,403</u>	<u>26</u>	<u>717,169</u>	<u>33</u>			<u>349,803</u>	<u>17</u>	<u>341,824</u>	<u>16</u>
Non-current assets						Non-current liabilities :					
1550	Equity-accounted investments (Note 6(5))	1,076,348	52	993,119	46	2640	Net defined benefit liabilities - non-current (Note 6(8))	-	-	8,684	-
1600	Property, plant and equipment (Notes 6(6) and 8)	444,018	22	454,447	21	2570	Deferred income tax liabilities and others (Notes 6(9) and 7)	138	-	2,146	-
1780	Intangible assets	2,346	-	1,154	-			138	-	10,830	-
1840	Deferred income tax assets (Note 6(9))	230	-	2,739	-			<u>349,941</u>	<u>17</u>	<u>352,654</u>	<u>16</u>
1900	Other current assets	924	-	1,215	-	Total liabilities					
		<u>1,523,866</u>	<u>74</u>	<u>1,452,674</u>	<u>67</u>	Equity: (Note 6(10))					
						3110	Common share capital	1,460,000	71	1,621,732	75
						3200	Capital reserve	89,058	4	8,300	-
						3310	Legal reserve	50,199	2	49,561	3
						3320	Special reserve	89,409	4	116,962	5
						3350	Retained earnings	110,073	6	110,043	5
						3400	Other equity item	(90,411)	(4)	(89,409)	(4)
							Total equity	<u>1,708,328</u>	<u>83</u>	<u>1,817,189</u>	<u>84</u>
						Major contingent liabilities and unrecognized contractual commitments (Note 9)					
Total assets		<u>\$ 2,058,269</u>	<u>100</u>	<u>2,169,843</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,058,269</u>	<u>100</u>	<u>2,169,843</u>	<u>100</u>

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang

Head of Accounting: Hui-Ling Hsu

Powertip Technology Corporation
Statement of Comprehensive Income
For the years ended December 31, 2025 and 2024

Unit: NT\$ thousands

	2025		2024	
	Amount	%	Amount	%
4100 Net sales revenues (Notes 6(12) and 7)	\$ 1,093,396	100	976,250	100
5000 Operating costs (Notes 6(4), 6(8), 7, and 12)	1,008,076	92	913,546	94
5900 Gross profit	85,320	8	62,704	6
5920 Plus: realized (unrealized) gain or loss on sale	(671)	-	763	-
5900 Gross profit	84,649	8	63,467	6
Operating expenses (Notes 6(8), 7 and 12):				
6100 Selling and marketing expenses	35,663	3	35,976	3
6200 General and administrative expenses	65,580	6	57,704	6
6300 Research and development expenses	52,389	5	45,782	5
	153,632	14	139,462	14
6900 Net operating profit (loss)	(68,983)	(6)	(75,995)	(8)
Non-operating income and expenses :				
7100 Interest income	5,035	-	5,061	1
7225 Gain on disposal of investments (Note 6(5))	7,053	1	-	-
7235 Gain on financial assets at fair value through profit or loss	520	-	-	-
7375 Share of gain from subsidiaries, associates, and joint ventures accounted using the equity method (Note 6(5))	45,436	4	62,542	6
7190 Other income (Note 7)	9,035	1	9,647	1
7230 Foreign exchange gain (loss) (Note 6(14))	1,650	-	10,172	1
7510 Interest expenses	(30)	-	(505)	-
	68,699	6	86,917	9
7900 Net income (loss) before tax	(284)	-	10,922	1
7950 Less: income tax expense (benefit) (Note 6(9))	4,737	-	7,611	1
8200 Current net income (loss)	(5,021)	-	3,311	-
8300 Other comprehensive income :				
8310 Items not reclassified into profit or loss:				
8311 Remeasurement of defined benefit plan	9,267	1	1,050	-
8349 Less: Income tax on items not likely to be reclassified into profit or loss (Note 6(9))	(1,304)	-	-	-
	10,571	1	1,050	-
8360 Items likely to be reclassified into profit or loss:				
8361 Exchange differences on translation of financial statements of foreign operations	(4,039)	-	26,868	3
8380 Share of other comprehensive income from equity-accounted subsidiaries, associates and joint ventures - likely to be reclassified into profit or loss	2,229	-	6,058	1
8399 Less: Income tax on items likely to be reclassified into profit or loss (Note 6(9))	(808)	-	5,373	1
Sum of items likely to be reclassified into profit or loss	(1,002)	-	27,553	3
8300 Other current comprehensive income (loss) (net, after-tax)	9,569	1	28,603	3
8500 Total comprehensive income - current	\$ 4,548	1	31,914	3
Earnings per share (NTD) (Note 6(11))				
9750 Basic earnings per share (NTD)	\$ (0.03)		0.02	
9850 Diluted earnings per share (NTD)	\$ (0.03)		0.02	

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang Head of Accounting: Hui-Ling Hsu

Powertip Technology Corporation
Statement of Changes in Equity
For the years ended December 31, 2025 and 2024

Unit: NT\$ thousands

	Common share capital	Capital reserve	Legal reserve	Special reserve	Unappropria ted earnings	Other equity items		Total	Total equity
						Exchange differences on translation of financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		
Balance as at January 1, 2024	\$ 1,621,732	5,626	29,562	6,423	315,295	(77,472)	(39,490)	(116,962)	1,861,676
Earnings provision and distribution:									
Legal reserve	-	-	19,999	-	(19,999)	-	-	-	-
Special reserve	-	-	-	110,539	(110,539)	-	-	-	-
Cash dividends on common stock	-	-	-	-	(81,086)	-	-	-	(81,086)
			19,999	110,539	(211,624)				(81,086)
Current net income (loss)	-	-	-	-	3,311	-	-	-	3,311
Other comprehensive income (loss) - current	-	-	-	-	1,050	27,553	-	27,553	28,603
Total comprehensive income (loss) - current	-	-	-	-	4,361	27,553	-	27,553	31,914
Changes in associates accounted for using the equity method	-	2,674	-	-	2,011	-	-	-	4,685
Balance as at December 31, 2024	1,621,732	8,300	49,561	116,962	110,043	(49,919)	(39,490)	(89,409)	1,817,189
Earnings provision and distribution:									
Legal reserve	-	-	638	-	(638)	-	-	-	-
Reversal of special reserve	-	-	-	(27,553)	27,553	-	-	-	-
Cash dividends on common stock	-	-	-	-	(32,435)	-	-	-	(32,435)
			638	(27,553)	(5,520)				(32,435)
Current net income (loss)	-	-	-	-	(5,021)	-	-	-	(5,021)
Other comprehensive income (loss) - current	-	-	-	-	10,571	(1,002)	-	(1,002)	9,569
Total comprehensive income - current	-	-	-	-	5,550	(1,002)	-	(1,002)	4,548
Changes in associates accounted for using the equity method	-	80,946	-	-	-	-	-	-	80,946
Cash capital reduction	(161,732)	-	-	-	-	-	-	-	(161,732)
Disposal of investments accounted for using the equity method	-	(188)	-	-	-	-	-	-	(188)
Balance as at December 31, 2025	\$ 1,460,000	89,058	50,199	89,409	110,073	(50,921)	(39,490)	(90,411)	1,708,328

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang

Head of Accounting: Hui-Ling Hsu

Powertip Technology Corporation
Cash Flow Statement
For the years ended December 31, 2025 and 2024

Unit: NT\$ thousands

	2025	2024
Cash flow from operating activities:		
Current profit (loss) before tax	\$ (284)	10,922
Adjustments:		
Income, expenses and losses:		
Depreciation expenses	22,163	21,462
Amortization expenses	991	849
Interest expenses	30	505
Interest income	(5,035)	(5,061)
Share of profit from subsidiaries and associates accounted for using the equity method	(45,436)	(62,542)
Gain on disposal of investments accounted for using the equity method.	(7,053)	-
Others	657	(952)
Total income, expenses and losses	(33,683)	(45,739)
Net change in assets related to operating activities:		
Decrease (increase) in notes and accounts receivable	629	(12,787)
Increase in accounts receivable - related parties	(7,467)	(105)
Decrease in inventory	5,530	19,867
(Increase) decrease in other financial assets	(545)	757
Decrease in other current assets	76	31
Total net change in assets related to operating activities	(1,777)	7,763
Net change in liabilities related to operating activities:		
Decrease in notes and accounts payable	(15,087)	(154,948)
Increase (decrease) in other payables and other current liabilities	32,067	(16,797)
Increase (decrease) in net defined benefit liabilities	583	(2,933)
Total net change in liabilities related to operating activities	17,563	(174,678)
Total net change in assets and liabilities related to operating activities	15,786	(166,915)
Total adjustments	(17,897)	(212,654)
Cash outflow from operations	(18,181)	(201,732)
Interest received	5,033	4,992
Interest paid	(38)	(534)
Income tax paid	(336)	(11,427)
Net cash outflow from operating activities	(13,522)	(208,701)
Cash flow from investing activities:		
Disposal of investments accounted for using the equity method	10,768	-
Refunded share payment from capital decrease by an equity-accounted investee	-	186,442
Acquisition of property, plant and equipment	(10,837)	(16,956)
Dividends received	36,912	38,762
Other investing activities	(2,029)	1,380
Net cash inflow from investing activities	34,814	209,628
Cash flow from financing activities:		
Repayment of long-term borrowings	(11,198)	(42,431)
Payout of cash dividends	(32,435)	(81,086)
Cash capital reduction	(161,732)	-
Net cash outflow from financing activities	(205,365)	(123,517)
Decrease in cash and cash equivalents in the current period	(184,073)	(122,590)
Opening cash and cash equivalents balance	455,512	578,102
Closing cash and cash equivalents balance	\$ 271,439	455,512

(Please refer to the Notes to the Parent Company Only Financial Report attached below)

Chairman: Shih-Yue Wang

Managerial Officer: Shih-Yue Wang Head of Accounting: Hui-Ling Hsu

Powertip Technology Corporation
Notes to Parent Company Only Financial Statements
For the Years 2025 and 2024
(Unless otherwise specified, all amounts are presented in NTD thousands)

I. Company history

Powertip Technology Corporation (the Company) was incorporated on September 2, 1991 under the approval of the Ministry of Economic Affairs, and has business address registered at No. 8, Gongyequ 6th Road, Xitun District, Taichung City. The Company is mainly involved in the manufacturing, processing, and trading of various types of LCD display module. The Company is listed on Taipei Exchange.

II. Financial statement approval date and procedures

The parent company only financial statements were passed during the board of directors meeting dated March 11, 2026.

III. Application of new and amended standards and interpretations

- (I) Effect of adopting the latest and amended standards and interpretations approved by Financial Supervisory Commission ("FSC")

The Company became subject to the newly revised international financial reporting standards listed below since January 1, 2025, and the adoption of which had no material impact on the parent company only financial statements.

·Amendment to IAS No. 21 "Lack of Convertibility"

- (II) Impact of not adopting FSC-endorsed IFRS

Based on the Company's own evaluation, adopting the newly revised international financial reporting standards listed below that take effect from January 1, 2026 onwards do not have material impact on the parent company only financial statements.

- IFRS 17 - Insurance Contracts and amendments to IFRS 17
- Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"
- Annual improvement of IFRS
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

- (III) Newly published/revised standards and interpretations that are not yet approved by FSC

The standards and interpretations that have been issued and revised by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC and may be relevant to the Company are as follows:

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

New and amended standards	Major details	Effective date announced by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two subtotals of income statement, and one single note about the management performance measurement (MPM). These three amendments and enhancements provide a guide for how to disaggregate information in financial statements, and lay a foundation to provide users with better and more consistent information, and will affect all companies.</p> <ul style="list-style-type: none"> • The more structured income statement: pursuant to the current standard, a company uses different formats to present its operating results, so that investors cannot easily compare the financial performance of different companies. The new standard uses a more structured income statement, and introduces the subtotal "operating profits" newly defined, while specifying all incomes and expenses are classified into three new categories based on the Company's main business activities. • Management Performance Measurements (MPMs): The new standard introduces the definition of management performance measurement, and requires companies to provide the information on each measurement indicator in a single note to the financial statements, explaining why the indicator provides useful information, how to calculate, and how to reconcile between the MPM and the amount recognized by the IFRS accounting standards. • More disaggregated information: the new standard include the guides to enhance the information grouping in the financial statement. This include whether information shall be included in the main financial statements or further disaggregated in the notes. 	<p>January 1, 2027 Note: On September 25, 2025, the FSC announced in a press release that Taiwan would adopt IFRS No. 18 in the 2028 fiscal year. If companies need to apply early, they may do so after obtaining approval from the FSC.</p>

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

The Company is currently evaluating the impact of the above standards and interpretations on its financial position and operating performance and will disclose relevant impacts when completing the evaluation.

The Company does not expect that other new and revised standards that have not yet been endorsed will have a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS No. 19 "Subsidiaries without Public Accountability: Disclosure" and amendments to IFRS No. 19
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies adopted for the preparation of parent company only financial statements. Unless otherwise specified, the following accounting policies have been applied consistently across all periods presented in this financial statement.

(I) Statement of compliance

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

(II) Basis of preparation

1. Basis for measurement

This financial statement is prepared on the basis of historical cost, except for the key balance sheet items listed below:

- (1) Financial assets at fair value through profit or loss (including derivatives);
- (2) Financial assets at fair value through other comprehensive income; and
- (3) Net defined benefit liabilities, which is measured by deducting the present value of defined benefit plan obligations and the effect of the limits described in Note 4(16) from the fair value of pension fund assets.

2. Functional currency and presentation currency

The Company has designated its functional currency as the main currency used in the economic environment where operations take place. The parent company only financial statements are presented using the Company's functional currency (NTD). All financial figures denominated in NTD have been presented in NTD thousands.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items outstanding at the end of each reporting period (referred to as reporting date below) are subsequently converted into the functional currency using exchange rate applicable on that day.

Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Differences from foreign currency conversion are generally recognized through profit or loss, or recognized through other comprehensive income under the following circumstances:

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

- (1) Equity instruments designated to be carried at fair value through other comprehensive income;
- (2) Financial liabilities designated to hedge net investment in foreign operations, within the effective scope of hedge; or
- (3) Qualifying cash flow hedge, within the effective scope of hedge.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising at the time of acquisition, are converted into the functional currency using exchange rates as at the reporting date. Income, expenses, and losses are converted into the functional currency using average exchange rate for the current period. Any differences on exchange are recognized through other comprehensive income.

If a disposal of foreign operation results in a loss of control, joint control, or significant influence, all conversion differences previously accumulated on the foreign operation are reclassified into profit or loss. In a partial disposal of subsidiary that contains foreign operations, conversion differences previously accumulated on the subsidiary are re-allocated proportionally to non-controlling shareholders. In a partial disposal of associate or joint venture that contains foreign operations, conversion differences previously accumulated on the investment are reclassified proportionally to profit or loss.

For monetary receivables or payables of foreign operations that do not have defined settlement plans and are impossible to be settled in the foreseeable future, any gains/losses arising from foreign currency exchange are treated as a part of net investments in the foreign operation and recognized through other comprehensive income.

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

The Company treats assets that meet one of the following conditions are classified as current assets; assets that do not meet the criteria for current asset are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle;
2. Assets that are held mainly for the purpose of trading;
3. Assets that are expected to be realized within 12 months after the end of the reporting period; or
4. Cash or cash equivalents (defined as IAS 7), except those that will be swapped or used to repay liabilities at least 12 months from the reporting period, and those with restricted uses.

The Company treats liabilities that match any of the following criteria are classified as current liabilities; liabilities that do not meet the criteria for current liability are classified as non-current liabilities:

1. Liabilities that are expected to be repaid within the normal operating cycle;
2. Liabilities that are held mainly for the purpose of trading;
3. Liabilities that are expected to be settled within 12 months after the end of the reporting period; or
4. The liability has no right to defer the liability settlement to at least 12 months after the reporting period on the end date of the reporting period.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposit that meets the abovementioned definition and is intended to meet short-term cash commitment instead of investment or other purposes is stated as cash equivalent.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized at the time occurred. All other financial assets and financial liabilities are recognized at initiation when the Company becomes a party to a financial instrument contract. Financial assets or liabilities that are not carried at fair value through profit or loss (excluding accounts receivable without major financial component) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable without major financial component are initially measured at transaction price.

1. Financial assets

Purchase and sale of financial asset that conforms with customary practices is accounted using trade day accounting, and the same approach is applied consistently to financial assets of the same classification.

Financial assets are classified at initiation into: financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss.

Only when the Company changes the ways financial assets are managed will it reclassify the affected financial assets according to policy, starting from the next reporting period.

(1) Financial assets carried at amortized cost

Financial assets that meet all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at amortized cost:

- Financial assets that are held for the purpose of collecting contractual cash flow.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

These assets are subsequently carried at initial cost plus/less accumulated amortization calculated using the effective interest rate method and after adjusting for loss provisions. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit or loss. When removed from balance sheet, gains or losses are recognize through profit or loss.

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

Debt instruments that satisfy all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at fair value through other comprehensive income:

- Financial assets that are held for the purpose of collecting contractual cash flow and sale.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

At initiation, the Company can make an irrevocable choice to account for subsequent fair value changes through other comprehensive income for equity instruments that are not held for trading. The above choice is determined on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, gain/loss on currency exchange, and impairment loss are recognized through profit or loss; other net gains or losses are recognized through other comprehensive income. When removed from balance sheet, amounts accumulated under other comprehensive income are reclassified into profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized through profit or loss (unless the dividends clearly represent a partial recovery of the investment cost). Other net gains or losses are recognized through other comprehensive income and are not reclassified into profit or loss.

Dividend income from equity investments are recognized on the day the Company becomes entitled to collect them (which is usually the ex-dividend day).

(3) Financial assets at fair value through profit or loss

Financial assets that are neither carried at amortized cost nor at fair value through other comprehensive income (such as those held for trading and for management and performance evaluation at fair value) are carried at fair value through profit or loss; this includes derivative financial assets. At initial recognition, the Company can make an irrevocable decision to designate financial assets that satisfy the criteria of being carried at amortized cost or at fair value through other comprehensive income to be carried at fair value through profit or loss, for the purpose of eliminating or reducing accounting mismatch.

Balance is initially measured at fair value with transaction costs recognized through profit or loss, and subsequently measured at fair value with remeasurement gains or losses (including any dividend and interest income) recognized through profit or loss.

(4) Impairment on financial assets

The Company recognizes loss provisions on financial assets carried at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets) based on expected credit loss.

Loss provisions for the following financial assets are made based on 12-month expected credit loss; for all other financial assets, loss provisions are made based on expected credit loss for the remaining lifetime:

- Debt securities that are deemed to be of low risk as of the reporting date; and
- Other debt securities and bank deposits that exhibit no significant increase in credit risk (i.e. risk of default over the financial instrument's expected duration) since initial recognition.

Loss provisions for accounts receivable and contractual assets are measured based on expected credit loss over the remaining lifetime.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Company uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit rating, and forecasts.

The Company considers a debt security to be of low credit risk if it is awarded a credit risk rating equivalent to the "investment grade" commonly recognized in the world (i.e. BBB by Standard & Poor-, Baa3 by Moody's, or twA by Taiwan Ratings, or higher).

The Company considers credit risk to have increased significantly if contractual payment is overdue for more than 30 days.

The Company considers financial asset to have defaulted if contractual payment is overdue for more than 90 days, or if the borrower is unlikely to fulfill credit obligation and make pay full payment to the Company.

Expected credit loss for the remaining lifetime refers to the amount of credit losses that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

12-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to default event in the next 12 months (or shorter, if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured is the maximum contract duration in which the Company is exposed to credit risk.

Expected credit loss is estimated by weighing credit losses for the remaining lifetime of a financial instrument against probability of occurrence. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Company expects to collect. Expected credit losses are discounted at effective interest rate applicable to the financial asset.

The Company assesses financial assets carried at amortized cost for credit impairment on every reporting date. A financial asset is deemed to have credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data that can be used to establish the following with respect to a financial asset:

- The borrower or issuer encounters significant financial distress;
- Event of default, such as delinquency or more than 90-day overdue;
- The Company grants compromise to the borrower for reasons relating to financial distress or contractual obligation that the Company would not have done so otherwise;
- The borrower is very likely to file for bankruptcy or undergo financial restructuring; or
- Occurrence of financial distress that may cause the financial asset to be removed from active market.

Loss provisions on financial assets carried at amortized cost are deducted from book value. Loss provisions and reversals are recognized through profit or loss.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

When the Company has reason to believe that it may not recover part or all of a financial asset, the total book value of financial asset is reduced directly to reflect the expectation. If the counterparty is a corporate entity, the Company would analyze the timing and amount of charge-off based on rational expectations about recoverability. The Company expects no major reversal of amounts that it has charged off. However, the Company may still make claims on charged-off financial assets according to its recovery procedures.

(5) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns of ownership assumed by another party, or in situations where the Company neither transfers nor retains virtually all risks and returns associated with ownership and retains no control over such financial asset.

The Company will continue recognizing financial assets it has signed transfer agreement for on the balance sheet if it retains virtually all risks and returns associated with the ownership of the transferred asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity transactions

Equity instrument refers to any contract that represents the Company's entitlement to assets net of liabilities. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

(3) Financial liabilities

Financial liabilities are classified into those that are carried at amortized cost and those that are carried at fair value through profit or loss. Financial liabilities are carried at fair value through profit or loss if they are held for trading, characterized as derivative instrument, or designated to be so at initial recognition. Financial liabilities at fair value through profit or loss are carried at fair value with net gains and losses, including any interest expense, recognized through profit or loss.

Other financial liabilities are recognized at fair value plus directly attributable transaction costs at initiation, and subsequently measured at amortized cost using the effective interest method. Interest expenses and gains/losses on currency exchange are recognized through profit or loss. When removing from balance sheet, any gains or losses incurred are also recognized through profit or loss.

(4) Removal of financial liabilities

Financial liabilities are removed from the consolidated balance sheet upon fulfillment, cancellation, or expiry of contractual obligation. If a change in the terms of a financial liability alters cash flow by a significant extent, the old financial liability is removed and a new financial liability will be recognized based on the revised terms.

When a financial liability is removed, the difference between book value and the consideration paid or payable (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported on the balance sheet in net amount only when the Company is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

3. Derivative instruments and hedge accounting

The Company holds derivative instruments for hedging foreign currency and interest rate risks. For instruments with embedded derivatives, the embedded derivatives are accounted separately from the master contract if they meet certain criteria and that the master contract is not a financial asset. These derivatives are measured at fair value at initiation, and subsequently measured at fair value with remeasurement gains or losses recognized directly through profit or loss.

(VII) Inventories

Inventory is valued at the lower of cost and net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Cost of finished goods and work-in-progress includes manufacturing overheads, which are allocated proportionally based on normal production capacity. However, given the insignificant difference between actual and normal capacity, overheads were allocated based on actual capacity instead.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(VIII) Investment in associates

An associate is an entity in which the Company has significant influence over financial and operating decisions, but no single or joint control.

The Company accounts for associates using the equity method. Under the equity method, investments are accounted at acquisition cost at initiation; acquisition cost includes transaction cost. The book value of associate includes goodwill recognized at initiation less any cumulative impairment losses.

The parent company only financial statements include profit or loss and other comprehensive income from associates, recognized based on percentage of equity ownership and adjusted for consistency of accounting policy, from the day the Company gains significant influence until the day it no longer exercises significant influence. If an associate undergoes a change of equity that is not attributed to profit, loss, or other comprehensive income and has no impact on the Company's shareholding percentage, the Company will recognize the change of equity proportionally in "Capital reserve."

Unrealized gains and losses arising from transactions between the Company and associates are recognized in corporate financial statements only for the percentage of ownership that is controlled by non-related investors.

The Company will stop recognizing losses on associates when its share of the loss equals or exceeds the value of equity held. The Company will recognize extra losses and liabilities only for legal obligations and constructive obligations occurred, or payments made on behalf of investees.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(IX) Investment in subsidiaries

When preparing parent company only financial statements, the Company accounts for controlled investees using the equity method. Under the equity method, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between parent company only and consolidated financial statements, and the amount of equity attributable to parent company shareholders are also consistent between parent company only and consolidated financial statements.

Change of ownership interest in a subsidiary without losing control is treated as equity transaction between owners.

(X) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

Where the useful lives of the material components of any property, plant, or equipment, it is treated as a separate item under the property, plant, or equipment

Gain or loss on disposal of property, plant, and equipment is recognized through profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when the Company is very likely to realize future economic benefits.

3. Depreciation

Depreciation is calculated using the straight-line approach, in which the cost of asset net of residual value is divided by the useful life of each component, and recognized through profit or loss.

No depreciation is provided on land.

The following useful life estimates are used for the current and comparative periods:

- (1) Buildings and accessory equipment: 1-50 years
- (2) Machinery: 1-10 years
- (3) Molding equipment: 1-6 years
- (4) Transport equipment: 1-5 years
- (5) Office and sundry equipment: 1-10 years

The Company reviews its depreciation method, useful life, and residual value estimates yearly on each reporting date. Changes are made as deemed necessary and appropriate.

(XI) Leases

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment. A contract is considered as lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration.

1. As a lessee

The Company recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use asset or until expiry of the lease tenor, whichever the earlier. Furthermore, the Company regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to remeasurement.

Lease liabilities are initially measured as the present value of unpaid lease payments as at the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be easily determined; if the rate cannot be easily determined, the Company's incremental borrowing rate will be used as the discount rate instead. In general, the Company uses incremental borrowing rate as the discount rate.

The types of lease payments included in the calculation of lease liabilities include:

- (1) Fixed payments, including in-kind fixed payments;
- (2) Variable lease payments that are determined by certain index or rate, which are initially measured using index or rate as at the lease start date.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

- (1) When there is a change in the index or rate used for determining lease payments, which leads to changes in future lease payments;
- (2) When there is a change in the likelihood of exercising lease extension/termination option, which may alter expectation about the lease tenor; and
- (3) When there is a change in leased asset, scope of lease, or other terms.

When lease liability is remeasured due to a change in the index or rate used to determine lease payment or due to a change in the assessment of purchase, extension, or termination option, a corresponding adjustment is also made to the book value of right-of-use asset at the same time. When book value of the right-of-use asset has been reduced to zero, further remeasurements are recognized through profit or loss instead.

Any contract amendment that reduces the scope of lease is accounted by reducing the book value of right-of-use asset by an amount that reflects partial or total termination of lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

Right-of-use assets that do not meet the definition of investment property and lease liabilities are presented on the balance sheet as single-line items.

For short-term leases such as corporate vehicles and photocopiers and leases of low-value assets, the Company chooses not to recognize right-of-use asset or liability, but instead recognizes lease payments as expenses over the course of the lease tenor on a straight-line basis.

2. As a lessor

For lease arrangements where the Company is a lessor, the terms of the lease contract are evaluated to determine whether virtually all risks and returns associated with ownership of the asset are transferred on the day of lease commencement. If so, the contract would be classified as a financial lease; if not, the asset would be classified as an operating lease. When evaluating leases, the Company takes into consideration whether the lease tenor covers a major portion of the asset's useful life, among other indicators.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

For lease arrangements where the Company is an intermediate lessor, the Company accounts for the master lease and the sublease separately, and classifies the sublease based on the right-of-use asset given rise by the master lease. If the master lease is short-term in nature and is exempted from lease recognition, the sublease is classified as operating lease.

(XII) Intangible assets

1. Research and development

Expenses relating to research activities are recognized in profit or loss when incurred.

Development expenses are capitalized only if: the amount can be measured reliably; the product or process being developed is technologically or commercially feasible; the Company is very likely to receive future economic benefits; and the Company has both the intention and adequate resources to complete the development and make use or sell the completed result. All other development expenses are recognized through profit or loss when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and impairment.

2. Other intangible assets

Other intangible assets of limited useful life acquired by the Company are carried at cost less accumulated amortization and cumulative impairment.

3. Subsequent expenses

Subsequent expenses are capitalized only if they are able to increase future economic benefits of certain assets. All other expenses are recognized through profit or loss when incurred, including internally developed goodwill and brands.

4. Amortization

When accounting for amortization, the amortizable amount is determined as the cost of asset less residual value.

Except for goodwill and intangible assets with undefined useful life, intangible assets are amortized using the straight-line method over the useful life from the time they reach the usable state. Amortizations are recognized in profit or loss.

The following useful life estimates are used for the current and comparative periods:

- (1) Cost of computer software: 1-5 years
- (2) Patent: amortized over the number of useful years

The Company examines its amortization method, useful life, and residual value estimates for intangible assets on each reporting date. Changes are made as deemed necessary and appropriate.

(XIII) Impairment of non-financial assets

The Company evaluates non-financial assets (excluding inventory, contractual assets, and deferred income tax assets) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have recoverable amount estimated.

For the purpose of impairment testing, assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets are determined as a smallest identifiable group of assets. Goodwill acquired through business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

Recoverable amount is determined as fair value less disposal cost or the utilization value, whichever the higher. Utilization value is assessed by discounting projected cash flows to the present value using the pre-tax discount rate. This discount rate reflects the time value that the market has currently priced for the given currency, and risks that are specific to the given asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as impairment loss.

Impairment losses are immediately recognized through current profit or loss against a reduction to the book value of goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce book values of other assets within the unit on a pro-rated basis (i.e. proportionally based on book value weight of each asset).

Goodwill impairment is not reversed in any case. For non-financial assets other than goodwill, impairment losses can be reversed provided that doing so does not exceed the new book value (net of depreciation or amortization) of the particular asset if impairment losses were not recognized in the first place.

(XIV) Revenue recognition

1. Revenue from contracts with customers

Income is measured as the amount of consideration expected to receive for the delivery of merchandise or service. The Company recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled. A more detailed description by main revenue categories is as follows:

(1) Sale of merchandise

The Company manufactures and sells LCD display modules. The Company recognizes revenues when control of product has been transferred. Product control is deemed to have transferred upon delivery, at a time when customer is able to exercise full discretion over the use of sales channel and selling price and no unfulfilled obligations exist that may otherwise affect customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, thereby voiding the acceptance clause, or under any other circumstances where the Company has objective evidence to prove having satisfied all inspection criteria.

The Company recognizes accounts receivable at the time merchandise is delivered, as the Company has unconditional rights to collect consideration at this point.

(2) Financial component

The Company expects no more than one year between the time at which merchandise or service is transferred to customers and the time at which payment is received for such merchandise or service for all its customers. As a result, no time value adjustment is made to the transaction price.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(XV) Accounting for sale of raw materials and buyback of finished goods

The Company sells raw materials directly to Mainland subsidiaries for production; some of the finished goods are bought back directly by the Company and sold to customers. When preparing financial statements, this type of material sale is accounted as subcontracted processing in accordance with Correspondence No. (87)-Tai-Tsai-Cheng-(6)-00747 issued by Securities and Futures Institute on March 18, 1998, in which the sale of raw materials is offset against sales revenues and cost of sales.

(XVI) Employee benefits

1. Defined contribution plan

Obligated contributions under the defined contribution plan are recognized as expense for the duration of services rendered.

2. Defined benefit plan

The Company's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered, and deduct any fair value of plan assets.

Defined benefit obligations are estimated by a qualified actuary using the Projected Unit Credit Method on a yearly basis. Where actuarial results are likely favorable to the Company, the asset recognized is limited to the refunded contribution from the plan, or the present value of economic benefits available in the form of lowering the future contributions to the plan. When calculating present value of economic benefit, the Company takes the minimum contribution requirement of all applicable plans into consideration.

Remeasurement of net defined benefit obligation (asset) includes actuarial gains/losses, return on plan assets (excluding interests), and any changes in the effect of the asset ceiling (excluding interests), and such is immediately recognized in other comprehensive income, and accumulated in the retained earnings. When the Company determines the net interest expense (income) of the net defined benefit liability (asset), the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period are adopted. The net interest expenses and gains/losses on defined benefit plan are recognized in profit or loss.

When the plan is amended or reduced, the benefit changes related to the prior service cost or reduced profits or losses are recognized immediately in profit or loss. The Company recognizes gain or loss on the settlement of defined benefit plan at the time it takes place.

3. Short-term employee benefits

Short-term employee benefit obligation is recognized as expense when relevant services are rendered. If the Company has a statutory or constructive obligation to pay benefits in the current period due to services rendered by employee in the past and such obligation can be estimated reliably, the amount is recognized as liability.

(XVII) Income tax

Income tax expense comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit or loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

Current income tax includes all income taxes refundable/payable for the current year, which is calculated based on current year's taxable income (or loss), plus any adjustment to income tax payable/refundable in previous years. This amount is the best estimate of the amount payable or receivable, determined using the statutory tax rate or the rate of substantively enacted legislation as of the reporting date.

Deferred income tax represents the tax impact of temporary differences between asset/liability figures presented on reporting date and asset/liability figures used for taxation basis. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

1. Assets or liabilities that are not originally recognized due to a merger transaction, and at the time of the transaction, (i) affect neither accounting profit nor taxable profit (tax loss), and (ii) do not give rise to equal taxable and deductible temporary differences.
2. Temporary differences arising from investment in subsidiaries, associates, and joint ventures, where the Company has control over the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from initial recognition of goodwill.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated on each reporting date. Tax benefits that are not very likely to be realized will be reduced down to the realizable amount, and amounts previously reduced may be reversed up to the point where sufficient taxable income can be generated.

Deferred income tax is calculated using tax rate that is expected to be effective at the time the temporary difference is reversed. In this financial statement, the statutory tax rate or substantively enacted tax rate is used for calculation.

The Company will offset deferred income tax assets against deferred income tax liabilities only when the following conditions are met:

1. When it is legally entitled to offset current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities arise in relation to income taxes imposed by the same tax authority, and the tax-paying entities meet any of the following conditions:
 - (1) The tax-paying entities are one and the same; or
 - (2) The tax-paying entities are different, but all entities have the intent to settle current income tax liabilities and assets on a netted basis or realize them at the same time, for every future period in which they expect to recover deferred income tax assets and settle deferred income tax liabilities.

Additional business income tax on unappropriated retained earnings is treated as income tax expense for the following year after a resolution is sought during the annual general meeting to retain the earning.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(XVIII) Earnings per share

The Company presents earnings per share attributable to the Company's common shareholders in basic and diluted terms. Basic earnings per share of the Company is calculated by dividing the amount of profits attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the amount of profits attributable to the Company's common shareholders and weighted average number of common shares for the dilutive effect of potential common shares.

(XIX) Segment information

The Company has already disclosed segment information in the consolidated financial statements, therefore no segment information is disclosed in the parent company only financial statements.

V. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When preparing the parent company only financial statements, the management is required to make judgments, estimates for the future (including climate-related risks and opportunities), which may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. The actual outcome may differ from initial estimates.

The management examines its estimates and basic assumptions on an ongoing basis, whether they are consistent to the Company's risk management and climate-related commitments. Impacts from changes in accounting estimate are recognized in the year when the changes take place and in future years when impacts materialize.

Please refer to the 2025 consolidated financial statements for more details on how the management forms its judgment of whether the Company has control and material influence over associates.

Of which, the uncertainty regarding the estimate and assumption of inventory valuation has material risks, and the related information resulting in material adjustment in the coming year are as below:

Due to the fact that inventory is measured at the lower of cost and net realizable value, the Company assesses inventory on each reporting date for any decrease in sales value due to normal wear, obsolescence, or absence of market demand, and reduces inventory cost to net realizable value accordingly. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes due to rapid development of the industry. For details on inventory valuation, please refer to Note 6(4).

VI. Notes to major accounts

(I) Cash and cash equivalents

	2025.12.31	2024.12.31
Petty cash and cash on hand	\$ 267	325
Check and current deposits	191,972	346,287
Time deposits	79,200	108,900
	\$ 271,439	455,512

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

The Company has time deposits with an initial maturity of three months and longer but within one year, for NT\$0 and NT\$2,500 thousand, respectively, at December 31, 2025 and 2024, and accounted under Other financial assets - current; please refer to Note 6 (3).

Please see Note 6(14) for detailed disclosure of exchange rate risk, interest rate risk, and sensitivity analysis on the Company's financial assets and liabilities.

Some of the Company's demand deposits and time deposits have been placed as collateral and presented as Other financial assets - current. Please see Note 6(3) and 8 for details.

(II) Notes & accounts receivable (including related parties)

	2025.12.31	2024.12.31
Notes receivable	\$ 1,540	125
Accounts receivable	165,267	167,311
Accounts receivable - related parties	9,021	1,554
	175,828	168,990
Less: loss provisions	-	-
Notes and accounts receivable (net)	\$ 175,828	168,990

The Company adopts the simplified approach to estimate expected credit loss on all notes and accounts receivable, which involves measuring expected credit loss for the duration of its receivables. To facilitate this approach, notes and accounts receivable are divided into several groups of common credit risk characteristics by assessing customers' ability to make contractual payments at maturity. This approach takes into account forward-looking information such as the macroeconomic outlook and industry prospects. Expected credit loss analysis for notes and accounts receivable is explained below:

	2025.12.31		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate	Provision for expected credit loss over the remaining duration
Current	\$ 125,793	0%	-
Overdue 1 - 30 days	21,728	0%	-
Overdue 31 - 60 days	23,911	0%	-
Overdue 61 - 90 days	4,396	0%	-
Overdue 91 - 180 days	-	0%	-
Overdue 181 days and above	-	0%	-
	\$ 175,828		-

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

	2024.12.31		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate	Provision for expected credit loss over the remaining duration
Overdue less than 30 days (including current)	\$ 168,231	0%	\$ -
Overdue 31 - 60 days	759	0%	-
Overdue 61 - 90 days	-	0%	-
Overdue 91 - 180 days	-	0%	-
Overdue 181 days and above	-	0%	-
	\$ 168,990		-

The Company's changes in loss provisions on notes and accounts receivable in 2025 and 2024 are explained below:

	2025	2024
Opening balance	\$ -	-
Impairment loss recognized	-	-
Closing balance	\$ -	-

None of the Company's notes receivable and accounts receivable was placed as collateral as at December 31, 2025 and 2024.

Please see Note 6(14) for more details on exchange rate risk and sensitivity analysis concerning the Company's notes and accounts receivable for 2025 and 2024.

(III) Other financial assets - current

	2025.12.31	2024.12.31
Time deposits	\$ -	2,500
Restricted bank deposits	2,527	2,509
Other receivables (including related parties)	4,684	2,127
	\$ 7,211	7,136

The Company had placed some of its time deposits that did not meet the definition of cash equivalent as collaterals for customs guarantee as at December 31, 2025 and 2024.

Please see Note 8 for details.

(IV) Inventory

	2025.12.31	2024.12.31
Finished goods	\$ 14,487	22,304
Work-in-progress and semi-finished goods	12,649	4,465
Raw materials	43,476	46,069
Merchandise	1,914	5,218
	\$ 72,526	78,056

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

Details of operating costs recognized by the Company:

	<u>2025</u>	<u>2024</u>
Selling costs and expenses	\$ 995,896	906,637
Reversal of inventory obsolescence and devaluation loss	(13,706)	(6,840)
Inventory write-off and others	7,638	13,749
Unallocated manufacturing expenses	18,248	-
	<u>\$ 1,008,076</u>	<u>913,546</u>

The Company scrapped the inventories in 2025 and 2024 so that the net realizable values of the inventories were lower than the costs, resulting in a reversal of the allowance for losses.

None of the Company's inventory was pledged as collateral as at December 31, 2025 and 2024.

(V) Equity-accounted investments

The Company's equity-accounted investments as at the reporting date are presented below:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiary	\$ 763,899	768,196
Associates	313,932	225,878
	1,077,831	994,074
Less: unrealized gain/loss	(1,483)	(955)
	<u>\$ 1,076,348</u>	<u>993,119</u>

1. Subsidiaries

Please refer to the 2025 consolidated financial statements.

2. Associates

(1) The Company's share of profit or loss from associates for 2025 and 2024 is summarized below:

	<u>2025</u>	<u>2024</u>
The Company's share of current net income from associates	<u>\$ 60,299</u>	<u>52,585</u>

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(2) Information of associates that are significant to the Company:

Name of associate	Nature of relationship with the Consolidated Entity	Main business location/country of registration	Percentage of ownership/voting right	
			2025.12.31	2024.12.31
Powertip Image Corp. (Powertip Image)	Main business activities are the manufacturing of electronic parts and optical instruments	Taiwan	19.98% Note 2	Note 1

Note 1: Powertip Image, an associate of the Group, delivered a total of 181 thousand shares of employee stock options in July 2024, resulting in the dilution of Powertip Technology Group's shareholding in Powertip Image to 23.27%.

Note 2: The Company's associate, Powertip Image, approved a capital increase of 5,600 thousand shares at the board meeting on March 6, 2025. The Company disposed of 150 thousand shares of Powertip Image on May 9, 2025. Powertip Image, the Company's associate, granted 422 thousand employee stock options in July 2025, resulting in a dilution of the Company's shareholding ratio in Powertip Image to 19.98%.

(3) The following is a collective disclosure of financial information for the Company's significant associates. The figures of each associate have been adjusted when preparing IFRS-compliant parent company only financial statements to reflect the amount of adjustments the Company had made for fair value and difference in accounting policy at the time of acquisition:

Summary financial information of Powertip Image Corp.:

	2025.12.31	2024.12.31
Total assets	\$ 2,421,565	1,643,761
Total liabilities	(860,620)	(684,923)
Net asset attributable to owners of the investee	<u>\$ 1,560,945</u>	<u>958,838</u>
	2025	2024
Operating revenue	\$ 1,235,804	1,031,810
Current net income from continuing operations	291,941	228,672
Other comprehensive income	9,309	17,698
Total comprehensive income attributable to owners of the investee	<u>\$ 301,250</u>	<u>246,370</u>

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

	2025	2024
Opening share of net asset in associates	\$ 223,122	186,450
Current period disposition	(3,777)	-
Dividends received from associates in the current period	(24,887)	(23,937)
Total comprehensive income attributable to the Company in the current period	62,414	57,420
Changes in equity owned by associates during this period	55,005	3,189
Closing share of net asset in associates	311,877	223,122
Plus: land use rights	2,055	2,236
Buildings	-	520
Closing book value of equity in associate	\$ 313,932	225,878

3. The Consolidated Entity disposed of 150 thousand shares of Powertip Image for \$10,768 thousand on May 9, 2025. The gain on disposal of NT\$7,053 thousand is included in "non-operating income and expenses" in the consolidated statement of comprehensive income.

4. Collateral

None of the Company's equity-accounted investment was pledged as collateral as at December 31, 2025 and 2024.

(VI) Property, plant and equipment

Changes in cost and accumulated depreciation of the Company's property, plant, and equipment during 2025 and 2024 are explained below:

	Land	Buildings	Machinery and equipment	Others	Total
Cost or deemed cost:					
Balance as at January 1, 2025	\$ 184,079	448,400	707,968	81,046	1,421,493
Add	-	7,778	92	3,873	11,743
Disposal	-	(4,068)	(1,962)	(991)	(7,021)
Balance as at December 31, 2025	\$ 184,079	452,110	706,098	83,928	1,426,215
Balance as at January 1, 2024	\$ 184,079	444,638	688,910	89,083	1,406,710
Add	-	3,762	9,724	2,000	15,486
Inward (outward) reclassification	-	-	9,334	(9,334)	-
Disposal	-	-	-	(703)	(703)
Balance as at December 31, 2024	\$ 184,079	448,400	707,968	81,046	1,421,493

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
Depreciation or impairment loss:					
Balance as at January 1, 2025	\$ -	219,870	672,189	74,987	967,046
Depreciation	-	10,856	7,639	3,668	22,163
Disposal	-	(4,068)	(1,962)	(982)	(7,012)
Balance as at December 31, 2025	<u>\$ -</u>	<u>226,658</u>	<u>677,866</u>	<u>77,673</u>	<u>982,197</u>
Balance as at January 1, 2024	\$ -	209,387	665,393	71,507	946,287
Depreciation	-	10,483	6,796	4,183	21,462
Disposal	-	-	-	(703)	(703)
Balance as at December 31, 2024	<u>\$ -</u>	<u>219,870</u>	<u>672,189</u>	<u>74,987</u>	<u>967,046</u>
Book value:					
December 31, 2025	<u>\$ 184,079</u>	<u>225,452</u>	<u>28,232</u>	<u>6,255</u>	<u>444,018</u>
December 31, 2024	<u>\$ 184,079</u>	<u>228,530</u>	<u>35,779</u>	<u>6,059</u>	<u>454,447</u>
January 1, 2024	<u>\$ 184,079</u>	<u>235,251</u>	<u>23,517</u>	<u>17,576</u>	<u>460,423</u>

The Company had placed some of its property, plant, and equipment as collateral for long-term borrowings and credit limits as at December 31, 2025 and 2024. Please see Note 8 for details.

(VII) Long-term borrowings

Details, conditions, and terms of the Company's medium-term and long-term borrowings are as follows:

	<u>2024.12.31</u>		
	<u>Currency</u>	<u>Year of maturity</u>	<u>Amount</u>
Unsecured bank borrowings	NTD	2025	\$ 1,667
Secured bank borrowings	NTD	2025	9,531
Less: portion maturing within 1 year			<u>(11,198)</u>
			<u>\$ -</u>
Unused limit			<u>\$ 104,538</u>
Interest rate range			<u>1.58%~1.61%</u>

1. Please see Note 6(14) for details on the Company's interest rate, exchange rate, and liquidity risk exposure.
2. Collaterals placed for bank borrowings
 - (1) Please see Note 7 for details on joint guarantees offered by key management of the Consolidated Entity for the Company's long-term and short-term borrowing agreements.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(2) Please see Note 8 for bank borrowings secured with the Company's assets.

(VIII) Employee benefits

In the third quarter of 2025, the Company reached an agreement with employees to settle their accrued seniority under the old system, and paid out pension benefits in accordance with relevant regulations. In the fourth quarter of the same year, the remaining balance of the labor pension reserve account at the Bank of Taiwan was withdrawn and distributed to employees.

1. Defined benefit plan

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	2024.12.31
Present value of defined benefit obligations	\$ (63,512)
Fair value of plan assets	54,828
Net defined benefit liabilities	\$ (8,684)

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of plan assets

Pension fund contributions that the Company has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

(2) Changes in present value of defined benefit obligations

The Company's changes in present value of defined benefit obligations for 2025 and 2024 are explained below:

	2025	2024
Defined benefit obligations as at January 1	\$ (63,512)	(63,469)
Service cost and interest in the current period	(34)	(854)
Remeasurement of net defined benefit liabilities (assets)	5,588	(3,525)
Payment of plan benefits	57,958	4,336
Defined benefit obligations as at December 31	\$ -	(63,512)

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(3) Changes in the fair value of pension plan assets

The Company's changes in the fair value of defined benefit plan assets in 2025 and 2024 are explained below:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets as at January 1	\$ 54,828	50,802
Interest income	901	608
Remeasurement of net defined benefit liabilities (assets)	3,679	4,575
Amount contributed to the plan	2,462	3,179
Pension account closed and funds withdrawn	(3,912)	-
Payment of plan benefits	(57,958)	(4,336)
Fair value of plan assets as at December 31	<u>\$ -</u>	<u>54,828</u>

(4) Expenses recognized in profit or loss

The Company recognized the following expenses in profit or loss in 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Service costs for the current period	\$ (997)	104
Net interest on net defined pension liabilities (assets)	130	142
	<u>\$ (867)</u>	<u>246</u>
Operating costs	\$ 57	104
Selling and marketing expenses	21	33
General and administrative expenses	(977)	60
Research and development expenses	32	49
	<u>\$ (867)</u>	<u>246</u>

(5) Actuarial assumptions

Key actuarial assumptions that the Company had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Discount rate	1.40%	1.65%
Future salary increase	3.20%	3.20%

(6) Sensitivity analysis

When calculating present value of defined benefit obligations, the Company is required to exercise judgments and make estimates in order to determine actuarial assumptions as at the balance sheet date. These assumptions include the discount rate and future salary changes. Any changes in actuarial assumption may cause significant impacts on the Company's defined benefit obligations.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2025 and 2024:

	Impact on defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2024		
Discount rate	(1,390)	1,439
Future salary increase	1,414	(1,373)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

2. Defined contribution plan

The Company's defined contribution plan complies with the Labor Pension Act, in which the Company contributes an amount equal to 6% of employees' salaries each month to employees' pension accounts held with the Bureau of Labor Insurance. Under this plan, the Company is freed of additional pension obligations (whether statutory or constructive) once it has contributed the designated amount to the Bureau of Labor Insurance.

The Company's pension expenses recognized for the defined contribution plan in 2025 and 2024 were NT\$7,119 thousand and NT\$6,918 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

(IX) Income tax

1. Income tax expenses

(1) Below are details of the Company's income tax expenses for 2025 and 2024:

	2025	2024
Current income tax expense	\$ 2,125	6,277
Deferred income tax expense		
Occurrence and reversal of temporary difference	2,612	1,334
Income tax expenses	\$ 4,737	7,611

(2) Below are details of income tax expenses (income) recognized by the Company under other comprehensive income in 2025 and 2024:

	2025	2024
Items not reclassified into profit or loss:		
Remeasurement of defined benefit plan	\$ (1,304)	-
Items likely to be reclassified into profit or loss:		
Exchange differences on translation of financial statements of foreign operations	\$ (808)	5,373

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

- (3) The Company's reconciliation of income tax expense and profit before tax for 2025 and 2024:

	2025	2024
Net income (loss) before tax	\$ (284)	10,922
Income tax calculated by applying local tax rate of the country where the Company is located	(56)	2,184
Net investment gains/losses and tax-exempt income	(19,122)	(15,389)
Change in unrecognized deductible temporary difference	13,756	6,575
Non-deductible expenses	7,382	7,752
Underestimations in past periods and others	2,777	3,990
Additional tax on unappropriated earnings	-	3,570
Tax incentive	-	(1,071)
	\$ 4,737	7,611

2. Deferred income tax assets and liabilities

- (1) Items not recognized as deferred income tax liability: None.
(2) Items not recognized as deferred income tax asset

The following items were not recognized as deferred income tax asset:

	2025.12.31	2024.12.31
Deductible temporary differences	\$ 48,309	42,577
Tax credits	11,755	3,731
	\$ 60,064	46,308

Unrecognized deductible temporary differences were mostly attributed to losses on subsidiary investments; the Company did not recognize deferred income tax assets because they are not very likely to be realized in the foreseeable future.

Tax credits, as defined in the Income Tax Act, are losses certified by the tax authority in the last 10 years that can be taken to reduce current year's taxable income. Tax credits were not recognized as deferred income tax assets because the Company is not very likely to generate adequate taxable income to offset tax credits in the future.

As at December 31, 2025, the Company did not have any tax credits that were not recognized as deferred income tax asset, :

Year of loss	Deductible balance	Final year for the deduction
2024 (reported)	\$ 24,052	2034
2025 (estimated)	34,725	2035
	\$ 58,777	

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(3) Changes in recognized deferred income tax assets and liabilities in 2025 and 2024:

	Exchange differences on translation of financial statements of foreign operations		
	Exchange differences on translation of financial statements of foreign operations	Others	Total
Deferred income tax liabilities:			
Balance as at January 1, 2025	\$ 705	1,304	2,009
Debit/(credited) profit or loss	-	-	-
Debit/(credit) other comprehensive income	(705)	(1,304)	(2,009)
Balance as at December 31, 2025	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance as at January 1, 2024	\$ -	1,304	1,304
Debit/(credit) other comprehensive income	705	-	705
Balance as at December 31, 2024	<u>\$ 705</u>	<u>1,304</u>	<u>2,009</u>
Exchange differences on translation of financial statements of foreign operations			
	Exchange differences on translation of financial statements of foreign operations	Tax loss and others	Total
Deferred income tax assets:			
Balance as at January 1, 2025	\$ -	2,739	2,739
(Debit)/credit profit or loss	-	(2,612)	(2,612)
(Debit)/credit other comprehensive income	103	-	103
Balance as at December 31, 2025	<u>\$ 103</u>	<u>127</u>	<u>230</u>
Balance as at January 1, 2024	\$ 4,668	4,073	8,741
(Debit)/credit profit or loss	-	(1,334)	(1,334)
(Debit)/credit other comprehensive income	(4,668)	-	(4,668)
Balance as at December 31, 2024	<u>\$ -</u>	<u>2,739</u>	<u>2,739</u>

3. Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been assessed by the tax authority up till 2023.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(X) Capital and other equity items

1. Common share capital

Authorized capital as at December 31, 2025 and 2024, was reported at NT\$2,400,000 thousand (13,500 thousand shares were reserved to accommodate the conversion of employee warrants on both reporting dates).

The Company's reconciliation of shares outstanding for 2025 and 2024 is as follows:
(Expressed in thousands of shares)

	Common stock	
	2025	2024
Opening balance on January 1	162,173	162,173
Cash capital reduction	(16,173)	-
Closing balance on December 31	146,000	162,173

On June 19, 2025, the Company's shareholders approved a cash capital reduction of NT\$161,732 thousand, eliminating 16,173 thousand issued shares, representing a reduction of approximately 9.97%. The competent authority approved the reduction on August 19, 2025, with a record date of August 20, 2025. The registration of the change was completed on September 9, 2025, and the capital reduction refund was fully paid on October 30, 2025.

2. Capital reserve

The following is a breakdown of the Company's capital reserve:

	2025.12.31	2024.12.31
Change of ownership interest in subsidiaries	\$ 87,963	7,187
Difference between the actual price and book value of equity of subsidiaries acquired/disposed of	1,095	1,113
	\$ 89,058	8,300

According to The Company Act, balances of realized capital reserve can be distributed in shares or cash back to shareholders at the current shareholding percentage after reimbursing cumulative losses. The term "realized capital reserve" mentioned above includes shares issued at premium and gains from gifts. Pursuant to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid-up capital per year.

3. Retained earnings (as stipulated in the Articles of Incorporation prior to the amendment on June 19, 2025)

A. The Company allocates year-end earnings, if any, in the following order:

- a. Taxation.
- b. Reimbursement of losses.
- c. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.
- d. Provision for special reserve from current earnings in accordance with laws or relevant rules, which can be distributed only if reversed.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

e. The balance that remains after a to d is added to unappropriated earnings from previous years and is available for earnings distribution. The dividends are distributed in whole or in part to shareholders in proportion to their shareholdings. The final payout ratio is subject to shareholder meeting resolution according to Article 240 of The Company Act. The board of directors can be authorized to distribute all or part of the dividends or profit sharing in cash, provided that the resolution is supported by more than half of attending directors in a board meeting where at least two-thirds of board members are present, and that the decision is reported in the upcoming shareholder meeting.

B. Dividend policy

For the consistency of dividend payouts, the board of directors may choose to pay more than 70% of distributable earnings as dividends, with no less than 20% of dividends being cash, after taking into consideration the Company's business prospects and capital availability. The board may also opt to pay a higher percentage or the entirety of dividends in cash if capital can be sourced through alternative means or at times of abundant liquidity, and thereby avoid over-diluting earnings per share.

3. Retained earnings (as stipulated in the Articles of Incorporation after the amendment on June 19, 2025)

A. The Company allocates year-end earnings, if any, in the following order:

- a. Taxation.
- b. Reimbursement of losses.
- c. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.
- d. Provision for special reserve from current earnings in accordance with laws or relevant rules, which can be distributed only if reversed.
- e. The balance that remains after a to d is added to unappropriated earnings from previous years and is available for earnings distribution. The entirety or a portion of the residual balance can be distributed to shareholders as profit sharing at the current shareholding percentage. The final payout ratio is subject to shareholder meeting resolution according to Article 240 of The Company Act. The board of directors can be authorized to distribute all or part of the dividends or profit sharing in cash, provided that the resolution is supported by more than half of attending directors in a board meeting where at least two-thirds of board members are present, and that the decision is reported in the upcoming shareholder meeting.

B. Dividend policy

The Company's dividends to shareholders are distributed as share dividends and cash dividends. The cash dividends shall not be less than 20% of the total dividends.

(1) Statutory reserve

The Company may distribute statutory reserve in cash or in shares in the absence of cumulative losses, subject to resolution of a shareholders meeting; however, only the amount of statutory reserve that exceeds 25% of paid-up capital is distributable.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, when distributing available surplus, the Company shall make a special reserve from the current year's net profit after tax and the items other than the current year's net profit after tax for the difference between the net deduction from other shareholders' equity for the current year and the special reserve appropriated as stated above. For any subsequent reversal of the deduction from other shareholders' equity, the amount reversed may be distributed from the surplus profit derived from the reversal. If the amount debited to other shareholders' equity is reversed afterwards, the reversed amount may be distributed as earnings.

(3) Earnings appropriation

On March 12, 2025 and March 12, 2024, the board of directors resolved a decision on the amount of cash dividends in the 2024 and 2023 earnings appropriation plan that includes the following dividends to be paid to shareholders:

	2024		2023	
	Stock dividends per share (NTD)	Amount	Stock dividends per share (NTD)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.20	32,435	\$ 0.50	81,086

On March 11, 2026, the board of directors resolved to propose a plan for the distribution of 2025 earnings, with no dividends to be distributed.

(XI) Earnings per share

1. Basic earnings per share

The Company's basic earnings (loss) per share is calculated based on net income (loss) attributable to the Company's common shareholders and the weighted-average number of common shares outstanding. The related calculations are as follows:

	2025	2024
Current net income (loss)	\$ (5,021)	3,311
Weighted average outstanding shares (thousand shares)	156,236	162,173
Basic earnings (losses) per share (NT\$)	\$ (0.03)	0.02

2. Diluted earnings per share

The diluted earnings per share (loss) is calculated based on net income (loss) attributable to the Company's common shareholders and the weighted average number of common shares outstanding, adjusted for all potential dilutive effects. The relevant calculations are as follows:

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

	2025	2024
Current net income (loss)	<u>\$ (5,021)</u>	<u>3,311</u>
Weighted average outstanding shares (thousand shares)	156,236	162,173
Dilutive effect of potential common shares		
Effects of employee remuneration paid in shares	-	170
Weighted average outstanding shares (after adjusting for dilutive effect of potential common shares)	<u>156,236</u>	<u>162,343</u>
Diluted earnings (loss) per share (NT\$)	<u>\$ (0.03)</u>	<u>0.02</u>

The Company had no potential dilutive effect from common shares in 2025.

(XII) Revenue from contracts with customers

1. Breakdown of income

	2025	2024
Main regions and markets:		
Mainland China	\$ 38,345	17,178
Taiwan	120,400	122,229
Asia	56,690	39,008
Americas	170,166	127,990
Europe	707,795	669,845
	<u>\$ 1,093,396</u>	<u>976,250</u>
Main products:		
LCD display modules	\$ 1,030,702	935,058
Others	62,694	41,192
	<u>\$ 1,093,396</u>	<u>976,250</u>

2. Contract balance

	2025.12.31	2024.12.31	2024.1.1
Notes and accounts receivable	\$ 175,828	168,990	156,098
Less: loss provisions	-	-	-
Total	<u>\$ 175,828</u>	<u>168,990</u>	<u>156,098</u>
Contract liabilities (presented as other current liabilities)	<u>\$ 72,141</u>	<u>39,223</u>	<u>32,423</u>

Please refer to Note 6(2) for disclosures on notes and accounts receivable and impairment.

The opening balances of contract liabilities on January 1, 2025 and 2024 were recognized as revenue in 2025 and 2024 are NT\$2,949 thousand and NT\$6,189 thousand, respectively.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(XIII) Remuneration of employees and directors

On June 19, 2025, a shareholders' meeting approved a resolution to amend the Company's Articles of Incorporation. As stipulated in the amended Articles, if the Company generates a profit in a given year, 5% of the profit shall be allocated as employee remuneration and up to 1% of the profit shall be allocated as director remuneration, with an additional 1.5% of the profit allocated for salary adjustments or remuneration for entry-level employees. However, if the Company has accumulated losses, it shall reserve in advance the amount to make up the losses beforehand. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors. Pursuant to the Articles of Incorporation, before revision, 5% of profits concluded from a financial year shall be appropriated for employee remuneration and no more than 1% for director remuneration. However, if the Company has accumulated losses, it shall reserve in advance the amount to make up the losses beforehand. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors.

The Company has estimated 2025 and 2024 employees' remuneration at NT\$581 thousand and NT\$0 (including remuneration to entry-level employees), respectively, and directors' remuneration at NT\$0 and NT\$116 thousand, respectively. Both figures were estimated by multiplying profit before tax and employee/director remuneration with the respective percentages stated in the Company's Articles of Incorporation, and have been recognized as operating costs or operating expenses, respectively. If there is a difference between the amounts distributed in the following year and the estimated amounts, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the following year. If the board of directors decides to pay shares as remuneration to employees, the basis for calculating the shares as remuneration shall be based on the closing price of the common stock on the day before the resolution of the board of directors.

There is no difference between the amount of employees' and directors' remuneration distributed by the above-mentioned board of directors' meeting and the estimated amount in the 2025 and 2024 parent company only financial statements. The relevant information can be obtained from the Market Observation Post System.

(XIV) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

For financial assets, the book value represents the maximum credit risk exposure.

(2) Concentration of credit risk

The customers whose purchases account for 10% or more of the Company's operating revenue accounted for 29% and 25% of its sales revenue for 2025 and 2024, respectively. As of December 31, 2025 and 2024, the accounts receivable of said customers accounted for 41% and 38% of its total accounts receivable, respectively, resulting in a significant credit concentration risk. Please refer to Note 6 (15) for the Company's credit risk management policy for more details.

(3) Credit risk of receivables

For credit risk information on notes receivable and accounts receivable, please refer to Note 6(2).

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

Other financial assets carried at amortized cost include other receivables and time deposits. The Company measures loss provisions based on 12-month expected credit loss for the above financial assets that are deemed to be of low risk. No impairment loss was expected on the above proceeds as at December 31, 2025 and 2024.

2. Liquidity risk

The following chart shows contract maturity date for financial liabilities, including the effect of estimated interest.

	<u>Book value:</u>	<u>Contract cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2025					
Non-derivative financial liabilities					
Notes and accounts payable	\$ 37,652	(37,652)	(37,652)	-	-
Accounts payable - related parties	182,316	(182,316)	(182,316)	-	-
Other payables	49,917	(49,917)	(49,917)	-	-
Guarantee deposits received	138	(138)	-	-	(138)
	\$ 270,023	(270,023)	(269,885)	-	(138)
December 31, 2024					
Non-derivative financial liabilities					
Notes and accounts payable	\$ 33,804	(33,804)	(33,804)	-	-
Accounts payable - related parties	201,251	(201,251)	(201,251)	-	-
Long-term borrowings (including current portion maturing in one year)	11,198	(11,219)	(11,219)	-	-
Other payables	47,000	(47,000)	(47,000)	-	-
Guarantee deposits received	138	(138)	-	-	(138)
	\$ 293,391	(293,412)	(293,274)	-	(138)

The Company does not expect cash flows in the maturity analysis to occur at any earlier time, or in amounts that differ significantly, except for certain long-term borrowings that may be repaid early depending on capital availability.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

		2025.12.31			Unit: thousands of foreign currency 2024.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
Financial assets							
Monetary items							
US Dollar	\$ 8,849	USD/NTD = 31.480	278,567	9,150	USD/NTD = 32.835	300,440	
Financial liabilities							
Monetary items							
US Dollar	6,346	USD/NTD = 31.480	199,772	6,660	USD/NTD = 32.835	218,681	

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(2) Sensitivity analysis

The Company's exchange rate exposure arises primarily from the conversion of cash, cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable, and other payables denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. The following analysis shows the effect on profit (loss) before tax for 2025 and 2024 if foreign currencies weakened/strengthened against NTD by 5% as of December 31, 2025 and 2024, using the same basis of comparison while all other factors remained unchanged:

	2025	2024
USD (relative to NTD)		
Strengthened by 5%	\$ 3,940	4,088
Weakened by 5%	(3,940)	(4,088)

(3) Exchange gain/loss on monetary items

Due to the extensive variety of transaction currencies used, the Company has opted to disclose gains (losses) on exchange of monetary items on a collective basis. Gains (losses) (including realized and unrealized) incurred on exchange of foreign currencies in 2025 and 2024 are explained below:

	2025	2024
Foreign exchange gain	\$ 1,650	10,172

4. Interest rate analysis

Interest rate risk exposure concerning the Company's financial assets and financial liabilities has been explained as part of liquidity risk management in this footnote.

The following sensitivity analysis has been prepared based on interest rate risk exposures of derivatives and non-derivatives as at the reporting date. For assets and liabilities that bear floating interests, the analysis is conducted by assuming that the amount of assets and liabilities outstanding as at the reporting date remained outstanding throughout the entire year. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

If interest rates increased or decreased by one basis point, with all other variables held constant, the Company's net loss before tax would increase or decrease by NT\$678 thousand for 2025, and its net income before tax would decrease or increase by NT\$1,110 thousand for 2024. The basis of analysis for the two periods is the same, mainly due to the Company's variable-rate loans, demand deposits, and time deposits.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

5. Fair value information

(1) Category and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. Book value and fair value of financial assets and liabilities are shown below (categorized by level of fair value input; however, it is not required to disclose fair value information for lease liabilities and financial instruments that are not subject to fair value assessment and where the book value resembles the fair value):

		2025.12.31			
		Fair value			
	Book value:	Level 1	Level 2	Level 3	Total
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 271,439	-	-	-	-
Notes and accounts receivable, net (including related parties)	175,828	-	-	-	-
Other receivables	4,684	-	-	-	-
Other financial assets- - current	2,527	-	-	-	-
Guarantee deposits paid (presented as other non-current assets)	16	-	-	-	-
Total	\$ 454,494				
Financial liabilities carried at amortized cost					
Notes and accounts payable (including related parties)	\$ 219,968	-	-	-	-
Other payables	49,917	-	-	-	-
Guarantee deposits received	138	-	-	-	-
Total	\$ 270,023				

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

		2024.12.31			
		Fair value			
Book value:	Level 1	Level 2	Level 3	Total	
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 455,512	-	-	-	
Notes and accounts receivable, net (including related parties)	168,990	-	-	-	
Other receivables	2,127	-	-	-	
Other financial assets- - current	5,009	-	-	-	
Guarantee deposits paid (presented as other non-current assets)	331	-	-	-	
Total	\$ 631,969				
Financial liabilities carried at amortized cost					
Notes and accounts payable (including related parties)	\$ 235,055	-	-	-	
Other payables	47,000	-	-	-	
Long-term borrowings (including current portion maturing in one year)	11,198	-	-	-	
Guarantee deposits received	138	-	-	-	
Total	\$ 293,391				

There was no change of fair value transfer among levels during 2025 and 2024.

(2) Fair value assessment techniques for financial instruments carried at fair value
Non-derivative instruments

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. Fair values of public-listed (OTC-traded) equity instruments and debt instruments openly quoted in active markets are determined based on market prices quoted on major exchange and OTC center for actively traded government bonds.

A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that are representative of transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. In general, increasing or excessive bid-ask spread and lack of transaction volume are considered signs of inactive market.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments are obtained either by applying valuation techniques or by making reference to counterparties' quotations. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with market information available as at the balance sheet date.

(3) Change between level 1 and level 2

There had been no transfer among levels of fair value input when assessing financial instruments during 2025 and 2024.

(XV) Financial risk management

1. Summary

Use of financial instrument exposes the Company to the following risks:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This footnote discloses exposure, assessment, and the Company's management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see notes to the parent company only financial statements.

2. Risk management framework

The board of directors has been fully empowered to establish and supervise implementation of risk management framework within the Company. The management is responsible for the development and control of risk management policies within the Company, and reports to the board of directors on a regular basis.

The Company has established its risk management policy to identify and analyze the risks associated with business activities, to set appropriate risk limits and controls, and to monitor risk exposures as well as compliance with various risk limits. The risk management policy and system are regularly examined to reflect changes in market condition and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees are able to comprehend their roles and duties.

The board of directors regularly reviews compliance of risk management policies and procedures within the Company, as well as the appropriateness of the risk management framework that the Company has adopted in response to the risks encountered. The Company has internal audit personnel in place to assist the board of directors with supervisory duties. These personnel conduct regular and ad-hoc reviews over existing risk management controls and procedures, and report their findings to the board of directors.

3. Credit risk

Credit risk refers to the risk of financial loss the Company may incur due to its customers or financial instrument counterparties being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(1) Accounts receivable and other receivables

Credit risk exposure of the aforementioned accounts varies from customer to customer. The management also takes into consideration common factors including default risk of customers' industries and countries, as these risks are also likely to affect credit risk. The Company monitors customers' financial position and recoverability of accounts receivable to minimize credit risks.

The Company has established its own credit policy, which requires every new customer to have credit rating analyzed before being awarded standard payment and delivery terms. The Company also obtains timely data from external sources, such as contact with rating agencies and banking partners, as part of its review. The Company assigns credit limits to customers on a case-by-case basis; these limits represent the maximum amount of transactions that can be undertaken on credit without the management's approval. These limits are reviewed on a regular basis. Customers that do not meet the Group's basic credit rating requirements may transact with the Company only on a prepaid basis.

(2) Investments

Credit risks associated with bank deposit and other financial instruments are assessed and monitored by the Company's Treasury Department. The Company transacts and deals only with banks of strong credit standing and financial institutions of investment grade and above, hence there is no material concern in terms of contract fulfillment or credit risk exposure.

(3) Guarantees

According to internal policies, the Company may only offer financial guarantee to subsidiaries in which it holds more than 50% voting interest and companies it has business dealings with.

4. Liquidity risk

Liquidity risk represents risk of the Company being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations.

The Company maintains adequate position of cash and cash equivalents to support corporate operations and to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

Bank borrowing constitutes a main source of liquidity for the Company. As of December 31, 2025 and 2024, the Company's unutilized short-term bank financing facilities were NT\$151,480 thousand and NT\$152,835 thousand, respectively, while unutilized long-term financing facilities were NT\$0 and NT\$104,538 thousand, respectively.

5. Market risk

Market risk refers to the effect a change of market price may have on the income or value of financial instruments held on hand, whether it is an exchange rate instrument, interest rate instrument, equity instrument or otherwise. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(1) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, purchases, and borrowings that are denominated in non-functional currencies. NTD represents the Company's main functional currency; transactions are also denominated in currencies such as USD and RMB.

For monetary assets and liabilities denominated in other foreign currencies, the Company buys in or sell off foreign currencies at the spot exchange rate whenever a short-term mismatch arises, and in doing so ensures that the net exposure is kept within the tolerable level.

(2) Interest rate risk

The Company constantly monitors changes in market interest rate and maintains close relationship with financial institutions to secure the most favorable rate. Short-term, medium-term, and long-term credit limits are drawn in a manner that minimizes interest expenses.

(XVI) Capital management

The Company makes capital plans after taking into consideration the characteristics of the given industry, future prospects of the Company, and changes in the external environment. Capital management ensures that the Company has the financial resources and operational plans needed to support future working capital, capital expenditure, research and development projects, debt repayment, and dividend payment. The management primarily uses debt-to-equity ratio and interest-bearing-liabilities-to-equity ratio to determine the optimal capital structure for the Company. The management also strives to optimize debt and equity balances while maintaining strong capital structure for improvement to shareholders' returns.

The Company regularly examines its debt-to-equity ratio as a way to manage capital. Capital of the Company is represented by "Total equity" shown on the balance sheet, which equals total assets less total liabilities.

Debt-to-equity ratio as at the reporting date is shown below:

	2025.12.31	2024.12.31
Total liabilities	\$ 349,941	352,654
Total equity	1,708,328	1,817,189
Interest-bearing liabilities	-	11,198
Debt-to-equity ratio	20%	19%
Interest-bearing-liabilities-to-equity ratio	-	1%

There had been no change to the Company's capital management approach as at December 31, 2025.

(XVII) Non-cash investing and financing activities

The non-cash transaction investment and financing activities of the Company in 2025 and 2024 are as follows:

	2025.1.1	Cash flow	2025.12.31
Long-term borrowings (including current portion maturing in one year)	\$ 11,198	(11,198)	-
Guarantee deposits received	138	-	138
Total liabilities relating to financing activities	\$ 11,336	(11,198)	138

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

	2024.1.1	Cash flow	2024.12.31
Long-term borrowings (including current portion maturing in one year)	\$ 53,629	(42,431)	11,198
Guarantee deposits received	138	-	138
Total liabilities relating to financing activities	\$ 53,767	(42,431)	11,336

VII. Related party transactions

(I) Name of related party and relationship

Subsidiaries and related parties that transacted with the Company during the period covered by the parent company only financial statements:

Name of related party	Relationship with the Consolidated Entity
Powertip Technology Inc. (USA) (“Powertip USA”)	Subsidiary of the Company
Powertip Technology Ltd. (H.K) (“Powertip HK”)	Subsidiary of the Company
America Technology Corp. (“Powertip Samoa”)	Subsidiary of the Company
Ta Cheng International Investing Co., Ltd. (referred to as Ta Cheng)	Subsidiary of the Company
Ta Ho International Investing Co., Ltd. (referred to as Ta Ho)	Subsidiary of the Company
Ta Yang International Investing Co., Ltd. (referred to as Ta Yang)	Subsidiary of the Company
Powertip Technology (C.I.) Corp. (“Powertip C.I.”)	Subsidiary of the Company
Powertip (Jiangsu) Photoelectric Co., Ltd. (referred to as Powertip (Jiangsu))	Subsidiary of the Company
Powertip (Dongguan) Photoelectric Co., Ltd. (referred to as Powertip (Dongguan))	Subsidiary of the Company
Powertip Image Corp. (referred to as Powertip Image)	Associate of the Company
Mr. Shih-Yue Wang	Chairman of the Company

(II) Significant transactions with related parties

1. Merchanting trade

In 2025 and 2024, the Company sold raw materials, semi-finished goods, and factory supplies to subsidiaries, and had them processed and produced before buying back the finished goods in the form of a merchandising trade. The finished goods were then sold to customers. The sale of raw materials and buyback of finished goods had been eliminated when preparing the 2025 and 2024 financial statements, and were not treated as purchase or sale.

Raw materials and semi-finished goods are sold to subsidiaries at cost, and accounts receivable that arise as a result can be offset against accounts payable from purchase.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

2. Operating revenues

Material sales to related parties and amounts:

	2025	2024
-Subsidiary Powertip USA	\$ 113,984	98,228
-Subsidiary Others	53,015	36,453
	\$ 166,999	134,681

The Company's sales transactions are priced based on volume or location. There is no significant difference in the price of goods sold to related and unrelated parties, except for some subsidiaries where selling price is incomparable due to differences of the products involved. Collection term for sales to related parties is not significantly different from ordinary sales.

3. Purchase

Purchases made by the Company from related parties:

	2025	2024
Subsidiary - Powertip (Jiangsu)	\$ 840,593	756,628

There is no significant difference in the price of purchases made from related and unrelated parties, except for some subsidiaries where purchase price is incomparable due to the special nature and differences of the products involved.

4. Related party payables

Related party payables that arose from the above transactions and other collections and payments made on behalf of related parties are explained below:

Presentation	account	Type of related party	2025.12.31	2024.12.31
	Accounts payable	Subsidiary - Powertip (Jiangsu)	\$ 182,316	201,251

5. Leases

For the years ended 2025 and 2024, the Company generated NT\$860 thousand and NT\$860 thousand of rental income from the 6-year plant, equipment, and office premise leasing agreement signed with associates and collected NT\$138 thousand of rental deposit, which were presented as guarantee deposits received and others. Furthermore, NT\$260 thousand and NT\$254 thousand of proceeds were paid/collected on behalf of associates for electricity, networking, and management expenses incurred on the leased plant, equipment, and office premises.

6. Property transaction

The Company had unrealized deferred gains of NT\$142 thousand and NT\$285 thousand as at December 31, 2025 and 2024, from contributing machinery and equipment as capital in-lieu in a subsidiary.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

7. Related party receivables and advanced payment

Related party receivables that arose from the above transactions and other collections and payments made on behalf of related parties are explained below:

Presentation account	Type of related party	2025.12.31	2024.12.31
Accounts receivable	-Subsidiary Powertip USA	\$ 8,896	-
Accounts receivable	Subsidiary - Powertip HK	125	1,554
Other receivables	-Subsidiary Powertip USA	1,291	-
Other receivables	Associates	96	97
Advance receipts	-Subsidiary Powertip USA	-	4,093
		\$ 10,408	5,744

(III) Transactions involving key management personnel

1. Compensation to key management personnel

Compensation to key management personnel includes the following:

	2025	2024
Short-term employee benefits	\$ 12,039	9,976

2. Offering of guarantees

The Company's short-term and long-term credit facilities as at December 31, 2025 and 2024, were guaranteed by key management personnel.

VIII. Pledged assets

Book value of assets pledged by the Company is explained below:

Name of asset	Collateral	2025.12.31	2024.12.31
Demand deposits (presented as other financial assets - current)	Security for import customs duty	\$ 2,527	2,509
Land	Long-term borrowings	-	184,079
Buildings	Long-term borrowings	-	228,530
		\$ 2,527	415,118

IX. Major contingent liabilities and unrecognized contractual commitments: none.

X. Losses from major disasters: None.

XI. Major post-balance sheet events: None.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

XII. Others

Summary of employee benefit, depreciation, depletion, and amortization expenses by function:

By function	2025			2024		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
By nature						
Employee benefit expenses						
Salary expenses	48,524	78,197	126,721	50,181	73,162	123,343
Labor/health insurance premium	6,256	8,807	15,063	6,443	8,448	14,891
Pension expense	2,961	3,291	6,252	3,086	4,078	7,164
Directors' compensation	-	1,650	1,650	-	1,576	1,576
Other employee benefit expenses	3,873	4,774	8,647	3,017	3,234	6,251
Depreciation expenses	17,300	4,863	22,163	17,554	3,908	21,462
Amortization expenses	-	991	991	-	849	849

Additional information on employee size and employee benefit expenses for 2025 and 2024 is presented below:

	<u>2025</u>	<u>2024</u>
Employee count	<u>212</u>	<u>202</u>
No. of directors without concurrent position as employee	<u>8</u>	<u>8</u>
Average employee benefit expenses	<u>\$ 768</u>	<u>782</u>
Average employee salary expenses	<u>\$ 621</u>	<u>636</u>
Adjustments to average employee salary expenses	<u>(2.36)%</u>	
Supervisors' compensation	<u>\$ -</u>	<u>-</u>

(I) Information regarding the Company's salary and compensation policies (including directors, supervisors, managers, and staff):

1. Compensation for staff and managers comprises two parts: fixed salary and variable salary. Fixed salary is paid on a monthly basis irrespective of profitability, and is determined based on work duties and job grades. Variable salary includes festive bonus, performance bonus, and employee remuneration. Variable salary is determined after taking into consideration the overall environment, the market level, corporate profitability, individual performance evaluation, work duties, and contribution to corporate operations. It is set at a level that adequately reflects work performance of individual employees. The level of variable compensation is set in line with current year's earnings, and is therefore highly correlated with the Company's business performance.

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

2. Compensations for the Company's directors are determined in accordance with the Articles of Incorporation, and take into account their individual participation and contribution to the Company's operations. Aside from business performance, the Company also follows a well-established set of compensation standards, structure, and system that is designed in reference to peers and TWSE/TPEX listed companies. The compensation standards, structure, and systems are proposed by the Remuneration Committee and resolved by the board of directors.
3. All salaries and compensations paid by the Company are rigorously reviewed. Compensations to managers and directors are reviewed and resolved by the Remuneration Committee and the board of directors to ensure that they do not give rise to major risks in the future.

XIII. Other disclosures

(I) Information related to significant transactions

Significant transactions in 2025 that require further disclosures under Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to external parties: None.
2. Endorsement/guarantee to external parties: None.
3. Significant marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: thousand shares

Company held	Name and type of securities	Relationship with the securities issuer	Presentation account	End of term				Remarks
				Shareholding	Book value:	Shareholding percentage	Fair value	
The Company	Everest Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	3,730	-	5.49%	-	
Powertip (Dongguan)	Structured deposits	None	Financial assets at fair value through profit or loss - current	-	9,494	- %	9,494	

4. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital:

Name of buyer (seller)	Name of counterparty	Relationship	Transaction summary				Distinctive terms of trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As a percentage to total purchases (sales)	Loan tenor	Unit price	Loan tenor	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Powertip (Jiangsu)	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	Purchase	840,593	90 %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	Monthly settlement, 90 days	Accounts payable (182,316)	(83)%	Note 1
Powertip (Jiangsu)	The Company	Corporate shareholder with 100% ownership	(Sale)	(840,593)	(86) %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	Monthly settlement, 90 days	Accounts receivable 182,316	85%	Note 1
The Company	Powertip USA	100%-held subsidiary of the Company	(Sale)	(113,984)	(10) %	No significant difference from ordinary transaction	No significant difference from ordinary transaction	Monthly settlement, 60 days	Accounts receivable 8,896	5%	
Powertip USA	The Company	Institutional shareholder with 100% ownership.	Purchase	113,984	100 %	No significant difference from ordinary transaction	No significant difference from ordinary transaction	Monthly settlement, 60 days	Accounts payable (8,896)	(100)%	

Note 1: Accounts payable by Powertip (Jiangsu) to the Company includes purchase and sales transactions that have been offset in a merchancing trade.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

5. Related party receivables amounting to NT\$100 million or 20% of paid-up capital or above:

Companies presented as receivables	Name of counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue balance of related party receivables		Amount of related party receivables collected after the balance sheet date	Loss provisions provided
					Amount	Treatment		
Powertip (Jiangsu)	The Company	Institutional shareholder with 100% ownership.	182,316	4.39	-	Debt claims are offset against debt obligations each month with proceeds collected or paid depending on capital availability	78,269	-

Note 1: Data as of March 11, 2026.

(II) Information related to business investments:

Information about the Company's business investments in 2025 (excluding Mainland investees):

Unit: thousands of NTD or foreign currency/thousand shares

Name of invest	Name of investee	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Remarks
				Current period-end (Note 1)	Previous period-end (Note 1)	Shareholding	Percentage	Book value: (Note 1)			
The Company	Powertip HK	Hong Kong	Processing and manufacturing of LCD modules	166,570	166,570	39,500	100.00%	35,004	2,057	2,057	Subsidiary
The Company	Powertip USA	California, USA	Trading of LCD modules, electronic parts, and computer peripherals	53,135	53,135	155	100.00%	73,700	698	698	"
The Company	Powertip Samoa	Samoa	Holding company	557,542 (US\$17,711)	557,542 (US\$17,711)	17,711	100.00%	506,463	(45,868)	(45,868)	"
The Company	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	46,689	50,466	9,425	19.98%	313,932	291,941	60,299	Equity-accounted investee
The Company	Ta Cheng	Taichung City	General investments	31,146	27,446	3,114	100.00%	54,610	10,378	10,378	Subsidiary
The Company	Ta Ho	Taichung City	General investments	31,148	27,448	3,114	100.00%	54,615	10,378	10,378	"
The Company	Ta Yang	Taichung City	General investments	26,400	23,900	2,640	100.00%	39,507	7,494	7,494	"
Less: unrealized gain/loss on associated companies								(1,483)		-	
								1,076,348		45,436	
Powertip Samoa	Powertip C.I.	Cayman Islands	Holding company	556,503 (US\$17,678)	556,503 (US\$17,678)	17,678	100.00%	485,957 (US\$15,437)	(48,937) (-US\$1,567)	Recognized by Powertip Samoa pro rata to its shareholding.	Subsidiary
Ta Cheng	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	3.47%	54,516	291,941	Recognized according to the shareholding percentage of Ta Cheng	Investee accounted by subsidiary using the equity method
Ta Ho	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	3.47%	54,516	291,941	Recognized according to the shareholding percentage of Ta Ho	"
Ta Yang	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	19,873	19,873	1,184	2.51%	39,434	291,941	Recognized according to the shareholding percentage of Ta Yang	"

Note 1: Converted into NTD using exchange rate as at the reporting date (NT: 31.48US)

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

(III) Information related to investments in Mainland China:

1. Name, main business activities, and relevant information of Mainland investments:

Unit: thousands of NTD/foreign currency

Name of Mainland investee	Main business activities	Paid-up capital (Note 4)	Method of investment	Opening cumulative balance of investment capital invested from Taiwan (Note 4)	Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan (Note 4)	Current period profit/loss of the investee	The Company's direct or indirect holding percentage	Investment gains/losses recognized in the current period (Note 1)	Book value of investments at the end of the period (Note 4)	Investment gains recovered to date
					Outward remittance	Recovered						
Powertip (Jiangsu)	Processing of LCD devices and electronic components	535,160 (US\$17,000)	Indirect investment through Powertip Samoa (Note 6)	535,160 (US\$17,000)	-	-	535,160 (US\$17,000)	(48,937) (-US\$1,567)	100.00%	(48,937) (-US\$1,567)	485,957 (US\$15,437)	-
Powertip (Dongguan)	Processing and manufacturing of LCD devices and electronic components	40,680 (HK\$10,000)	Indirect investment through Powertip HK (Note 5)	-	-	-	-	1,725 (HK\$428)	100.00%	1,725 (HK\$428)	16,911 (HK\$4,157)	-

2. Approved limit on Mainland investments:

Unit: thousands of foreign currency

Company name	Closing cumulative balance of investment capital transferred from Taiwan into the Mainland	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
The Company	620,471 (US\$19,710)	622,548 (US\$19,776)	No limit (Note 2)

Note 1: Gains/losses of investees for the current period were recognized based on audited financial statements of the parent company in Taiwan, except for Dongguan Jiuzheng, which were recognized based on their unaudited financial statements.

Note 2: According to the rules on Mainland investment limits stipulated by the Investment Commission in the revised "Review Principles for Investment or Technological Collaboration in the Mainland Area" on August 29, 2008, the Company has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

Note 3: Dongguan Jiuli, one of the Company's business investments, was de-registered on January 7, 2009; the cumulative amount of investment outstanding at the end of the current period included USD 2,710 thousand of realized losses that were attributed to Dongguan Jiuli.

Note 4: Converted into NTD using exchange rate as at the reporting date (NT: 31.48/US; NT: 4.068/HKD).

Note 5: Powertip HK contributed proprietary funds and machinery and equipment in lieu of capital to the investment.

Note 6: On May 9, 2024, upon the resolution of the Board of Directors, Powertip (Jiangsu) Optoelectronics Co., Ltd. decreased its capital and refunded share payment of US\$6,000 thousand, and the change registration was completed on August 21, 2024. On September 2, 2024, US\$6,000 thousand was remitted back to the Company. The Group has applied on September 13, 2024 to decrease the indirect investment in Powertip (Jiangsu) in Mainland China via the investee, Powertip Technology (C.I.) Corp in British Cayman Islands, which is an investee of the investment business in a third place, America Technology Corp (Samoa), and recognized the decreased investment amounted US\$6,000 thousand; the application was approved by the Investment Commission, MOEA.

Through Powertip HK, a business located at a third location, the Company established Dongkeng Jiuzheng Photoelectric, a processing plant for LCD devices and electronic components, in Dongguan, Mainland China, for a sum of HKD 9,024 thousand; this project was approved by the Investment Commission, Ministry of Economic Affairs, on November 20, 2002. Powertip HK later made an indirect investment into the Mainland and founded Powertip (Dongguan) Photoelectric Co., Ltd. by contributing HKD 5,792 thousand of its funds and the electronics plant of Dongkeng Jiuzheng Photoelectric, an

**Notes to parent company only financial statements of Powertip Technology Corporation
(continued)**

existing investment approved by the Investment Commission, Ministry of Economic Affairs, valued at HKD 4,208 thousand for a total share capital of HKD 10,000 thousand. This project was approved by the Investment Commission, Ministry of Economic Affairs, on July 13, 2012 and completed on April 25, 2013.

3. Significant transactions:

Please refer to "Information related to significant transactions" in the parent company only financial statements for more details on direct and indirect significant transactions between the Consolidated Entity and Mainland investees in 2025.

XIV. Segment information

Please refer to the 2025 consolidated financial statements.

Powertip Technology Corporation
Details of cash and cash equivalents
December 31, 2025

**Unit: NT\$
thousands**

Item	Summary	Amount
Cash on hand in foreign currencies and petty cash		\$ 267
Demand deposits	NTD	80,402
	Foreign currency (USD 3,522K, JPY 2,632K and RMB 36K)	111,570
		191,972
Time deposits	NTD	79,200
		\$ 271,439

Note: The foreign currency exchange rates are 1 USD to 31.48 NTD, 1 JPY to 0.2028 NTD, and 1 CNY to 4.521 NTD

Details of notes and accounts receivable

Name of customer	Summary	Amount
Notes receivable	Operating revenue from non-related parties	\$ 1,540
Accounts receivable		
Company D	"	63,018
Company J	"	13,410
Company H	"	11,712
Company O	"	9,066
Others (Note 1)	"	68,061
		165,267
Notes and accounts receivable - net		\$ 166,807

Note 1: Each amount that did not exceed 5% of the balance of this account was not listed independently.

Powertip Technology Corporation

Details of inventories

December 31, 2025

**Unit: NT\$
thousands**

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable value</u>
Finished goods	\$ 14,487	14,550
Work-in-progress and semi-finished goods	12,649	18,134
Raw materials	43,476	44,030
Product	1,914	2,124
Net amount	<u>\$ 72,526</u>	<u>78,838</u>

Details of property, plant and equipment

Please see note 6(6) for details.

Details of other financial assets - current

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Other receivables - related parties	Receivables for purchases of equipment and raw materials on behalf of others	\$ 1,387
Other receivables	Business tax and interest receivable	3,297
Restricted assets - current	Time deposits pledged	<u>2,527</u>
Total		<u>\$ 7,211</u>

Powertip Technology Corporation
Details of changes in investments using equity method
For the year ended December 31, 2025

**Unit: NT\$ thousands/in
thousands of shares**

Name	Opening balance		Increase during this period (Notes 3 and 5)		Decrease during this period (Note 1, 2, 3, and 4)		Investment income (loss) recognized using the equity method	Exchange differences on translation of financial statements of foreign operations	Capital reserve	Closing balance			Net equity value	Collateral or pledge
	number of shares	Amount	number of shares	Amount	number of shares	Amount				number of shares	Shareholding percentage	Amount		
Powertip HK	39,500	\$ 33,600	-	-	-	-	2,057	(653)	-	39,500	100.00%	35,004	34,673	None
Powertip USA	155	76,139	-	-	-	-	698	(3,137)	-	155	100.00%	73,700	73,700	"
Powertip Samoa	17,711	552,580	-	-	-	-	(45,868)	(249)	-	17,711	100.00%	506,463	506,463	"
Ta Cheng	2,744	38,813	370	-	-	(4,364)	10,378	253	9,530	3,114	100.00%	54,610	54,610	"
Ta Ho	2,744	38,825	370	-	-	(4,371)	10,378	253	9,530	3,114	100.00%	54,615	54,615	"
Ta Yang	2,390	28,239	250	-	-	(3,290)	7,494	183	6,881	2,640	100.00%	39,507	39,507	"
Powertip Image Corp.	9,575	225,878	-	-	(150)	(28,790)	60,299	1,540	55,005	9,425	19.98%	313,932	311,877	"
		994,074		-		(40,815)	45,436	(1,810)	80,946			1,077,831		
Less: unrealized gain/loss on associated companies		(955)		-		(528)	-	-	-			(1,483)		
		<u>\$ 993,119</u>		<u>-</u>		<u>(41,343)</u>	<u>45,436</u>	<u>(1,810)</u>	<u>80,946</u>			<u>1,076,348</u>		

Note 1: The decrease during this period was due to the cash dividends of NT\$24,887 thousand from associates.

Note 2: The decrease during this period was due to the cash dividends of NT\$12,025 thousand from subsidiaries.

Note 3: The decrease during this period was due to capital surplus of NT\$80,946 thousand adjusted using the equity method.

Note 4: The decrease for the period was due to the sale of 150 thousand shares of Powertip Image.

Note 5: The increase in the current period is a result of the capitalization of 990 thousand shares of the subsidiary's earnings.

Powertip Technology Corporation

Details of accounts payable

December 31, 2025

Unit: NT\$ thousands

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>
Accounts payable:		
Company E	Operating expense to non-related parties	\$ 8,694
Company I	"	3,022
Company F	"	2,521
Subsidiary	"	2,248
Others (Note)	"	<u>21,167</u>
Total		<u>\$ 37,652</u>

Note: Each amount did not exceed 5% of the balance of this account, so it was not listed independently.

Details of other payables

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Salary, wages, and bonuses payable		\$ 22,318
Provisions for employee benefits		6,885
Others (Note)	Payables for equipment, labor costs, pensions, rent, commissions, insurance, and postage.	<u>20,714</u>
		<u>\$ 49,917</u>

Note: Each amount did not exceed 5% of the balance of this account, so it was not listed independently.

Details of operating revenue
For the year ended December 31, 2025 **Unit: NTS thousands**

Item	Quantity (in thousands of units)	Amount
LCD module	2,803	\$ 1,026,305
LCD Monitor	63	4,397
Others (Note)	2,679	62,694
Net operating income		\$ 1,093,396

Note: Each amount that did not exceed 10% of the total revenue was not listed independently.

Powertip Technology Corporation
Details of operating costs
For the year ended December 31, 2025

Unit: NT\$ thousands

<u>Item</u>	<u>Amount</u>
Inventory at the beginning of the period	\$ 5,524
Add: Purchases during this period	708,171
Others	220
Less: Inventory at the end of the period	(2,166)
Scrapping, production, and reclassification to sample fees	<u>(592)</u>
Cost of purchases and sales	<u>711,157</u>
Raw materials at the beginning of the period	54,611
Add: Net purchases during this period	112,011
Other items to be added	11,742
Less: Raw materials at the end of the period	(46,578)
Cost of raw materials sold	(37,980)
Scrapping and reclassification to expenses	<u>(6,665)</u>
Direct raw materials	87,141
Direct labor	10,232
Overheads	<u>74,822</u>
Manufacturing cost	172,195
Add: Work-in-progress and semi-finished goods at the beginning of the period	12,259
Semi-finished goods purchased and supplies used	79,646
Less: Work-in-progress and semi-finished goods at the end of the period	(17,227)
Cost of semi-finished goods sold	(18,151)
Scrapping and reclassification to research and development expenses and merchandise	<u>(14,968)</u>
Cost of finished goods	213,754
Add: Finished goods at the beginning of the period	30,751
Research and development materials returned to inventory	2,987
Less: Finished goods at the end of the period	(17,938)
Transferred to cost of goods sold and operating expenses	<u>(968)</u>
Cost of finished goods sold	228,586
Add: Cost of raw materials sold	37,980
Cost of semi-finished goods sold	18,151
Others	<u>22</u>
Cost of production and sales	<u>284,739</u>
Costs of purchases and sales and production and sales	995,896
Idle capacity	18,248
Gain on reversal of inventory valuation and obsolescence losses	(13,706)
Inventory write-off and others	<u>7,638</u>
Operating costs	<u><u>\$ 1,008,076</u></u>

Powertip Technology Corporation
Details of operating expenses
For the year ended December 31, 2025 **Unit: NT\$ thousands**

<u>Item</u>	<u>Selling and marketing expenses</u>	<u>General and administrative expenses</u>	<u>Research and development expenses</u>
Salary and wages	\$ 16,269	30,501	31,427
Shipping cost	2,280	19	110
Insurance premium	2,259	3,389	3,405
Export expense	5,872	-	-
Professional service fee	28	12,491	240
Research materials	-	-	4,990
Molding cost	-	-	3,187
Travel expenses	2,590	428	749
Other expenses (Note)	6,365	18,752	8,281
Total	<u>\$ 35,663</u>	<u>65,580</u>	<u>52,389</u>

Note: Each amount did not exceed 5% of the balance of this account, so it was not listed independently.