

Edison Opto Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

EDISON OPTO CORPORATION

By

Jason Wu
Chairman

February 25, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Edison Opto Corporation

Introduction

We have audited the accompanying consolidated financial statements of Edison Opto Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

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

The Occurrence of Operating Revenue

The Group primarily derive their revenue from the sale of sensor components, LED lighting products, and automotive LED solutions.

In our professional judgment, the sales revenue generated by the Group within certain designated regions is both material in magnitude and characterized by profit margins exceeding those of other regions; accordingly, the authenticity of revenue recognition for these transactions has been identified as a key audit matter in the consolidated financial statements for the year ended December 31, 2025.

In response to the aforementioned key audit matter, we performed audit procedures that included obtaining an understanding of, and testing, the design and operating effectiveness of key internal controls related to sales revenue; additionally, we conducted sampling procedures and examined pertinent documentation - such as customer orders or contracts, shipping records, and evidence of receipt of payment - to substantiate that the recorded sales transactions had indeed occurred.

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

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

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

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

Other Matter

The consolidated financial statements of the Group for the fiscal year 2024 were audited by other independent auditors, who issued an unqualified audit report on February 26, 2025.

The Group has duly prepared its standalone financial statements for the fiscal year 2025, for which an unqualified audit report has been issued by the undersigned auditor, and these are presented herein for reference.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' audit report are Shih-Hsuan Peng and Ke-Chang Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2026

Notice to Readers

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

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,018,734	25	\$ 1,140,781	27
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	23,157	-	6,255	-
Financial assets at amortized cost - current (Notes 4 and 9)	194,808	5	72,822	2
Contract assets - current (Notes 4 and 20)	10,587	-	2,821	-
Notes receivable (Notes 4 and 10)	73,060	2	72,733	2
Trade receivables (Notes 4, 10 and 28)	599,279	15	710,983	17
Other receivables (Notes 10 and 28)	2,100	-	8,540	-
Inventories (Notes 4 and 11)	297,512	7	299,175	7
Prepayments	55,066	1	51,202	1
Other current assets	32,138	1	11,042	1
Total current assets	<u>2,306,441</u>	<u>56</u>	<u>2,376,354</u>	<u>57</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	634	-	1,059	-
Property, plant and equipment (Notes 4, 13 and 29)	1,649,608	40	1,611,539	38
Right-of-use assets (Notes 4 and 14)	67,269	2	49,829	1
Intangible assets	2,109	-	1,163	-
Deferred tax assets (Notes 4 and 22)	32,987	1	52,853	1
Prepayments for equipment	22,453	1	29,757	1
Other non-current assets (Note 29)	21,909	-	62,797	2
Total non-current assets	<u>1,796,969</u>	<u>44</u>	<u>1,808,997</u>	<u>43</u>
TOTAL	<u>\$ 4,103,410</u>	<u>100</u>	<u>\$ 4,185,351</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 20)	\$ 16,891	-	\$ 11,491	-
Notes payable	750	-	375	-
Trade payables	392,886	10	437,776	10
Other payables (Note 17)	153,889	4	162,296	4
Current tax liabilities (Notes 4 and 22)	13,306	-	24,243	1
Lease liabilities - current (Notes 4 and 14)	14,654	-	16,636	-
Current portion of long-term borrowings (Notes 15, 28 and 29)	8,050	-	-	-
Other current liabilities (Note 17)	26,543	1	24,624	1
Total current liabilities	<u>626,969</u>	<u>15</u>	<u>677,441</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 16)	284,153	7	276,220	7
Long-term borrowings (Notes 15, 28 and 29)	150,938	3	-	-
Deferred tax liabilities (Notes 4 and 22)	529	-	1,790	-
Lease liabilities - non-current (Notes 4 and 14)	28,046	1	7,391	-
Other non-current liabilities (Notes 17 and 18)	37,197	1	38,957	1
Total non-current liabilities	<u>500,863</u>	<u>12</u>	<u>324,358</u>	<u>8</u>
Total liabilities	<u>1,127,832</u>	<u>27</u>	<u>1,001,799</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Ordinary shares	<u>1,454,824</u>	<u>36</u>	<u>1,436,094</u>	<u>34</u>
Capital surplus	<u>1,558,032</u>	<u>38</u>	<u>1,527,876</u>	<u>37</u>
Retained earnings				
Legal reserve	24,822	1	10,594	-
Special reserve	28,621	1	26,392	1
Unappropriated earnings (accumulated deficit)	(23,018)	(1)	144,506	3
Total retained earnings	<u>30,425</u>	<u>1</u>	<u>181,492</u>	<u>4</u>
Other equity				
Exchange differences on translating foreign operations	(141,682)	(3)	(101,880)	(2)
Unrealized loss on financial assets measured at fair value through other comprehensive income	(1,818)	-	(1,394)	-
Unearned compensation	(23,148)	(1)	-	-
Total other equity	<u>(166,648)</u>	<u>(4)</u>	<u>(103,274)</u>	<u>(2)</u>
Treasury share	(73,473)	(2)	(34,164)	(1)
Total equity attributable to owners of the Company	2,803,160	69	3,008,024	72
NON-CONTROLLING INTERESTS	<u>172,418</u>	<u>4</u>	<u>175,528</u>	<u>4</u>
Total equity	<u>2,975,578</u>	<u>73</u>	<u>3,183,552</u>	<u>76</u>
TOTAL	<u>\$ 4,103,410</u>	<u>100</u>	<u>\$ 4,185,351</u>	<u>100</u>

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

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

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 20 and 28)	\$ 2,307,824	100	\$ 2,558,790	100
OPERATING COSTS (Note 11)	<u>1,817,865</u>	<u>79</u>	<u>1,926,389</u>	<u>75</u>
GROSS PROFIT	<u>489,959</u>	<u>21</u>	<u>632,401</u>	<u>25</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	136,574	6	151,033	6
General and administrative expenses	211,221	9	192,028	7
Research and development expenses	139,837	6	146,068	6
Expected credit gain (Note 10)	<u>(2,764)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
Total operating expenses	<u>484,868</u>	<u>21</u>	<u>489,122</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>5,091</u>	<u>-</u>	<u>143,279</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 28)				
Interest income	13,361	-	14,455	-
Other income	15,048	1	7,956	-
Other gains and losses	(30,413)	(1)	18,757	1
Finance costs	<u>(19,883)</u>	<u>(1)</u>	<u>(10,185)</u>	<u>-</u>
Total non-operating income and expenses	<u>(21,887)</u>	<u>(1)</u>	<u>30,983</u>	<u>1</u>
(LOSS) PROFIT BEFORE INCOME TAX	(16,796)	(1)	174,262	7
INCOME TAX EXPENSE (Note 22)	<u>22,344</u>	<u>1</u>	<u>21,910</u>	<u>1</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(39,140)</u>	<u>(2)</u>	<u>152,352</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,170	-	372	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(424)	-	(418)	-

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EDISON OPTO CORPORATION AND SUBSIDIARIES

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

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

	2025		2024	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (42,544)	(2)	\$ 82,188	3
Other comprehensive (loss) income for the year	(41,798)	(2)	82,142	3
TOTAL COMPREHENSIVE (LOSS) INCOME	<u>\$ (80,938)</u>	<u>(4)</u>	<u>\$ 234,494</u>	<u>9</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (47,237)	(2)	\$ 141,905	6
Non-controlling interests	8,097	-	10,447	-
	<u>\$ (39,140)</u>	<u>(2)</u>	<u>\$ 152,352</u>	<u>6</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (86,293)	(4)	\$ 220,432	9
Non-controlling interests	5,355	-	14,062	-
	<u>\$ (80,938)</u>	<u>(4)</u>	<u>\$ 234,494</u>	<u>9</u>
(LOSS) EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ (0.34)</u>		<u>\$ 1.00</u>	
Diluted	<u>\$ (0.34)</u>		<u>\$ 0.99</u>	

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

(Concluded)

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
	Retained Earnings					Other Equity		Unearned Compensation	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE ON JANUARY 1, 2024	\$ 1,436,094	\$ 1,562,759	\$ 5,835	\$ -	\$ 47,591	\$ (180,453)	\$ (976)	\$ -	\$ (34,164)	\$ 2,836,686	\$ 127,625	\$ 2,964,311
Appropriation of 2023 earnings (Note 19)												
Legal reserve	-	-	4,759	-	(4,759)	-	-	-	-	-	-	-
Special reserve	-	-	-	26,392	(26,392)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(14,211)	-	-	-	-	(14,211)	-	(14,211)
Other changes in capital surplus												
Equity component of convertible bonds issued by the Company	-	22,414	-	-	-	-	-	-	-	22,414	-	22,414
Cash dividends from capital surplus (Note 19)	-	(56,844)	-	-	-	-	-	-	-	(56,844)	-	(56,844)
Adjustment to capital surplus resulting from dividends distributed to subsidiaries	-	263	-	-	-	-	-	-	-	263	-	263
Changes in percentage of ownership interests in subsidiaries	-	(716)	-	-	-	-	-	-	-	(716)	716	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	33,125	33,125
Net profit for the year ended December 31, 2024	-	-	-	-	141,905	-	-	-	-	141,905	10,447	152,352
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	372	78,573	(418)	-	-	78,527	3,615	82,142
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	142,277	78,573	(418)	-	-	220,432	14,062	234,494
BALANCE ON DECEMBER 31, 2024	1,436,094	1,527,876	10,594	26,392	144,506	(101,880)	(1,394)	-	(34,164)	3,008,024	175,528	3,183,552
Appropriation of 2024 earnings (Note 19)												
Legal reserve	-	-	14,228	-	(14,228)	-	-	-	-	-	-	-
Special reserve	-	-	-	2,229	(2,229)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(105,000)	-	-	-	-	(105,000)	-	(105,000)
Net (loss) profit for the year ended December 31, 2025	-	-	-	-	(47,237)	-	-	-	-	(47,237)	8,097	(39,140)
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	1,170	(39,802)	(424)	-	-	(39,056)	(2,742)	(41,798)
Total comprehensive (loss) income for the year ended December 31, 2025	-	-	-	-	(46,067)	(39,802)	(424)	-	-	(86,293)	5,355	(80,938)
Cash dividends to subsidiary shareholders	-	-	-	-	-	-	-	-	-	-	(4,625)	(4,625)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(39,309)	(39,309)	-	(39,309)
Changes in ownership interests in subsidiaries	-	3,840	-	-	-	-	-	-	-	3,840	(3,840)	-
Share-based payment transactions	20,000	28,100	-	-	-	-	-	(26,202)	-	21,898	-	21,898
Write-off of restricted stock awards	(1,270)	(1,784)	-	-	-	-	-	3,054	-	-	-	-
BALANCE ON DECEMBER 31, 2025	\$ 1,454,824	\$ 1,558,032	\$ 24,822	\$ 28,621	\$ (23,018)	\$ (141,682)	\$ (1,818)	\$ (23,148)	\$ (73,473)	\$ 2,803,160	\$ 172,418	\$ 2,975,578

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (16,796)	\$ 174,262
Adjustments for:		
Depreciation expense	115,892	122,122
Amortization expense	784	1,419
Expected credit gain recognized on trade receivables	(2,764)	(7)
Net (gain) loss on financial assets at fair value through profit or loss	(1,152)	242
Interest expense	19,883	10,185
Interest income	(13,361)	(14,455)
Loss on disposal of property, plant and equipment	16,189	750
Loss on disposal of intangible assets	-	65
Share-based payment transactions	21,898	-
Loss on lease modification	-	2,369
Net changes in operating assets and liabilities		
Contract assets	(7,766)	(2,821)
Notes receivables	(327)	(213,416)
Trade receivables	114,469	-
Trade receivables from related parties	-	13,218
Other receivables	6,440	(4,119)
Inventories	1,663	29,216
Prepayments	(3,704)	9,575
Other current assets	4,528	(5,742)
Other non-current assets	1,085	625
Contract liabilities	5,400	(13,413)
Notes payables	375	(26,145)
Trade payables	(44,890)	125,960
Other payables	(9,404)	12,956
Other current liabilities	1,935	9,894
Net defined benefit liabilities	765	709
Other non-current liabilities	(1,370)	535
Cash generated from operating activities	209,772	233,984
Interest received	12,873	14,455
Interest paid	(11,933)	(9,534)
Income tax paid	(22,238)	(997)
Net cash generated from operating activities	<u>188,474</u>	<u>237,908</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(102,465)	(37,500)
Purchase of financial assets at fair value through profit or loss	(1,230,123)	(541,798)
Proceeds from disposal of financial assets at fair value through profit or loss	1,214,373	547,132
Payments for property, plant and equipment	(94,377)	(52,646)
Proceeds from disposal of property, plant and equipment	270	2,103
(Increase) decrease in refundable deposits	(2,019)	373

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EDISON OPTO CORPORATION AND SUBSIDIARIES

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

	2025	2024
Purchase of intangible assets	\$ (1,733)	\$ (290)
Increase in restricted bank deposits	(60)	(42)
Increase in other non-current assets	-	(41,867)
Increase in prepayments for equipment	<u>(19,344)</u>	<u>(26,810)</u>
Net cash used in investing activities	<u>(235,478)</u>	<u>(151,345)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	692,664	310,000
Repayments of short-term borrowings	(692,664)	(491,185)
Corporate bonds	-	297,983
Proceeds from long-term borrowings	161,000	-
Repayments of long-term borrowings	(2,012)	(134,300)
(Decrease) increase in guarantee deposits received	(1)	8
Repayment of the principal portion of lease liabilities	(19,120)	(17,709)
Cash dividends	(105,000)	(70,792)
Changes in non-controlling interests	(4,625)	33,125
Payments for buy-back of ordinary shares	<u>(39,309)</u>	<u>-</u>
Net cash used in financing activities	<u>(9,067)</u>	<u>(72,870)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(65,976)</u>	<u>40,864</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(122,047)	54,557
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,140,781</u>	<u>1,086,224</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,018,734</u>	<u>\$ 1,140,781</u>

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

(Concluded)

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Edison Opto Corporation (the “Company”) was approved by the Ministry of Economic Affairs on October 4, 2001 and was incorporated in New Taipei City, Taiwan. Its registered address is 17F, No. 17, Qiao he Rd., Zhong He Dist. The Company’s shares were listed on the Taiwan Stock Exchange in November 2010. The company and its subsidiaries (collectively, the “Group”) are mainly engaged in manufacturing, selling, research and development of LED components, modules and finished products in general lighting and automotive lighting area.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

Amendments to IAS 21 “Lack of Exchangeability”

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of new or amended standards and interpretations on its financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

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

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

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

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

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

Current assets include:

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

Current liabilities include:

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

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisitions up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12, Table 5 and Table 6 to the consolidated financial statements for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

Inventories consist of raw materials and supplies, work in progress, finished goods and fully completed products and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

k. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of Sensor components, LED elements, and finished products. Sales of products are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

l. Leases

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

The Group as lessee

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

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

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

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

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

n. Share-based payment arrangements

Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, all considerations received should be recognized as payables.

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

o. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers related on other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on credit risk of financial assets arising from the uncertain impact and volatility in Governmental policies and regulatory frameworks across various nations.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 6,224	\$ 5,278
Checking accounts and demand deposits	758,490	938,423
Cash equivalent (time deposits with original maturities of 3 months or less)	<u>254,020</u>	<u>197,080</u>
	<u>\$ 1,018,734</u>	<u>\$ 1,140,781</u>

The Group's time deposits pledged as guarantees to the Customs Administration amounted to \$6,184 thousand and \$6,139 thousand as of December 31, 2025 and 2024, respectively. These pledged deposits have been reclassified to other non-current assets. Please refer to Note 29.

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Checking accounts and demand deposits	0.01%-0.655%	0.01%-0.635%
Cash equivalent (time deposits with original maturities of 3 months or less)	0.75%-1.57%	1.28%-4.60%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Domestic convertible bonds	\$ 4,187	\$ 6,135
Listed common shares - domestic companies	18,850	-
Redemption right of domestic convertible bonds	<u>120</u>	<u>120</u>
	<u>\$ 23,157</u>	<u>\$ 6,255</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Unlisted common shares		
Domestic Company - Taiwan Hydroxyl Technology Co., Ltd.	<u>\$ 634</u>	<u>\$ 1,059</u>

The Group designated the investments shown above as financial assets at fair value through other comprehensive income because they are intended to be held for long-term strategic purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 194,808</u>	<u>\$ 72,822</u>

The interest rates on time deposits with original maturities of more than three months ranged from 1.425% to 1.705% and 1.425% to 3.5% as of December 31, 2025 and 2024, respectively.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2025	2024
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 73,060	\$ 72,733
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 73,060</u>	<u>\$ 72,733</u>

(Continued)

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 601,925	\$ 716,393
Less: Allowance for impairment loss	<u>(2,646)</u>	<u>(5,410)</u>
	<u>\$ 599,279</u>	<u>\$ 710,983</u>
<u>Other receivables</u>		
At amortized cost		
Gross carrying amount	\$ 40,950	\$ 47,390
Less: Allowance for impairment loss	<u>(38,850)</u>	<u>(38,850)</u>
	<u>\$ 2,100</u>	<u>\$ 8,540</u>
		(Concluded)

The average credit period of sales of goods was 30-150 days. The Group adopts a policy of dealing only with counterparties that are rated at the equivalent of investment grade or higher and obtaining adequate collateral, where appropriate, to mitigate the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available. If such information is not available, that Group assesses major customers using other publicly available financial information or its own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and transaction volumes are spread amongst approved counterparties. Credit exposure is managed through counterparty limits that are reviewed and approved annually by the risk management committee.

The Group assesses the recoverability of accounts receivable by considering any changes in credit quality from the original granting date to the reporting date. The allowance for doubtful accounts is determined based on aging analysis, historical experience, and the current financial condition of customers, to estimate the amounts that may not be recoverable.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared with reference to the customers' past default experience, their current financial position, and other relevant information. As the Group's historical credit loss experience does not show significantly different loss patterns among customer segments, the loss allowance based on past-due status is not further distinguished by customer type.

The Group writes off trade receivables when information shows that the debtor is in serious financial difficulty and recovery is not considered realistic. For trade receivables that have been written off, the Group continues to pursue collection efforts. Any subsequent recoveries are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2025

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	-	0.18%	22.15%	-	-	
Gross carrying amount	\$ 614,063	\$ 49,380	\$ 11,542	\$ -	\$ -	\$ 674,985
Loss allowance (Lifetime ECLs)	-	(89)	(2,557)	-	-	(2,646)
Amortized cost	<u>\$ 614,063</u>	<u>\$ 49,291</u>	<u>\$ 8,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,339</u>

December 31, 2024

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	-	4.79%	5.00%	9.83%	-	
Gross carrying amount	\$ 679,837	\$ 76,948	\$ 30,123	\$ 2,218	\$ -	\$ 789,126
Loss allowance (Lifetime ECLs)	-	(3,686)	(1,506)	(218)	-	(5,410)
Amortized cost	<u>\$ 679,837</u>	<u>\$ 73,262</u>	<u>\$ 28,617</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 783,716</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance, beginning of period	\$ 44,260	\$ 45,001
Less: Amounts reversal	(2,764)	(7)
Less: Amounts written off	-	(922)
Foreign exchange gains and losses	-	188
Balance, end of period	<u>\$ 41,496</u>	<u>\$ 44,260</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Finished goods	\$ 125,230	\$ 103,666
Work in progress and semi-finished goods	79,434	94,490
Raw materials	<u>92,848</u>	<u>101,019</u>
	<u>\$ 297,512</u>	<u>\$ 299,175</u>

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

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	\$ 1,774,347	\$ 1,904,573
Inventory write-downs (reversal)	17,122	(6,825)
Unallocated manufacturing expense	<u>26,396</u>	<u>28,641</u>
	<u>\$ 1,817,865</u>	<u>\$ 1,926,389</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership (%)		Note
			December 31		
			2025	2024	
The Company	Edison Opto Corporation	Sells of opto-electronics	100.00	100.00	
The Company	Ledison Opto Corporation	Sells of opto-electronics	100.00	100.00	
The Company	Best Opto Corporation	Sells of opto-electronics	100.00	100.00	
The Company	Edison Fund Investment Corporation	Investment	100.00	100.00	
The Company	Edison-Litek Opto Corporation Limited	Investment	17.01	24.62	Note 1
The Company	Edison-Litek Opto Corporation	Manufactures and sells of opto-electronics	79.89	79.89	Note 3
The Company	Ledison Opto Corporation Limited	Sells of opto-electronics	100.00	100.00	Note 2
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Manufactures and sells of opto-electronics	100.00	100.00	
Best Opto Corporation	Best Led Corporation	Investment	100.00	100.00	
Best Led Corporation	Yangzhou Edison Opto Corporation	Manufactures and sells of opto-electronics	100.00	100.00	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Sells of opto-electronics	100.00	100.00	
Edison Fund Investment Corporation	Edison Opto USA Corporation	Sells of opto-electronics	55.00	55.00	
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Sells of opto-electronics	100.00	100.00	
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Co., Ltd.	Sells of opto-electronics	100.00	100.00	
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Manufactures and sells of opto-electronics	100.00	100.00	
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Investment	72.56	60.27	Note 1

Note 1: In February 2025, Edison-Litek Opto Co. acquired the equity of Edison-Litek Opto Co., Ltd., for US\$1,000,000 in cash, increasing its shareholding from 60.27% to 72.56%. As of December 31, 2025, both the Company and Edison-Litek Opto Co., directly and indirectly, held a total of 89.57% of the shares of Edison-Litek Opto Corporation Limited.

Note 2: In October 2024, Edison Egypt Opto Corp. changed its name to Ledison Opto Company Limited.

Note 3: In November 2024, Edison-Litek Opto Corporation conducted a cash capital increase by issuing 5,000 thousand shares. After reserving the shares for employees in accordance with the Company Act, the Company fully subscribed for \$91,875 thousand in cash, resulting a decrease in its shareholding from 81.67% to 79.89%.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2025	2024
Edison-Litek Opto Corporation Limited	Hong Kong	10.43%	15.11%
Edison-Litek Opto Corporation	Taiwan	20.11%	20.11%

The following information on the aforementioned subsidiaries has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Edison-Litek Opto Corporation Limited

	December 31	
	2025	2024
Current assets	\$ 299,422	\$ 290,446
Non-current assets	83,170	80,571
Current liabilities	<u>(118,389)</u>	<u>(126,724)</u>
Equity	<u>\$ 264,203</u>	<u>\$ 244,293</u>
Equity attributable to:		
Owners of Company	\$ 236,647	\$ 207,380
Non-controlling interests	<u>27,556</u>	<u>36,913</u>
	<u>\$ 264,203</u>	<u>\$ 244,293</u>
	For the Year Ended December 31	
	2025	2024
Revenue	<u>\$ 401,046</u>	<u>\$ 403,842</u>
Loss for the year	\$ (6,905)	\$ (17,185)
Other comprehensive (loss) income for the year	<u>(5,917)</u>	<u>13,079</u>
Total comprehensive loss for the year	<u>\$ (12,822)</u>	<u>\$ (4,106)</u>
Loss attributable to:		
Owners of Company	\$ (6,185)	\$ (14,588)
Non-controlling interests	<u>(720)</u>	<u>(2,597)</u>
	<u>\$ (6,905)</u>	<u>\$ (17,185)</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
Total comprehensive loss attributable to:		
Owners of Company	\$ (10,811)	\$ (3,486)
Non-controlling interests	<u>(2,011)</u>	<u>(620)</u>
	<u>\$ (12,822)</u>	<u>\$ (4,106)</u>
Cash inflow (outflow) from:		
Operating activities	\$ 4,251	\$ (48,044)
Investing activities	(12,986)	16,771
Financing activities	31,430	-
Effect of foreign currency exchange difference	<u>3,873</u>	<u>(1,784)</u>
Net cash inflow (outflow)	<u>\$ 26,568</u>	<u>\$ (33,057)</u>
		(Concluded)

Edison-Litek Opto Corporation

	December 31	
	2025	2024
Current assets	\$ 470,628	\$ 501,713
Non-current assets	434,123	200,851
Current liabilities	(196,794)	(173,420)
Non-current liabilities	<u>(153,895)</u>	<u>(3)</u>
Equity	<u>\$ 554,062</u>	<u>\$ 529,141</u>
Equity attributable to:		
Owners of Company	\$ 442,647	\$ 422,738
Non-controlling interests	<u>111,415</u>	<u>106,403</u>
	<u>\$ 554,062</u>	<u>\$ 529,141</u>

	For the Year Ended December 31	
	2025	2024
Revenue	<u>\$ 611,205</u>	<u>\$ 613,014</u>
Profit for the year	\$ 31,173	\$ 56,001
Other comprehensive (loss) income for the year	<u>(4,277)</u>	<u>7,883</u>
Total comprehensive income for the year	<u>\$ 26,896</u>	<u>\$ 63,884</u>
Profit attributable to:		
Owners of Company	\$ 24,905	\$ 44,740
Non-controlling interests	<u>6,268</u>	<u>11,261</u>
	<u>\$ 31,173</u>	<u>\$ 56,001</u>

(Continued)

For the Year Ended December 31
2025 **2024**

Total comprehensive income attributable to:

Owners of Company	\$ 15,218	\$ 51,038
Non-controlling interests	<u>11,678</u>	<u>12,846</u>
	<u>\$ 26,896</u>	<u>\$ 63,884</u>

Cash inflow (outflow) from:

Operating activities	\$ 94,042	\$ 43,584
Investing activities	(248,596)	(8,365)
Financing activities	<u>91,000</u>	<u>112,634</u>

Net cash inflow (outflow)	<u>\$ (63,554)</u>	<u>\$ 147,853</u> (Concluded)
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13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Molding Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance on January 1, 2025	\$ 637,862	\$ 1,054,782	\$ 1,115,661	\$ 34,614	\$ 224,395	\$ -	\$ 3,067,314
Additions	515	5,388	44,624	95	2,615	42,119	95,356
Disposals	-	(417)	(158,179)	(2,412)	(2,779)	-	(163,787)
Reclassification	-	1,374	24,338	41	-	41,867	67,620
Effects of foreign currency exchange differences	<u>-</u>	<u>(12,002)</u>	<u>(15,970)</u>	<u>(696)</u>	<u>(3,801)</u>	<u>-</u>	<u>(32,469)</u>
Balance on December 31, 2025	<u>\$ 638,377</u>	<u>\$ 1,049,125</u>	<u>\$ 1,010,474</u>	<u>\$ 31,642</u>	<u>\$ 220,430</u>	<u>\$ 83,986</u>	<u>\$ 3,034,034</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2025	\$ -	\$ 355,900	\$ 980,569	\$ 31,270	\$ 88,036	\$ -	\$ 1,455,775
Depreciation expenses	-	31,330	49,659	360	14,707	-	96,056
Disposals	-	(405)	(142,293)	(2,171)	(2,459)	-	(147,328)
Effects of foreign currency exchange differences	<u>-</u>	<u>(3,714)</u>	<u>(13,956)</u>	<u>(589)</u>	<u>(1,818)</u>	<u>-</u>	<u>(20,077)</u>
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 383,111</u>	<u>\$ 873,979</u>	<u>\$ 28,870</u>	<u>\$ 98,466</u>	<u>\$ -</u>	<u>\$ 1,384,426</u>
Carrying amounts on December 31, 2025	<u>\$ 638,377</u>	<u>\$ 666,014</u>	<u>\$ 136,495</u>	<u>\$ 2,772</u>	<u>\$ 121,964</u>	<u>\$ 83,986</u>	<u>\$ 1,649,608</u>
<u>Cost</u>							
Balance on January 1, 2024	\$ 637,862	\$ 1,028,212	\$ 1,104,491	\$ 33,022	\$ 203,379	\$ -	\$ 3,006,966
Additions	-	3,707	32,794	631	15,514	-	52,646
Disposals	-	(8,212)	(62,781)	(248)	(3,393)	-	(74,634)
Reclassification	-	-	9,306	140	590	-	10,036
Effects of foreign currency exchange differences	<u>-</u>	<u>31,075</u>	<u>31,851</u>	<u>1,069</u>	<u>8,305</u>	<u>-</u>	<u>72,300</u>
Balance on December 31, 2024	<u>\$ 637,862</u>	<u>\$ 1,054,782</u>	<u>\$ 1,115,661</u>	<u>\$ 34,614</u>	<u>\$ 224,395</u>	<u>\$ -</u>	<u>\$ 3,067,314</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2024	\$ -	\$ 325,398	\$ 945,411	\$ 30,119	\$ 82,106	\$ -	\$ 1,383,034
Depreciation expenses	-	37,173	51,268	607	14,822	-	103,870
Disposals	-	(16,971)	(41,234)	(307)	(13,269)	-	(71,781)
Effects of foreign currency exchange differences	<u>-</u>	<u>10,300</u>	<u>25,124</u>	<u>851</u>	<u>4,377</u>	<u>-</u>	<u>40,652</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 355,900</u>	<u>\$ 980,569</u>	<u>\$ 31,270</u>	<u>\$ 88,036</u>	<u>\$ -</u>	<u>\$ 1,455,775</u>
Carrying amounts on December 31, 2024	<u>\$ 637,862</u>	<u>\$ 698,882</u>	<u>\$ 135,092</u>	<u>\$ 3,344</u>	<u>\$ 136,359</u>	<u>\$ -</u>	<u>\$ 1,611,539</u>

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

Buildings	40 years
Machinery and equipment	3-20 years
Molding equipment	2-5 years
Other equipment	
Office equipment	5-20 years
Others	3-20 years

Refer to Note 29 to the consolidated financial statements for information on property, plant and equipment pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Land	\$ 27,120	\$ 28,548
Buildings	35,900	20,321
Transportation equipment	<u>4,249</u>	<u>960</u>
	<u>\$ 67,269</u>	<u>\$ 49,829</u>
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets	<u>\$ 38,414</u>	<u>\$ 19,508</u>
Depreciation charge for right-of-use assets		
Land	\$ 856	\$ 885
Buildings	17,563	16,856
Transportation equipment	<u>1,417</u>	<u>511</u>
	<u>\$ 19,836</u>	<u>\$ 18,252</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Current	<u>\$ 14,654</u>	<u>\$ 16,636</u>
Non-current	<u>\$ 28,046</u>	<u>\$ 7,391</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Buildings	1.34%-2.35%	1.15%-1.96%
Transportation equipment	1.15%-2.35%	1.15%-1.96%

c. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 1,693</u>	<u>\$ 1,665</u>
Expenses relating to low-value asset leases	<u>\$ 439</u>	<u>\$ 496</u>
Total cash outflow for leases	<u>\$ (27,289)</u>	<u>\$ (24,620)</u>

15. BORROWINGS

Long-term borrowings

		December 31, 2025 Effective Interest Rate	December 31, 2025
Purpose			
Fubon Commercial Bank	Long-term secured borrowings, with a term from September 30, 2025 to September 30, 2045, bear interest at a floating rate from the drawdown date and are repaid in equal monthly installments of principal and interest.	2.05%	\$ 158,988
Less: Current portion of long-term borrowings			<u>(8,050)</u>
			<u>\$ 150,938</u>

For information on pledged properties and guarantees, refer to Notes 28 and 29 to the consolidated financial statements.

16. BONDS PAYABLE

	December 31	
	2025	2024
Unsecured domestic convertible bonds	<u>\$ 284,153</u>	<u>\$ 276,220</u>

In November 2024, the Company issued its 4th domestic unsecured 3-year convertible bonds with a total principal amount of \$303,000 thousand, a par value of \$100 thousand per bond, and a coupon rate of 0%, maturing on November 22, 2027. Other terms of the issuance are as follows:

- a. Conversion period: February 23, 2025 to November 22, 2027.
- b. Redemption method: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day. The conversion price is NT\$25.5 per share when issuance. On June 16, 2025, due to the Company's ex-dividend procedure, the conversion price was adjusted to NT\$24.5 per share, effective from the ex-dividend record date of July 9, 2025, in accordance with the terms of issuance.
- c. Redemption and put-back provisions of the bonds:
 - 1) Redemption at maturity: The Company redeems the convertible bond at par value by cash from the bondholders when it meets maturity.
 - 2) Early redemption:
 - a) The Company may redeem the bonds, in whole or in part at face value from the date following 3 months after issuance until the 40th day before the maturity of the bonds, if the closing price of the ordinary shares on the TWSE exceeds the conversion price by 30% (inclusive) for a period of 30 consecutive trading days.
 - b) The Company may redeem the bonds at face value from the day following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period if the bonds' outstanding balance is lower than 10% of the total issuance amount.
 - 3) Early put-back provisions by bondholders: The Company's convertible bonds do not contain any put-back provisions.
- d. Conversion status:

As of December 31, 2025, no bondholders had applied for conversion into common shares.
- e. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - conversion options. The effective interest rate of the liability component was 2.83% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,017 thousand)	\$ 297,983
Equity components	<u>(22,414)</u>
Liability components at the date of issue	275,569
Convertible bonds converted into ordinary shares	-
Interest charged at an effective interest rate of 2.83%	<u>651</u>
Liability components on December 31, 2024	276,220
Interest charged at an effective interest rate of 2.83%	<u>7,933</u>
Liability component on December 31, 2025	<u>\$ 284,153</u>

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Other payables		
Payables for salaries	\$ 83,871	\$ 85,909
Payables for purchases of equipment	3,260	2,281
Employee compensation payable and director compensation payable (Note 21)	6,600	13,600
Taxes payable	4,528	9,095
Others	<u>55,630</u>	<u>51,411</u>
	<u>\$ 153,889</u>	<u>\$ 162,296</u>
Other current liabilities - deferred revenue		
Accounting for government grants	<u>\$ 842</u>	<u>\$ 858</u>
<u>Non-current</u>		
Other non-current liabilities - deferred revenue		
Accounting for government grants	<u>\$ 25,182</u>	<u>\$ 26,537</u>

Yangzhou Edison Opto Corporation entered into a contract with the Yangzhou Land And Resources Bureau, in December 2006 to obtain the land use rights for constructing a factory located in Yangzhou Economic Development Zone. The land use rights are granted for a period of 50 years, from December 2006 to December 2056, at a consideration of RMB9,788 thousand, which has been recognized as right-of-use assets.

In addition, according to an agreement with the Administrative Committee of Yangzhou Economic Development Zone, the payment for the land use right was subsidized by the committee. As a result, long-term deferred revenue of RMB9,393 thousand was recognized under “other current liabilities - deferred revenue,” “other non-current liabilities - deferred revenue,” and is on a straight-line basis over 50 years and recognized as other revenue accordingly.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and its subsidiaries located in Taiwan have adopted the defined contribution pension plans under the Labor Pension Act, which is a government-managed scheme. Under the plan, the Company and its subsidiaries in Taiwan contribute monthly an amount equal to 6% of each employees' monthly salaries to the employees' individual pension accounts at the Bureau of Labor Insurance. Edison Opto (Dong Guan) Co., Ltd., Yangzhou Edison Opto Corporation, and Yangzhou Edison-Litek Opto Corporation contribute to pension plans in accordance with the regulations of the People's Republic of China, which are also defined contribution plans.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2%-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 23,459	\$ 22,961
Fair value of plan assets	<u>(11,482)</u>	<u>(10,580)</u>
Net defined benefit liabilities	<u>\$ 11,977</u>	<u>\$ 12,381</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2024	\$ 21,649	\$ (9,605)	\$ 12,044
Service cost			
Net interest expense (income)	352	(156)	196
Current service cost	<u>513</u>	<u>-</u>	<u>513</u>
Recognized in profit or loss	<u>865</u>	<u>(156)</u>	<u>709</u>
Remeasurement			
Actuarial loss (gain) - changes in financial assumptions	<u>447</u>	<u>(819)</u>	<u>(372)</u>
Recognized in other comprehensive (income) loss	<u>447</u>	<u>(819)</u>	<u>(372)</u>
Balance on December 31, 2024	<u>\$ 22,961</u>	<u>\$ (10,580)</u>	<u>\$ 12,381</u>
Balance on January 1, 2025	<u>\$ 22,961</u>	<u>\$ (10,580)</u>	<u>\$ 12,381</u>
Service cost			
Net interest expense (income)	459	(211)	248
Current service cost	<u>518</u>	<u>-</u>	<u>518</u>
Recognized in profit or loss	<u>977</u>	<u>(211)</u>	<u>766</u>
Remeasurement			
Actuarial gain - changes in financial assumptions	<u>(479)</u>	<u>(691)</u>	<u>(1,170)</u>
Recognized in other comprehensive income	<u>(479)</u>	<u>(691)</u>	<u>(1,170)</u>
Balance on December 31, 2025	<u>\$ 23,459</u>	<u>\$ (11,482)</u>	<u>\$ 11,977</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2025	2024
Discount rate(s)	1.75%	2.00%
Expected rate(s) of salary increase	2.00%	3.00%

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

	December 31	
	2025	2024
Discount rate(s)		
0.25% increase	<u>\$ (456)</u>	<u>\$ (515)</u>
0.25% decrease	<u>\$ 469</u>	<u>\$ 529</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 453</u>	<u>\$ 511</u>
0.25% decrease	<u>\$ (445)</u>	<u>\$ (500)</u>

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

	December 31	
	2025	2024
Expected contributions to the plans for the next year	<u>\$ 723</u>	<u>\$ 766</u>
Average duration of the defined benefit obligation	11.39 years	12.33 years

19. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>145,482</u>	<u>143,609</u>
Shares issued	<u>\$ 1,454,824</u>	<u>\$ 1,436,094</u>

Fully paid ordinary shares, with a par value of \$10, carry one vote per share and confer a right to receive dividends.

On May 30, 2024, the Company's shareholders approved the issuance of 2,000 thousand restricted employee shares with a par value of \$10 per share, for a total amount of \$20,000 thousand. The restricted employee shares were issued without consideration. The issuance was subsequently approved by the board of directors on December 26, 2024, with the capital increase record date set as March 3, 2025.

On November 6, 2025, the Company repurchased 127 thousand shares of unvested restricted employee stock and has duly completed the requisite registration for their cancellation. For further details regarding the restricted employee shares, please refer to Note 24.

b. Capital surplus

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to ordinary shares (1)</u>		
Issuance of common shares	\$ 1,479,256	\$ 1,479,256
Treasury share transactions	15,840	15,840
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	13,914	10,074
Share of changes in capital surplus of associates	292	292
<u>May not be used for any purpose</u>		
Conversion options	22,414	22,414
Restricted employee shares	<u>26,316</u>	<u>-</u>
	<u>\$ 1,558,032</u>	<u>\$ 1,527,876</u>

1) Such capital surplus may be used to offset a deficit. In addition, if the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to ordinary shares (limited to a certain percentage of the Company's issued shares and only once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

On May 30, 2024, the Company's shareholders approved to distribute cash dividends from capital surplus in the amount of \$56,844 thousand, representing \$0.4 per share.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company earns a profit in a fiscal year, the profit shall be first be applied to pay taxes, offset losses of previous years, and allocate a legal reserve of 10% of the remaining profit. However, when the legal reserve has reached the amount of the Company's paid-in capital, no further appropriation shall be made. The remaining profit shall then be used to set aside or reverse a special reserve in accordance with the applicable laws and regulations, any remaining profit together with undistributed retained earnings shall be serve as the basis for the Company's board of directors to propose a distribution plan, which must be approved at the shareholders' meeting for dividend distribution and bonuses to shareholders. For the policies regarding the distribution of employees' compensation and directors' remunerations after the amendment, refer to employees' compensation and remuneration to directors in Note 21-g.

In accordance with the amended Articles, the dividend policy of the Company is aligned with its share capital, financial structure, operating status, future development plan, fund requirements, competitions, shareholders' benefits, and other factors, by distributing no less than 60% of the distributable earnings every year. Nonetheless, when the distributable earnings are lower than 20% of the common stock outstanding, no distribution shall be made during the year. Dividends may be distributed either by cash or by share. However, if the dividends are distributed in cash, it shall be no less than 10% of the total dividends issued.

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

The appropriations of earnings for 2024 and 2023 that had been resolved by the shareholders in their meeting on May 28, 2025 and May 30, 2024, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	\$ 14,228	\$ 4,759
Special reserve	\$ 2,229	\$ 26,392
Cash dividends	\$ 105,000	\$ 14,211
Cash dividends per share (NT\$)	\$ 0.738867	\$ 0.100000

d. Special reserves

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	\$ 26,392	\$ -
Appropriations in respect of Debits to other equity items	<u>2,229</u>	<u>26,392</u>
Balance, end of period	<u>\$ 28,621</u>	<u>\$ 26,392</u>

e. Other equity items

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

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	\$ (101,880)	\$ (180,453)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>(39,802)</u>	<u>78,573</u>
Balance, end of period	<u>\$ (141,682)</u>	<u>\$ (101,880)</u>

2) Unrealized valuation loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	\$ (1,394)	\$ (976)
Recognized for the period		
Unrealized loss - equity instruments	<u>(424)</u>	<u>(418)</u>
Balance, end of period	<u>\$ (1,818)</u>	<u>\$ (1,394)</u>

3) Unearned compensation

At the shareholders' meeting held on May 30, 2024, the shareholders approved a restricted employee shares plan (see Note 24).

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	\$ -	\$ -
Issuance of shares	(48,100)	-
Recognized share-based payment expenses	21,898	-
Cancelled of shares	<u>3,054</u>	<u>-</u>
Balance, end of period	<u>\$ (23,148)</u>	<u>\$ -</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	\$ 175,528	\$ 127,625
Share in profit for the period	8,097	10,447
Other comprehensive income (loss) for the period		
Exchange differences on translation the financial statements of foreign entities	(2,742)	3,615
Changes in ownership interests in subsidiaries	(3,840)	716
Cash dividends to subsidiary shareholders	<u>(4,625)</u>	<u>33,125</u>
Balance, end of period	<u>\$ 172,418</u>	<u>\$ 175,528</u>

g. Treasury shares

Purpose of Buy-Back	Shares Transferred to Employees (In Thousands)	Shares Held by Subsidiaries (In Thousands)
Number of shares on January 1, 2025	1,500	526
Increase during the period	<u>2,000</u>	<u>-</u>
Number of shares on December 31, 2025	<u>3,500</u>	<u>526</u>
Number of shares on January 1, 2024	<u>1,500</u>	<u>526</u>
Number of shares on December 31, 2024	<u>1,500</u>	<u>526</u>

As resolved by the board in May 8, 2025, the Company purchased 2,000 thousand shares of treasury stock at a total cost of \$39,309 thousand, for the purpose of motivating its employees and enhancing their performance.

Ledionopto Intelligent Technology Co., Ltd., a sub-subsidiary of the Company, held 526 thousand shares of the Company's stock. The market price on December 31, 2025 and 2024 were \$18.40 and \$26.00 per share, respectively.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. Shares of the parent company held by its subsidiaries are treated as treasury stock. Except for being prohibited from participating in the parent company's cash capital increases and having no voting rights, all other rights are the same as those of ordinary shareholders.

20. REVENUE

	For the Year Ended December 31		
	2025	2024	
Revenue from contracts with customers			
Revenue from the sale of goods	<u>\$ 2,307,824</u>	<u>\$ 2,558,790</u>	
a. Contract balances			
	December 31, 2025	December 31, 2024	January 1, 2024
Contract assets			
Sale of goods	<u>\$ 10,587</u>	<u>\$ 2,821</u>	<u>\$ -</u>
Contract liabilities			
Sale of goods	<u>\$ 16,891</u>	<u>\$ 11,491</u>	<u>\$ 24,904</u>

b. Detail of revenue from contracts with customers

For the Year Ended December 31, 2025							
	Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Total
Major market:							
China	\$ 48,749	\$ 227,549	\$ 201,565	\$ 289,334	\$ -	\$ -	\$ 767,197
America	199,233	-	-	-	498,839	89,688	787,760
Europe	201,729	-	-	-	21	-	201,750
Taiwan	205,405	14,790	-	-	104,845	189	325,229
Others	221,147	4,741	-	-	-	-	225,888
	<u>\$ 876,263</u>	<u>\$ 247,080</u>	<u>\$ 201,565</u>	<u>\$ 289,334</u>	<u>\$ 603,705</u>	<u>\$ 89,877</u>	<u>\$ 2,307,824</u>
Major product:							
Optical Sensor Component	\$ 7,197	\$ 97,191	\$ -	\$ -	\$ -	\$ -	\$ 104,388
LED lighting product	805,059	148,224	69,430	-	-	83,762	1,106,475
LED automotive product	48,875	7	131,381	287,273	602,521	1,801	1,071,858
Others	15,132	1,658	754	2,061	1,184	4,314	25,103
	<u>\$ 876,263</u>	<u>\$ 247,080</u>	<u>\$ 201,565</u>	<u>\$ 289,334</u>	<u>\$ 603,705</u>	<u>\$ 89,877</u>	<u>\$ 2,307,824</u>
For the Year Ended December 31, 2024							
	Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Total
Major market:							
China	\$ 48,430	\$ 246,289	\$ 258,053	\$ 295,641	\$ -	\$ -	\$ 848,413
America	214,399	-	-	-	482,049	78,321	774,769
Europe	222,585	(328)	-	-	-	-	222,257
Taiwan	258,675	5,201	-	-	128,250	-	392,126
Others	312,762	2,797	3,802	-	1,864	-	321,225
	<u>\$ 1,056,851</u>	<u>\$ 253,959</u>	<u>\$ 261,855</u>	<u>\$ 295,641</u>	<u>\$ 612,163</u>	<u>\$ 78,321</u>	<u>\$ 2,558,790</u>
Major product:							
Optical Sensor Component	\$ 20,450	\$ 98,450	\$ -	\$ -	\$ -	\$ 3,390	\$ 122,290
LED lighting product	970,773	152,762	103,115	-	-	69,745	1,296,395
LED automotive product	48,891	-	158,534	292,366	608,746	4,266	1,112,803
Others	16,737	2,747	206	3,275	3,417	920	27,302
	<u>\$ 1,056,851</u>	<u>\$ 253,959</u>	<u>\$ 261,855</u>	<u>\$ 295,641</u>	<u>\$ 612,163</u>	<u>\$ 78,321</u>	<u>\$ 2,558,790</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	\$ 9,674	\$ 11,328
Others	<u>3,687</u>	<u>3,127</u>
	<u>\$ 13,361</u>	<u>\$ 14,455</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Others	<u>\$ 15,048</u>	<u>\$ 7,956</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Loss on disposal of property, plant and equipment	\$ (16,189)	\$ (750)
Net foreign exchange (losses) gains	(14,909)	24,022
Gain (loss) on financial assets at fair value through profit or loss	1,152	(242)
Others	<u>(467)</u>	<u>(4,273)</u>
	<u>\$ (30,413)</u>	<u>\$ 18,757</u>

d. Financial costs

	For the Year Ended December 31	
	2025	2024
Bank borrowings	\$ 5,913	\$ 4,784
Lease liabilities interest	6,037	4,750
Corporate bonds	<u>7,933</u>	<u>651</u>
	<u>\$ 19,883</u>	<u>\$ 10,185</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 96,056	\$ 103,870
Right-of-use assets	19,836	18,252
Intangible assets	<u>784</u>	<u>1,419</u>
	<u>\$ 116,676</u>	<u>\$ 123,541</u>
Depreciation expense by function		
Operating costs	\$ 84,100	\$ 86,547
Operating expenses	<u>31,792</u>	<u>35,575</u>
	<u>\$ 115,892</u>	<u>\$ 122,122</u>
Amortization expense by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>784</u>	<u>1,419</u>
	<u>\$ 784</u>	<u>\$ 1,419</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 499,429	\$ 460,769
Post-employment benefits	<u>32,415</u>	<u>29,571</u>
Total employee benefits expense	<u>\$ 531,844</u>	<u>\$ 490,340</u>
Employee benefits expense by function		
Operating costs	\$ 247,092	\$ 235,385
Operating expenses	<u>284,752</u>	<u>254,955</u>
	<u>\$ 531,844</u>	<u>\$ 490,340</u>

g. Employees' compensation and remuneration to directors

According to the Company's Articles of Incorporation, if the Company has current-year earnings after the annual financial statements are finalized, it shall allocate 1% to 10% of the profits as employees' compensation, to be distributed in the form of stock or cash upon the resolution of the board of directors. The recipients include eligible subordinate employees. In addition, 1% to 5% of the profits shall be allocated for salary adjustments or compensation distributions for junior-level employees, to be determined by the board of directors as either employee compensation or salary adjustments. The Company may also allocate up to 3% of the profits as remuneration for directors, as resolved by the board of directors. The distributions of employees' compensation and directors' remuneration shall be reported to the shareholders' meeting. However, if there are accumulated losses, the Company shall first make provision for loss recovery before making any such allocations.

As the Company incurred losses the year ended December 31, 2025, no employees' compensation or directors' remuneration was accrued. The employees' compensation and directors' remuneration for the year ended December 31, 2024, were as follows:

Accrual rate

	For the Year Ended December 31, 2024
Compensation of employees	5%
Remuneration of directors	1%

Amount

	For the Year Ended December 31, 2024
Compensation of employees	<u>\$ 7,800</u>
Remuneration of directors	<u>\$ 1,800</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the difference is recorded as a change in the accounting estimate and adjusted in the following year.

There were no differences between the actual distributions of employees' compensation and directors' remuneration for 2024 and 2023 and the amounts recognized in the consolidated financial statements for the respective years.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors for 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current period	\$ 11,281	\$ 18,724
Adjustments for prior period	(7,542)	-
Deferred tax		
In respect of the current period	<u>18,605</u>	<u>3,186</u>
Income tax expense recognized in profit or loss	<u>\$ 22,344</u>	<u>\$ 21,910</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before tax from continuing operations	<u>\$ (16,796)</u>	<u>\$ 174,262</u>
Income tax expense calculated based on the pre-tax income at the applicable tax rate in relevant countries	\$ 4,520	\$ 35,010
Permanent differences	13,020	1,419
Gain of investing foreign company	14,104	(205)
Used tax deduction	(20,292)	(20,227)
Unrecognized loss carryforwards and deductible temporary differences	18,574	(975)
Adjustment for prior year's income tax	(7,542)	-
Others	<u>(40)</u>	<u>6,888</u>
Income tax expense recognized in profit or loss	<u>\$ 22,344</u>	<u>\$ 21,910</u>

b. Current tax assets and liabilities

	<u>December 31</u>	
	2025	2024
Current tax liabilities		
Income tax payable	\$ <u>13,306</u>	\$ <u>24,243</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

	<u>For the Year Ended December 31, 2025</u>		
	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Allowance for inventory valuation	\$ 755	\$ 553	\$ 1,308
Loss carryforwards	46,497	(20,292)	26,205
Others	<u>5,601</u>	<u>(127)</u>	<u>5,474</u>
	<u>\$ 52,853</u>	<u>\$ (19,866)</u>	<u>\$ 32,987</u>

Deferred tax liabilities

Temporary differences			
Subsidiaries and joint venture	\$ (1,790)	\$ 1,790	\$ -
Others	<u>-</u>	<u>(529)</u>	<u>(529)</u>
	<u>\$ (1,790)</u>	<u>\$ 1,261</u>	<u>\$ (529)</u>

For the year ended December 31, 2024

	<u>For the Year Ended December 31, 2024</u>		
	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Allowance for inventory valuation	\$ 1,340	\$ (585)	\$ 755
Loss carryforwards	48,263	(1,766)	46,497
Others	<u>6,451</u>	<u>(850)</u>	<u>5,601</u>
	<u>\$ 56,054</u>	<u>\$ (3,201)</u>	<u>\$ 52,853</u>

Deferred tax liabilities

Temporary differences			
Subsidiaries and joint venture	\$ (1,805)	\$ 15	\$ (1,790)

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2025	2024
Loss carryforwards		
Expired by 2025	\$ -	\$ 31,623
Expired by 2026	58,541	76,290
Expired by 2027	73,911	49,846
Expired by 2028	137,143	137,143
Expired by 2029	164,944	166,881
Expired by 2030	92,450	93,106
Expired by 2031	13,789	13,961
Expired by 2032	169,767	170,300
Expired by 2033	9,234	9,416
Expired by 2034	<u>30,199</u>	<u>30,792</u>
	<u>\$ 749,978</u>	<u>\$ 779,358</u>

- e. Status of income tax assessments

The income tax returns of the Company and its subsidiaries located in Taiwan have been assessed and approved by the tax authorities through the year 2023.

23. (LOSS) EARNINGS PER SHARE

	For the Year Ended December 31	
	2025	2024
Net (loss) profit for the period (in thousands)		
(Loss) profit used in the computation of basic (loss) earnings per share	\$ (47,237)	\$ 141,905
Effect of potentially dilutive ordinary shares:		
Interest expenses after tax of convertible bonds	<u>-</u>	<u>521</u>
(Loss) profit used in the computation of diluted (loss) earnings per share	<u>\$ (47,237)</u>	<u>\$ 142,426</u>
Ordinary shares outstanding (in thousands of shares)		
Weighted average number of ordinary shares used in computation of basic (loss) earnings per share	140,417	141,584
Effect of potentially dilutive ordinary shares:		
Compensation of employee	-	316
Interest expenses after tax of convertible bonds	<u>-</u>	<u>1,289</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>140,417</u>	<u>143,189</u>
Basic (loss) earnings per share	<u>\$ (0.34)</u>	<u>\$ 1.00</u>
Diluted (loss) earnings per share	<u>\$ (0.34)</u>	<u>\$ 0.99</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share, as their effect would be dilutive. The dilutive effect of such potential shares is considered in the calculation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. However, as the Company incurred a loss for the year ended December 31, 2025, including employee compensation, restricted employee shares and convertible bonds in the computation would have an antidilutive effect. Accordingly, such potential ordinary shares were excluded from the computation of diluted earnings per share.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Employee Shares

On May 30, 2024, the shareholders' meeting approved the issuance of 2,000 thousand new shares of restricted stock to those full-time employees who meet the Company's corresponding requirements. The issuance was registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On December 26, 2024, the board of directors resolved to issue the shares, with March 3, 2025 as the date of capital increase. The fair value per share on the grant date was NT\$24.05.

Those employees awarded with restricted stocks are entitled to receive the awarded shares without consideration, provided that these employees continue to provide service to the Company for at least 1 year (from the grant date). 30% each of the restricted stock is vested in year 1 and 2 after the grant date, and the remaining 40% is vested in year 3 after the grant date. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed of, by any other means to third parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act according to the law and regulations. If the shares remain unvested after the vesting period, the Company will repurchase, then forfeit, and thereafter, cancel all the unvested shares without consideration.

Details of the restricted employee shares are as follows:

	For the Year Ended December 31	
	2025	2024
Balance on January 1	-	-
Options granted	2,000	-
Cancelled of shares	<u>(127)</u>	<u>-</u>
Balance on December 31	<u>1,873</u>	<u>-</u>

The expenses incurred by the Company for restricted employee shares are as follows:

	For the Year Ended December 31	
	2025	2024
Expenses resulting from restricted employee shares	<u>\$ 21,898</u>	<u>\$ -</u>

25. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2025

	January 1, 2025	Cash Flows	Non-cash Changes				Discount and Premium Amortization	December 31, 2025
			Changes in Foreign Currency Exchange	New Leases	Others			
Lease liabilities	\$ 24,027	\$ (19,120)	\$ (621)	\$ 38,414	\$ -	\$ -	\$ 42,700	
Long-term borrowings (including current portion)	-	158,988	-	-	-	-	158,988	
Bonds payable	276,220	-	-	-	-	7,933	284,153	
Guarantee deposits received	<u>39</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	
Total liabilities from financing activities	<u>\$ 300,286</u>	<u>\$ 139,867</u>	<u>\$ (621)</u>	<u>\$ 38,414</u>	<u>\$ -</u>	<u>\$ 7,933</u>	<u>\$ 485,879</u>	

For the year ended December 31, 2024

	January 1, 2024	Cash Flows	Non-cash Changes				Discount and Premium Amortization	December 31, 2024
			Changes in Foreign Currency Exchange	New Leases	Lease Modification	Others		
Short-term borrowings	\$ 180,705	\$ (181,185)	\$ 480	\$ -	\$ -	\$ -	\$ -	
Lease liabilities	27,318	(17,709)	833	19,508	(5,923)	-	24,027	
Long-term borrowings (including current portion)	134,300	(134,300)	-	-	-	-	-	
Bonds payable	-	297,983	-	-	-	651	276,220	
Guarantee deposits received	<u>31</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>	
Total liabilities from financing activities	<u>\$ 342,354</u>	<u>\$ (35,203)</u>	<u>\$ 1,313</u>	<u>\$ 19,508</u>	<u>\$ (5,923)</u>	<u>\$ 651</u>	<u>\$ 300,286</u>	

26. CAPITAL RISK MANAGEMENT

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed common shares - domestic companies	\$ 18,850	\$ -	\$ -	\$ 18,850
Embedded derivative in convertible bonds	-	120	-	120
Domestic bonds	<u>4,187</u>	<u>-</u>	<u>-</u>	<u>4,187</u>
	<u>\$ 23,037</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 23,157</u>

Financial assets at FVTOCI

Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634</u>	<u>\$ 634</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Embedded derivative in convertible bonds	\$ -	\$ 120	\$ -	\$ 120
Domestic bonds	<u>6,135</u>	<u>-</u>	<u>-</u>	<u>6,135</u>
	<u>\$ 6,135</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 6,255</u>

Financial assets at FVTOCI

Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059</u>	<u>\$ 1,059</u>

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

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Embedded derivative in convertible bonds	It is valued using a binomial tree model for convertible bonds, based on the conversion price volatility, risk-free interest rate, discount rate for risk, and the remaining number of periods to maturity.

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

The fair values of unlisted equity securities are determined using the market approach. The significant unobservable inputs include equity ratio multiple, discount for lack of marketability, and discount for lack of control. A higher equity ratio multiple increases fair value, whereas a higher discount for lack of marketability or lack of control decreases fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 23,157	\$ 6,255
Financial assets at amortized cost (1)	1,932,440	2,022,395
Financial assets at FVTOCI	634	1,059
<u>Financial liabilities</u>		
Amortized cost (2)	1,007,594	888,197

1) The balances include cash and cash equivalents, financial assets measured at amortized cost, contract assets, notes receivable, accounts receivable, other receivables, other non-current financial assets, and refundable deposits, all of which are measured at amortized cost.

2) The balances include contract liabilities, current portion of long-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, and guarantee deposits received, all of which are measured at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, notes and accounts receivable, other receivables, other non-current financial assets, refundable (or guarantee) deposits, notes and accounts payable, other payables, short-term and long-term borrowings, and bonds payable.

The Group does not enter into financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

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

a) Foreign currency exchange rates risk

The carrying amounts of monetary assets and monetary liabilities that are not denominated in the functional currency of the individual entities of the Group at the balance sheet date (including non-functional currency denominated monetary items that have been eliminated in the consolidated financial statements).

Sensitivity analysis

Several subsidiaries of the Group engage in sales and purchases denominated in foreign currencies. To mitigate fluctuations in international exchange rates, the Group simultaneously conducts transactions in different currencies to balance and diversify the potential losses caused by exchange rate movements.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive amount indicates an increase in profit before tax when the primary exposure currency appreciates by 1% against the relevant functional currency. For a 1% depreciation of the primary exposure currency against the relevant currency, there would be an opposite impact on pre-tax profit, and the balances below would be negative.

	Currency USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 5,416	\$ 5,387

b) Interest rates risk

The Group is exposed to interest rate risk because its short-term and long-term borrowings, lease liabilities, and bonds payable include both fixed and floating interest rates, which expose the Group to both fair value and cash flow interest rate risks.

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

	December 31	
	2025	2024
Cash flow interest rate risk		
Financial liabilities	\$ <u>158,988</u>	\$ <u>-</u>

The sensitivity analysis for interest rate risk is based on changes in the fair value of floating rate borrowings at the end of the reporting period. Assuming an increase/decrease of one percentage point in interest rates, the Group's cash flows for the years ended December 31, 2025 and 2024 would decrease/increase by \$1,590 thousand and \$0 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty fails to meet its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which may arise from counterparties' failure to perform and from financial guarantees provided by the Group, is equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated. When counterparties are related parties, the Group defines them as a group of counterparties with similar characteristics.

3) Liquidity risk

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

a) Liquidity and interest rate risk tables

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the period.

December 31, 2025

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	\$ 14,654	\$ 26,950	\$ 1,096
Variable interest rate liabilities	<u>8,050</u>	<u>32,200</u>	<u>118,738</u>
	<u>\$ 22,704</u>	<u>\$ 59,150</u>	<u>\$ 119,834</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	\$ 23,412	\$ 40,408	\$ 1,457
Variable interest rate liabilities	<u>11,233</u>	<u>43,291</u>	<u>136,802</u>
	<u>\$ 34,645</u>	<u>\$ 83,699</u>	<u>\$ 138,259</u>

December 31, 2024

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 16,636</u>	<u>\$ 7,391</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	On Demand or Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 19,266</u>	<u>\$ 10,219</u>	<u>\$ _____</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the period.

b) Credit facilities

	December 31	
	2025	2024
Unsecured bank facilities:		
Amount used	\$ -	\$ -
Amount unused	<u>1,285,315</u>	<u>972,093</u>
	<u>\$ 1,285,315</u>	<u>\$ 972,093</u>
Secured bank facilities:		
Amount used	\$ 158,988	\$ -
Amount unused	<u>9,012</u>	<u>155,570</u>
	<u>\$ 168,000</u>	<u>\$ 155,570</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Wu, Chien-Jung	The Company's chairman
Yangzhou Airui Optoelectronics Co., Ltd.	Related party in substance (Note 1)
Taiwan Hydroxyl Technology Co., Ltd.	Related party in substance (Note 2)
Ledison Opto Semiconductor Co., Ltd.	Related party in substance (Note 3)

Note 1 The company was not related party from March 21, 2024.

Note 2 The company was not related party from November 21, 2025.

Note 3 The company was not related party from December 22, 2025.

b. Sales of goods

Line Item	Related Party Name	For the Year Ended December 31	
		2025	2024
Sales	Yangzhou Airui Optoelectronics Co., Ltd.	\$ -	\$ 8,868
	Ledison Opto Semiconductor Co., Ltd.	<u>21,861</u>	<u>-</u>
		<u>\$ 21,861</u>	<u>\$ 8,868</u>

The transaction price and payment terms were determined in accordance with the commercial terms agreed upon by both parties.

As of December 31, 2025, the Group recorded sales transactions with Ledison Opto Semiconductor Co., Ltd., a related party, resulting in an outstanding accounts receivable balance of NT\$16,019 thousand that remained unsettled.

c. Receivables from related parties

Line Item	Related Party Name	December 31	
		2025	2024
Other receivables	Taiwan Hydroxyl Technology Co., Ltd.	<u>\$ -</u>	<u>\$ 147</u>

The other receivables from related parties were rentals for office and parking spaces.

d. Other transactions with related parties

Line Item	Related Party Name	For the Year Ended December 31	
		2025	2024
Manage services revenue	Taiwan Hydroxyl Technology Co., Ltd.	\$ 549	\$ 720
Rental revenue	Taiwan Hydroxyl Technology Co., Ltd.	87	60
Mold and sample revenue	Ledison Opto Semiconductor Co., Ltd.	<u>295</u>	<u>-</u>
		<u>\$ 931</u>	<u>\$ 780</u>

e. Endorsements and guarantees

A related party of the Group acted as a joint guarantor for the borrowings of the Group. The details of the joint guarantee are as follows:

Related Party Name	December 31,	
	2025	2024
Wu, Chien-Jung	<u>\$ 158,988</u>	<u>\$ -</u>

f. Remuneration of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 41,521	\$ 38,052
Post-employment benefits	741	711
Share-based payments	<u>3,796</u>	<u>-</u>
	<u>\$ 46,058</u>	<u>\$ 38,763</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The details of assets pledged as collateral or for security of the Group are as follows:

	December 31	
	2025	2024
Pledged time deposit (recorded under other non-current assets)	\$ 6,184	\$ 6,139
Property, plant and equipment	<u>252,000</u>	<u>298,156</u>
	<u>\$ 258,184</u>	<u>\$ 304,295</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of December 31, 2025 and 2024 were as follows:

a. Significant contingencies

The Group's unrecognized contractual commitments are as follows:

	December 31	
	2025	2024
Acquisition of property, plant and equipment	<u>\$ 442,033</u>	<u>\$ 427,111</u>

On November 11, 2024, the Group signed a preliminary sales contract with ReaLy Development & Construction Corp. for the purchase of National Landmark at a total contract price of \$432,880 thousand (including tax). As of December 31, 2025, \$86,760 thousand (including tax) has been paid, and the remaining \$346,120 thousand (including tax) will be paid according to the progress of the completion.

b. Contingency

The Group obtained the contract for the “Tainan City LED Street Light Replacement Project, District 3” in May 2021. As agreed by both parties, the Group pledged a certificate of deposit totaling \$20,000 thousand as a performance bond. In November 2021, the Group received a letter from the Public Works Bureau of the Tainan City Government (“Works Bureau”) terminating the aforementioned contract. Following the termination, in January of 2022, the Works Bureau forfeited the performance deposit and demanded payment of the tender bond of \$5,000 thousand. After the termination by the government, the Group requested the Tainan City Government to return the performance deposit and the bid bond. As the parties failed to reach a settlement, the Group initiated civil and administrative litigation proceedings in 2023. The Tainan District Court (regarding the return of the performance bond) ruled against the Group in May 2025. The Group has appealed to the Tainan Branch of the Taiwan High Court, Civil Division, and the case is still under trial. The Kaohsiung High Administrative Court (regarding the Works Bureau’s forfeiture of the bid bond) also ruled against the company in June 2024, and the Group appealed to the Supreme Administrative Court, where the case is still under review. Additionally, due to violation of the Government Procurement Act by the Group, the Company was publicly listed in the Government Gazette and suspended from tendering for three years. The Group has appealed this penalty to Kaohsiung High Administrative Court, which is still hearing the case of the date of this report.

31. SIGNIFICANT LOSSES FROM DISASTERS

No such situations have occurred during the period.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No such situations have occurred during the period.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2025		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 19,275	31.43 (USD:NTD)	\$ 605,813
USD	3,487	7.0288 (USD:RMB)	109,618
RMB	19,026	4.4725 (RMB:NTD)	85,094
<u>Financial liabilities</u>			
Monetary items			
USD	5,338	31.43 (USD:NTD)	167,773
USD	193	7.0288 (USD:RMB)	6,067
RMB	6,756	4.4725 (RMB:NTD)	30,216

	December 31, 2024		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 19,169	32.785 (USD:NTD)	\$ 628,456
USD	6,115	7.1884 (USD:RMB)	200,462
RMB	11,989	4.5604 (RMB:NTD)	54,675
<u>Financial liabilities</u>			
Monetary items			
USD	8,218	32.785 (USD:NTD)	269,427
USD	633	7.1884 (USD:RMB)	20,751
RMB	8,598	4.5604 (RMB:NTD)	39,210

34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions
 - 1) Financing provided to others. (Table 1)
 - 2) Endorsements/guarantees provided. (None)
 - 3) Significant marketable securities held (excluding investment in subsidiaries, associates and joint ventures. (Table 2)
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 6) Intercompany relationships and significant intercompany transactions. (Table 4)
- b. Information on investments in subsidiaries and associates. (Table 5)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group has six reportable segments, namely the Company, Edison Opto (Dong Guan) Co., Ltd., Yangzhou Edison Opto Corporation, Yangzhou Edison-Litek Opto Corporation, Edison-Litek Opto Corporation, and other subsidiaries.

- a. The Company primarily engages in the research and development, manufacturing, and sales of LED lighting components and modules, as well as optical transmission components.
- b. Edison Opto (Dong Guan) Co., Ltd. primarily engages in the manufacturing and sales of optical sensor component.
- c. Yangzhou Edison Opto Corporation primarily engages in the manufacturing and sales of LED lighting components and modules.
- d. Yangzhou Edison-Litek Opto Corporation and Edison-Litek Opto Corporation primarily engage in the manufacturing and sales of automotive lighting.

The Group's reportable segments are considered strategic business units, distinguished by the production of different products and the provision of sales services. As each strategic business unit requires different manufacturing technologies and marketing strategies, they are managed separately. Most business units are acquired individually, and the most appropriate management teams are formed according to the needs of each segment.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	For the Year Ended December 31, 2025							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Adjustments and Layoffs	Total
Revenues:								
Revenues from external customers	\$ 876,262	\$ 247,080	\$ 201,565	\$ 289,334	\$ 603,705	\$ 89,878	\$ -	\$ 2,307,824
Segment incomes	<u>73,293</u>	<u>263,691</u>	<u>382,975</u>	<u>111,712</u>	<u>604</u>	<u>26,816</u>	<u>(859,091)</u>	<u>-</u>
Total revenue	<u>\$ 949,555</u>	<u>\$ 510,771</u>	<u>\$ 584,540</u>	<u>\$ 401,046</u>	<u>\$ 604,309</u>	<u>\$ 116,694</u>	<u>\$ (859,091)</u>	<u>\$ 2,307,824</u>
Segment profit	<u>\$ (28,632)</u>	<u>\$ (29,231)</u>	<u>\$ (41,042)</u>	<u>\$ 29,791</u>	<u>\$ 38,386</u>	<u>\$ 19,255</u>	<u>\$ (5,323)</u>	<u>\$ (16,796)</u>

For the Year Ended December 31, 2024								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Adjustments and Layoffs	Total
Revenues:								
Revenues from external customers	\$ 1,056,851	\$ 253,959	\$ 261,855	\$ 295,641	\$ 612,163	\$ 78,321	\$ -	\$ 2,558,790
Segment incomes	<u>79,195</u>	<u>332,734</u>	<u>428,161</u>	<u>108,201</u>	<u>841</u>	<u>-</u>	<u>(949,132)</u>	<u>-</u>
Total revenue	<u>\$ 1,136,046</u>	<u>\$ 586,693</u>	<u>\$ 690,016</u>	<u>\$ 403,842</u>	<u>\$ 613,004</u>	<u>\$ 78,321</u>	<u>\$ (949,132)</u>	<u>\$ 2,558,790</u>
Segment profit	<u>\$ 145,091</u>	<u>\$ (14,099)</u>	<u>\$ 19,358</u>	<u>\$ (1,282)</u>	<u>\$ 72,159</u>	<u>\$ 15,158</u>	<u>\$ (61,334)</u>	<u>\$ 175,051</u>

b. Geographical information

The Group's revenue from continuing operations from external customers by location of customers and information on its non-current assets by location of assets are detailed below.

	Non-current Assets	
	December 31	
	2025	2024
China	\$ 694,761	\$ 711,696
Taiwan	1,062,098	1,036,381
Others	<u>305</u>	<u>869</u>
	<u>\$ 1,757,164</u>	<u>\$ 1,748,946</u>

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2025	2024
Customer A4003	<u>\$ 460,220</u>	<u>\$ 397,207</u>

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
1	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Other receivables from related parties	Yes	\$ 23,127 (CNY 5,000)	\$ -	\$ -	2	b	\$ -	Short-term financing	\$ -	-	\$ -	\$ 160,440	\$ 320,880	
2	Edison-Litek Opto Corporation Limited	Edison-Litek Opto Corporation	Other receivables from related parties	Yes	46,487 (US\$ 1,400)	-	-	2	b	-	Short-term financing	-	-	-	52,841	105,681	

Note 1: The parent company and its subsidiaries are coded as follows:

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

Note 2: Reasons for financing are as follows:

- a. Business relationship.
- b. The need for short-term financing.

Note 3: The total lending limit is capped at 40% of the net worth of the lending company, while the individual lending limit is capped at 20% of the net worth of the lending company.

Note 4: The above transactions have been written off during the preparation of the consolidated report.

EDISON OPTO CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2025				Note (Note 4)
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
Edison Opto Corporation	Taiyo Technology Co., Ltd. - convertible bonds	None	Financial assets at fair value through profit or loss - current	-	\$ 4,187	-	\$ 4,187	
Edison Fund Investment Corporation	Ledlink Optics, Inc	"	"	210	3,770	-	3,770	
	Capital Ice ESG 20+ Year BBB Corporate ETF	"	"	1,000	15,080	-	15,080	
	Taiwan Hydroxyl Technology Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	300	634	12.5	634	

Note 1: The marketable securities stated here are related to shares, debentures and beneficiary certificates and the derivative products caused by those of "IFRS 9 Financial Instruments".

Note 2: If the issuer of the securities is not a related party, this column may be left blank.

Note 3: For items measured at fair value, the carrying amount column should reflect the amount after fair value adjustments; for items not measured at fair value, the carrying amount column should reflect the original acquisition cost or amortized cost, net of accumulated impairment.

Note 4: If the listed securities are subject to restrictions due to collateral, pledge for borrowings, or other contractual arrangements, the remarks column should specify the number of shares pledged or provided as collateral, the amount of the pledge or collateral, and the nature of the usage restrictions.

Note 5: This table presents the marketable securities that the Company has determined should be disclosed in accordance with the principle of materiality.

Note 6: For information on the investments in subsidiaries and associates, refer to Tables 5 and 6.

EDISON OPTO CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20 OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2025

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	To Total (%)	Payment Terms	Unit Price	Payment Terms	Ending Balance	To Total (%)	
Edison Opto Corporation	Yangzhou Edison Opto Corporation Edison Opto (Dong Guan) Co., Ltd	Subsidiary of the Company "	Purchase	\$ 371,114	51.07	60 days	-	-	\$ (35,240)	(38.94)	
			"	246,239	33.88	"	-	-	(29,184)	(32.25)	

Note 1: If the terms of related-party transactions differ from those of ordinary transactions, the differences and reasons should be specified in the unit price and credit period columns.

Note 2: If there are advance receipts or payments, the reasons, contractual terms, amounts, and differences from ordinary transaction patterns should be disclosed in the note column.

Note 3: The above transactions have been written of during the preparation of the consolidated report.

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Related Party	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Yangzhou Edison Opto Corporation	Edison Opto Corporation	b	Sales revenue	\$ 371,114	60 days	2.20
		Edison Opto Corporation	b	Trade receivables	35,240	60 days	0.86
1	Edison Opto (Dong Guan) Co., Ltd.	Edison Opto Corporation	b	Sales revenue	246,239	60 days	10.67
		Edison Opto Corporation	b	Trade receivables	29,184	60 days	0.71

Note 1: The Company and its subsidiaries are coded as follows:

- a. Parent company is coded "0".
- b. The subsidiaries are coded consecutively, beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2025. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the period ended December 31, 2025.

Note 4: Only transactions with related parties total amounting to least \$100 million or 20 of the paid-in capital, are disclosed; corresponding related-party transactions below these thresholds are not reported.

Note 5: Financing provided to others please refer to Table 1.

EDISON OPTO CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
Edison Opto Corporation	Edison Opto Corporation	Samoa	Selling of LED components and modules	\$ 1,041	\$ 1,041	30	100.00	\$ 861	\$ (100)	\$ (100)	
	Ledison Opto Corporation	Samoa	Investment	145,991	145,991	4,500	100.00	220,557	(23,193)	(23,680)	
	Best Opto Corporation	Samoa	Investment	1,093,776	1,277,226	35,000	100.00	800,008	(41,041)	(40,604)	
	Edison Fund Investment Limited	Taiwan	Investment	686,000	686,000	25,000	100.00	98,372	7,058	7,058	
	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	17.01	44,941	(6,905)	(1,175)	
	Edison-Litek Opto Corporation	Taiwan	Manufacturing and selling of LED components and modules	208,375	208,375	20,213	79.89	343,841	31,173	24,905	
	Ledison Opto Corporation Limited	Taiwan	Selling of LED components and modules	9,800	9,800	980	100.00	10,594	962	962	
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,093,776	1,277,226	35,000	100.00	802,204	(41,041)	(40,604)	
Edison Fund Investment Corporation	Edison Opto USA Corporation	U.S.A.	Selling of LED components and modules	6,392	6,392	220	55.00	40,880	5,661	3,113	
	Ledionopto Intelligent Technology Co., Ltd.	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00	18,002	304	304	
Edison-Litek Opto Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00	10,067	3,011	3,011	
	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	97,207	64,472	23,463	72.56	191,706	(6,905)	(5,010)	

Note 1: If a public company has an overseas holding company and, in accordance with local regulations, prepares consolidated financial statements as its primary financial statements, the disclosure of information regarding overseas investee companies may be limited to the relevant information of the holding company.

Note 2: Information on investees in mainland China, refer to Table 6.

Note 3: The above transactions have been written off during the preparation of the consolidated report.

EDISON OPTO CORPORATION AND SUBSIDIARIES

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

1. Information on investees in mainland China, including the name, principal business activities, paid-up capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment gain or loss, carrying of the investment, and repatriation of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Investor Company	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
						Outward	Inward						
Edison Opto (Dong Guan) Co., Ltd	Manufacturing and selling of LED components and modules	\$ 145,991 (US\$ 4,500)	b.	Ledison Opto Corporation	\$ 111,408 (US\$ 3,317)	\$ -	\$ -	\$ 111,408 (US\$ 3,317)	\$ (23,194) (US\$ -744)	100.00	\$ (23,194) (US\$ -744)	\$ 222,638 (US\$ 7,083)	\$ 34,583 (US\$ 1,183)
Dong Guan Davinci Opto Co., Ltd.	Manufacturing and selling of LED components and modules	-	b.	Led Plus Limited	52,255 (US\$ 1,714)	-	-	52,255 (US\$ 1,714)	-	-	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	1,093,776 (US\$ 35,000)	b.	Best Opto Corporation	1,277,226 (US\$ 41,000)	-	183,450 (US\$ 6,000)	1,093,776 (US\$ 35,000)	(41,041) (US\$ -1,316)	100.00	(41,041) (US\$ -1,316)	802,204 (US\$ 25,524)	-
Yangzhou Aichuan Electronic Trade Corporation	Manufacturing and selling of LED components and modules	2,148 (RMB 500)	c.	Yangzhou Edison Opto Corporation	-	-	-	-	28 (RMB 6)	100.00	28 (RMB 6)	2,442 (RMB 546)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	270,552 (US\$ 8,875)	b.	Edison-Litek Opto Corporation Limited	167,661 (US\$ 5,500)	-	-	167,661 (US\$ 5,500)	29,791 (US\$ 955)	74.98	22,338 (US\$ 716)	190,435 (US\$ 6,059)	-

Note 1: Investments can be classified into three categories as follow:

- a. Direct investment in mainland China.
- b. Reinvestment in mainland China through companies in a third country companies.
 - 1) Edison Opto (Dong Guan) Co., Ltd is indirectly invested by the Company through Ledison Opto Corporation.
 - 2) Dong Guan Davinci Opto Corporation is indirectly invested by Ledionopto Intelligent Technology Corporation through Led Plus Limited.
 - 3) Yangzhou Edison Opto Corporation is indirectly invested by Best Opto Corporation and Best Led Corporation.
 - 4) Yangzhou Edison-Litek Opto Corporation is indirectly invested by the Company and Edison-Litek Opto Corporation Limited.
- c. Others.
 - 1) Yangzhou Aichuan Electronic Trade Corporation is 100% invested by Yangzhou Edison Opto Corporation.

Note 2: The above transactions have written off during the preparation of the consolidated report.

Note 3: Dong Guan Davinci Opto Co., Ltd. was formally deregistered in 2010.

2. Limit on investment amount in Mainland China:

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Edison Opto Corporation	\$ 1,372,845 (US\$ 43,817)	\$ 1,407,121 (Note 3) (US\$ 44,770)	(Note 1)
Ledionopto Intelligent Technology Corporation	52,255 (Note 2) (US\$ 1,714)	53,871 (US\$ 1,714)	-

(Continued)

Note 1: Since the Company acquired the permission from Industrial Development Bureau at August 9, 2025, Ministry of Economic Affairs, the upper limit on investment is not applicable, under “Regulations Governing The Permission of Commercial Behavior in Mainland China”, Article 3 (documentation reference number 11451028490).

Note 2: Dong Guan Davinci Opto Co., Ltd., in which Ledionopto Intelligent Technology Corporation indirectly invested US\$2,000 thousand, had completed the cancellation of its business registration and liquidation with the approval of Investment Commission in June 2020. The investment capital amounting to US\$286 thousand had been remitted to Ledionopto. However, according to the regulation, the remittance to Mainland China amounting to US\$1,714 thousand had been included in the accumulated investment amount.

Note 3: The indirect investment in Yangzhou Ledison Opto Corporation through the Company, with the amount of US\$1,000 thousand, was authorized by the Investment Commission. Yangzhou Ledison had completed its liquidation in 2017 and the remitted capital amount of US\$1,230 thousand had been cancelled by the Investment Commission. Therefore, the difference between the Accumulated Investment in Mainland China and Investment Amounts Authorized by Investment Commission amounting to US\$230 thousand had been deducted by the Company.

3. Significant transactions with the investment in Mainland China, whether directly or indirectly through entities in third regions:

For the year ended December 31, 2025, significant direct or indirect transactions between the consolidated company and its investment in Mainland China are detailed in Tables 1, 3 and 4. These transactions have written off during the preparation of the consolidated report.

(Concluded)