

Stock Code : 2434



MOSPEC
SEMICONDUCTOR CORP.

2025

ANNUAL REPORT

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Annual Report Search Website : <http://mops.twse.com.tw>

Company Website : <http://www.mospec.com.tw>

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Title: Vice General Manager

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4. The latest annual financial report Auditors :

Auditors: Li Fang Wen, Chiu Wan Ru

Accounting Firm: Ernst & Young Global Limited

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5. Overseas Securities Exchange : None

6. Corporate Website : <http://www.mospec.com.tw>

Table of Contents

	Pages
I. Letter to Shareholders	
1. Operating results for FY 2025	3
2. Summary of Business Plan for 2026	4
3. Future development strategy of the company	7
4. Affected by the external competitive environment, regulatory environment and overall business environment	7
II. Corporate Governance Report	
1. Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information	9
2. The remuneration paid to the directors (including independent directors), general manager, and deputy general managers of our company in the past year	17
3. Corporate Governance Status	23
4. Accountant Fees	62
5. Change of Accountants	62
6. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or Its Affiliated Businesses in the Past Year	62
7. Particulars about Changes in Shareholding and Equity Pledge of Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report	62
8. Information about the top 10 shareholders who are interested parties	63
9. The number of shares held by the company, the directors, executives, and businesses directly or indirectly controlled by the company in the same investee, and the total shareholding ratio information calculated by consolidation	64
III. Fundraising Situation	
1. Capital and Shares	65
2. Corporate Bonds	70
3. Preferred Shares	70
4. Overseas Depositary Receipts	70
5. Employee Stock Options	70
6. Restrictions on employees' rights and handling of new shares	70
7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares	70
8. Financing Plans and Implementation	70
IV. Operations Profile	
1. Business Scope	71
2. Market and Sales Overview	78
3. Employee Information for the Past Two Years and as of the Publication of the Annual Report	86

4. Environmental Expenditure Information	86
5. Labor Relations	87
6. Information Security Management	87
7. Important Contracts	88
V. Review of Financial Conditions, Operating Results, and Risk Management	
1. Financial Status	89
2. Financial Performance	90
3. Cash Flow	90
4. Impact of Major Capital Expenditure in the Past Year on the Financial Status	91
5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year	91
6. Risk Issues Analysis	91
7. Other important matters	94
VI. Special Notes	
1. Information about the company's Affiliates	95
2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report	95
3. Other Necessary Supplementary Notes	95
VII. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 3, Paragraph 2 of Article 36 of the Securities Exchange Law	95
VIII. Attachments	
1. Consolidated Financial Reports and Audit Report for for the Years Ended December 31, 2025 and 2024	1~61
2. Individual Financial Reports and Audit Report for for the Years Ended December 31, 2025 and 2024	1~73

I. Letter to Shareholders

1、Operating results for FY 2025

(1) Result of Business Plan

The operating revenue in 2025 decreased by 10% compared to the previous year, mainly due to the Company's production and sales restructuring and the fact that newly established production lines have not yet reached full-scale production capacity. The pre-tax net income decreased more than 80% compared to the previous year, mainly due to the increased operating costs by newly established production lines.

(2) Budget Execution : As the financial forecast for the current year has not been disclosed, there is no need to disclose the budget execution status.

(3) Financial Revenue and Expenditure and Profitability Analysis

1. Financial Revenue and Expenditure

Units : NT\$ thousand

Items	2025	2024	Changes
Operating Revenue	45,551	50,713	(5,162)
Operating net loss	(62,093)	(47,328)	(14,765)
Net profit (loss) before tax	784	5,246	(4,462)

2. Profitability

Item	2025	2024
Return on assets	0.61%	1.51%
Return on equity	0.16%	1.12%
Ratio of operating profit (loss) to paid-up capital	-16.78%	-12.79%
Ratio of net profit (loss) before tax to paid-up capital	0.21%	1.42%
Net profit (loss) ratio	1.69%	10.34%
Net profit (loss) per share(NT\$)	0.02	0.14

(4) Research and Development

The Company continuously invested in research and development according to market applications, focusing on the development and optimization of product manufacturing technology. The Company's overall R&D planning and outlay aim to create products with higher added value. In recent years, the Company has developed several competitive products to meet market demands, with the goal of expanding its sales performance.

1. Successfully developed technology or products

- (1) Automated Packaging and Testing Technology: Completed the setup of high-density SMD production lines, capable of handling miniaturized packaging with high thermal dissipation requirements.
- (2) Automotive-grade product validation: Multiple products have passed rigorous testing compliant with the IATF 16949 and entered mass production for automotive applications.

2. Research and development plan

- (1) Continuously invest in application research on SiC/GaN power components, especially for the high-efficiency requirements for the onboard charger (OBC) and DC-DC converter.
- (2) Strengthen investment in R&D expenses, focusing on supporting the development of product adaptability in new markets.

2、Summary of Business Plan in 2026

(1) Operating principle

1. To arrange the sales and production capacity structure in both Taiwan and China in response to the impact of regional trade disputes.

2. To develop a diversified international sales market in response to the restructuring of the global industrial chain and the changes in China's red supply chain.
3. To strengthen the core technology capabilities by developing niche products to boost operational performance.
4. To expand the economic scale of operations by achieving flexible production management and optimized production schedules to satisfy the diversified needs of our customers and increase operating revenues.
5. To offer a technology platform-oriented organizational structure to provide a high quality and comprehensive solution to customers.
6. Continuous capital expenditure in promoting automated production and refining production control to reduce costs and improve production efficiency.

(2) Expected market and sales quantity and their basis.

The Company specializes in the manufacturing and sales of power transistors and diodes. Benefiting from the launch of new production lines, the acquisition of automotive certifications, and the expansion into new global markets, operating revenue for 2026 is projected to achieve growth exceeding 20%.

Products	Predict number in 2026	Predict number in 2025
Diode	18,000KPCS	12,443KPCS
Transistor	1,500KPCS	805KPCS

Source of growth momentum:

1. Contribution of new production line: Following the completion of the SMD automated production line, capacity will be gradually ramped up to meet the high-growth demand for mobile devices and automotive electronics.

2. Breakthrough in the automotive market: Leveraging IATF 16949 certification, the Company has commenced product validation with multiple international automotive component suppliers, and it is expected that there will be significant order contributions in the second half of the year.
3. Emerging market expansion: Southeast Asia exhibits robust demand for two-wheeled electric vehicles and basic automotive electronics. The Company has established a local agency, and it is expected to become a new driver of revenue growth.

(3) Important Production and Marketing Policies :

- 1 Complete the upgrade of packaging and testing production line: The Company has officially completed the installation and trial operation of the automated high-density power component packaging and testing production line for SMD in 2025. The launch of this production line will significantly enhance production capacity utilization, which, through highly automated processes, will reduce production costs and strengthen the Company's competitiveness in the SMD packaging market.
- 2 Aligning quality system with international standard: The Company has concurrently worked toward obtaining IATF 16949 automotive quality management system certification for its newly established packaging production line in the second half of this year. This will signify that Mospec's production and quality management capabilities fully meet the rigorous requirements of international automakers, laying a solid foundation for its comprehensive entry into the global automotive market.
- 3 Global market strategy: In response to geopolitical shifts and industrial chain restructuring, the Company is actively expanding into a diversified international market. Beyond deepening our presence in established markets, we will focus on targeting the Korean home appliance market, the U.S. networking and communications market, and India's two-wheeler market (electric motorcycles/bicycles). Concurrently, we will strengthen our presence in Brazil and China's automotive electronics markets to diversify market risks and capture emerging growth opportunities.

3. Future Development Strategy :

- (1) Promote process and technological innovation, continuously developing third-generation semiconductor products such as SiC, GaN, and others to meet the energy-saving requirements of high-end automotive electronics.
- (2) Restructure supply chain and expand global sales initiatives to mitigate risks from geopolitical shocks.
- (3) Invest in talent and R&D strategies to cultivate high-level process expertise and foster industry-academia collaboration, thereby deepening R&D capabilities.
- (4) Continuously implement green supply chain management, promote ESG and sustainable development to achieve the goals of reducing energy consumption and carbon emissions.

4. Affected by external competitive environment, regulatory environment, and overall business environment.

The semiconductor industry is a highly globalized, capital-intensive, and technology-intensive industry, making it extremely vulnerable to changes in the external environment. The global semiconductor market is fiercely competitive, primarily due to: (1) Rapid iteration of process technologies among industry peers and substantial demands for R&D investment, and (2) Economic cycles significantly increase the risks of price competition and capacity expansion. These factors have led to high capital expenditure pressures, fluctuations in Gross profit margin, and an increased risk of losing market share due to technological obsolescence.

Next, the impact of the regulatory environment primarily includes: (1) Trade policies and regulations, such as U.S. tariff impositions, which have led to supply chain restructuring, shifts in customer composition, and increased geopolitical risks; (2) Environmental protection and ESG regulations, coupled with the semiconductor industry's high water and electricity consumption characteristics, There is increasing pressure from regulations to reduce carbon emissions and increase the use of green energy and (3) Government subsidies and industrial policies of various

countries. These factors have led to changes in overseas manufacturing costs, shifts in global production capacity layout, and increased dependence on relevant policy.

Finally, the impact of the overall business environment primarily includes: (1) Economic cycles have led to regular inventory adjustments or shifts in structural growth patterns; (2) Interest rate and exchange rate movements have affected capital costs and profitability; and (3) Inflation trends and shifts in consumer demand have affected overall order volumes and capital expenditures. Collectively, these factors will result in revenue volatility, pronounced inventory correction cycles, and heightened investment risks. Collectively, these factors will result in revenue volatility, pronounced inventory correction cycles, and increased investment risks.

The Company's management team and all employees would like to express our gratitude to our shareholders. Although the target was still not met, the direction we are currently pursuing has begun to produce a synergistic effect, and the results are already visible. This year, the Company will continue adjust our operational layout, devote our best efforts to operation and management in accordance with the plan, with a view to strengthening its financial and capital structure and increasing the return on shareholders' equity.

Chairman :

Weng Shu Chen

General Manager :

Tarnng Bennet Yun

II. Corporate Governance Report

1. Information regarding directors, supervisors, general manager, vice general managers, associate managers, department heads, and branch managers.

(1) Director and supervisor information

1. Director and supervisor information

March,29,2026 : Units: stock

Title	Nationality / Place of Incorporation	Name	Gender/ages	Date Elected	Terms	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience / Education	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Ding Hong International Investment Ltd	-	2024.06.12	3years	2021.07.07	8,735,109	23.60%	9,095,109	24.58%	0	0.00%	0	0.00%	not applicable	not applicable	N/A	N/A	N/A	None
	ROC	corporate representative : Weng Shu Chen	Female, 51-60 years old	2024.06.12	3years	2021.07.07	0	0.00%	270,000	0.73%	0	0.00%	0	0.00%	Bachelor of Accounting in Chinese Culture University Senior manager in E.sun Securities Co. , Ltd . PGIM t	H&M Semiconductro (Sichuan)Ltd.corporate representative	None	None	None	None
Director	USA	Tarng Bennet Yun	male 41-50 years old	2024.06.12	3years	2003.06.26	286,116	0.77%	2,320,579	6.27%	0	0.00%	0	0.00%	Master of Electronics Engineering in University of Illinois Chief engineer in TSMC Engineer in Lucent Technologies, Inc.	General manager of the company Director representative of new NHM (BVI) Holdings Ltd.	Director	Lin Hsin Ying	Couple	None
Director	ROC	MingPei Investment CO., Ltd	-	2024.06.12	3years	2008.06.28	2,320,579	6.27%	0	0.00%	0	0.00%	0	0.00%	not applicable	not applicable	N/A	N/A	N/A	None
	ROC	corporate representative: Lin Hsin Ying	Female, 41-50 years old	2024.06.12	3years	2024.06.12	0	0.00%	9,095,109	24.58%	0	0.00%	0	0.00%	Master of Columbia University, USA Senior Engineer of TSMC	None	Director	Tarng Bennet Yun	Couple	None

Director	ROC	Ding Hong International Investment Ltd	-	2024.06.12	3years	2021.07.07	8,735,109	23.60%	0	0.00%	0	0.00%	0	0.00%	not applicable	not applicable	N/A	N/A	N/A	None
	ROC	corporate representative: Chu Ya Chi	Female, 41-50 years old	2024.06.12	3years	2021.07.07	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Statistics in National Cheng Kung University Supervisor of Mildex Optical Inc and Jih Lin Technology Co., Ltd	Manager of finance department in Jih Li Technology Co., Ltd	None	None	None	None
Independent Director	ROC	Wu Chiu Mei	Female, 41-50 years old	2024.06.12	3years	2021.07.07	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Accounting in Yuan Ze University Assistant manager in Deloitte, Audit manager in E-Ton Solar Tech.	In charge of Wu Chiu Mei Accounting firm, the member of this company's audit committee and Compensation Committee	None	None	None	None
Independent Director	ROC	Hou Rong Hsien	male 61-70 years old	2024.06.12	3years	2021.07.07	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Accounting in National Chung Hsing University Master of Accounting in National Cheng Kung University, Chief of KH office in Ernst & Young Global Limited Part-time Lecturer in National Chung Hsing University	In charge of Hou, Jung-Hsien accounting firm, in charge of Family Tree Co., Ltd., Jia Wei Lifestyle, Inc. corporate director representative, E&R Engineering Corporation corporate director representative, TYC Brother Industrial Co., Ltd. Independent director, United Fiber Optic Communication Inc. independent director, Convenor of the Audit Committee, Member of the Remuneration Committee	None	None	None	None
Independent Director	ROC	Chen Chia Chung	male 61-70 years old	2024.06.12	3years	2023.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Agricultural Economics, NTU President of E.SUN Bank (China) Co., Ltd.	Director representative of SYSJUST CO., LTD., Independent Director of DIMERCO DATA SYSTEM CORPORATION, Independent Director of Keyasco Digital Technology CO., LTD., a member of this company's audit committee and Compensation Committee	None	None	None	None

2. Major Shareholders of Corporate Shareholder

March,29,2026

Corporate Shareholder	Major Shareholders
MingPei Investment CO., Ltd	Hsieh Pi Lien (99.99%)
Ding Hong International Investment Ltd	Tsai Wen Hsiu (33.3%), Tsai Ting Hung (33.3%), Tsai Hsing Fang(33.3%)

3. If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

March,29,2026

Name of corporate/juristic person	Name of corporate/juristic person
Not application	Not application

4. Disclosure of professional qualifications of directors and independence of independent directors:

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person also serves as an independent director
Chairman Weng Shu Chen	Has accumulated over five years of work experience necessary for company operation. has previously served as a senior associate at E.SUN Securities Co. , Ltd as well as at PGIM t	1.3.4.6.7.8. 9.10	0
Director Tang Bennet Yun	Has accumulated over five years of work experience necessary for company operation. Has previously served as Principal engineer in TSMC and Member of Technical staff in Lucent Technologies, Inc., and been our general manager now	3.5.6.7.8.9 11	0
Director Lin Hsin Ying	Has accumulated over five years of work experience necessary for company operation. Has previously served as a senior engineer at TSMC.	1.2.3.4.6.7. 8.9	0
Director Chu Ya Chi	Has accumulated over five years of work experience necessary for company operation. Has previously served as supervisor of Mildex Optical Inc and Jih Lin Technology Co., Ltd, and been the manager of finance department in Jih Li Technology Co., Ltd now	1.2.3.4.6.7. 8.9.10	0
Independent Director Hou Rong Hsien	Has accumulated over five years of work experience necessary for company operations and passed the national examination for certified public accountants and obtained the relevant certification for professional and technical personnel. Previously served as Chief of Ernst & Young Global Limited, Kaohsiung branch and part-time lecturer at the Department of Accountancy, NCKU. Currently served as person-in-charge of Hou, Jung-Hsien accounting firm, Family Tree Co., Ltd.	1.2.3.4.5.6. 7.8.9.10.11	2 companies

	Corporate director representative of Jia Wei Lifestyle, E&R Engineering Corporation. Independent director of TYC Brother Industrial Co., Ltd., United Fiber Optic Communication Inc.		
Independent Director Wu Chiu Mei	Has accumulated over five years of work experience necessary for company operations and passed the national examination for certified public accountants and obtained the relevant certification for professional and technical personnel. Assistant manager in Deloitte, Audit manager in E-Ton Solar Tech. Has perviously served as Assistant manager in Deloitte, Audit manager in E-Ton Solar Tech. and been in charge of Wu Chiu Mei Accounting firm now	1.2.3.4.5.6. 7.8.9.10.11	0
Independent Director Chen Chia Chung	Has accumulated over five years of work experience necessary for company operations. Previously served as President (Director) of E.SUN Bank (China) Co., Ltd. Corporate director representative of SysJust Co., Ltd. Independent director of Dimerco Data System Corporation, Independent Director of Keypasco Digital Technology CO., LTD.	1.2.3.4.5.6. 7.8.9.10.11	2 companies

Note1 : The above mentioned directors are not in any circumstances under Article 30 of the Company Act.

Note2 : The status of independence for each director in the two years prior to the election and during the term of office. (Those who meet are disclosed in the above table)

- (1) Not an employee of this company or its related enterprises.
- (2) Not a director or supervisor of this company or any of its affiliated companies.
- (3) The directors aren't the natural person shareholder who holds more than 1% of the total issued shares of the company or one of the top ten shareholders, nor is spouse, minor children, or any individual who holds shares in the name of others.
- (4) Not (1) the listed executives or (2), (3) the spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of the persons listed.
- (5) The person in question is not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total issued shares of the company, is among the top five shareholders, or has appointed a representative as a director or supervisor of the company under Article 27, Paragraph 1 or 2 of the Company Act.
- (6) None of the individuals who control the board seats or voting rights of shares not held by this company, are directors, supervisors, or employees of other companies controlled by the same person.
- (7) The other directors, supervisors, or employees of other companies or organizations who are not the same person or spouse as the Chairman, General Manager, or equivalent position of this company, do not control more than half of the voting shares of this company or hold any board seats with voting rights.
- (8) The director, supervisor, manager, or shareholder who holds more than 5% of the shares of a specific company or organization that has financial or business transactions with the Company are not eligible.
- (9) Not a professional, sole proprietor, partner, director (supervisor), manager, or spouse of any such person or entity that provides audit, business, legal, financial, accounting, or related services to the Company or its related enterprises or has received compensation from the Company in the past two years.
- (10) No familial relationship within the second degree of consanguinity or affinity with any of the other directors.
- (11) The director has not been elected in accordance with Article 27 of the Company Act by the government, legal persons, or their representatives

5. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors:

To strengthen corporate governance and enhance the soundness development of the composition and structure of the Board of Directors, the Company's Board of Directors revised the Corporate Governance Best Practice Principles, in which Article 20 stipulates the diversity policy. The capabilities of the Board of Directors should include the following: operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market perspective, leadership and decision-making ability. The Board of Directors should take into account diversity and develop appropriate diversity policies based on the Company's own operations, business models, and development needs, including basic qualifications and values (gender, age, nationality, and culture), professional knowledge and skills (accounting, industry, finance, and technology), etc., to enhance the operation of the Board of Directors and fulfill their supervisory duty through the diversity of members.

The current Board of Directors consists of 7 directors, including 4 directors and 3 independent directors, who are outstanding individuals with rich practical experience and abilities in leadership and decision-making, business management, crisis management, industry knowledge and international market perspective. The directors have professional backgrounds in electronics, electrical machinery, economics and finance, etc., which enhance the effectiveness of corporate governance and the performance of operation and management through implementing the diversity policies of the Board of Directors.

The board of directors of our company consists of seven members, and the specific management goals and achievements of the diversity policy of the board of directors are as follow:

Management objective	Achievement	Description
Attracting talented individuals with diverse professional backgrounds, skills, and industry experience.	Achieved	The current board of directors of our company is composed of seven members, each of whom has professional backgrounds and industry experiences in fields such as electronics, electrical engineering, and financial management.
the board of directors have at least one female member among its members.	Achieved	In the current term of the Board of Directors, four out of seven members are female (representing 57.14% of the total).
It is not advisable for the number of directors who are also employees to exceed one-third of the total number of directors.	Achieved	In the current term of the Board of Directors of our company, there is only one member who is also an employee of the company, accounting for 14.28% of the total number of directors, which is below the limit of one-third of the board seats.
The term of office for independent directors shall not exceed three consecutive terms.	Achieved	The continuous tenure of the three independent directors on the board of directors of our company this term has not exceeded three terms.

The implementation of board diversity among the members of the board of directors :

Condition Name	Basic Component							Professional Skill			Industry experience			Diversified core						
	Title	Gender	Part-time employee of the company	Age				Business decision-making and management	Financial Analysis and Decision Making	Accounting Practice	manufaturing	asset Management	Accounting Affairs Services	Operational judgment ability	Accounting and financial analysis ability	Business management ability.	Crisis management ability.	Industry knowledge.	International market perspective	Leadership ability.
41-50 years old				51-60 years old	61-70 years old	Over 70 years old														
Corporate representative of Ding Hong International Investment Ltd : Weng Shu Chen	Chairman	Female			V			V	V	V			V	V	V	V	*	V	V	V
Tarnq Bennet Yun	Director	Male	V	V				V			V		V	*	V	V	V	V	V	V
Corporate representative of MingPei Investment CO., Ltd Lin Hsin Ying	Director	Female		V				V	V	V			V	*	V	V	*	V	V	V
Corporate representative of Ding Hong International Investment Ltd : Chu Ya Chi	Director	Female		V				V	V	V			V	V	V	V	*	V	V	V
Hou Rong Hsien	Independent Director	Male				V		V	V	V			V	V	V	V	*	V	V	V
Wu Chiu Mei	Independent Director	Female		V				V	V	V			V	V	V	V	*	V	V	V
Chen Chia Chung	Independent Director	Male				V		V	V	V			V	V	V	V	*	V	V	V

(note) * refers to partial ability

(2) Independence of the Board of Directors:

The current Board of Directors comprises 7 members, none of whom are in any circumstances under Article 30 of the Company Act, including three independent directors, accounting for more than one-third of the total number of seats on the Board of Directors. The audit committee is comprised of all independent directors who independently exercise their duties and responsibilities to ensure the independence of the Board of Directors. No more than half of the directors of the Company are spouses or relatives within the second degree. All independent directors comply with the regulations of the Financial Supervisory Commission and the Securities and Futures Bureau regarding independent directors, and there are no situations among the Directors or Independent Directors that violate Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

The independent directors are in compliance with the Financial Supervisory Commission's regulations for independent directors, and the status of independence are as below:

Name	Do they, their spouse or relatives within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates	The number and ratio of shares of the Company held by them, their spouse or relatives within the second degree (or through nominees)	Do they serve as director, supervisor or employee of the Company or its affiliates	The amount of any pay received for any services such as business, legal, financial, or accounting services provided to the Company or its affiliate within the past 2 years
Hou Rong Hsien	No	None	No	None
Chen Chia Chung	No	None	No	None
Wu Chiu Me	No	None	No	None

(2) Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

March, 29, 2026

Title	Name	Nationality	Gender	Date of appointment to position	Shares held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions concurrently held in other companies at present	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Tarng Bennet Yun	USA	male	2015.06.26	286,116	0.77%	0	0%	0	0%	Master of Electronics Engineering in University of Illinois Principal engineer in TSMC Member of Technical staff in Lucent Technologies, Inc.	Director representative of new NHM (BVI) Holdings Ltd.	None	None	None	None
Deputy general manager of finance dept.	Yen Yung Sen	ROC	male	2018.08.01	206,952	0.56%	0	0%	0	0%	Bachelor of Public Finance in Feng Chia University	None	None	None	None	None

2 · Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents in the Past Year :

(1) Director and Supervisors (included Independent Director)

Unit : NT\$

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Pension (B)		Directors' remuneration (C)		Business execution expense(D)				Salary, Bonuses, and Allowances (E)		pension (F)		Employee Compensation (G)						
		The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements			The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements	The company	Companies in the financial statements			
										cash	stock									cash	stock	
Chairman	Weng Shu Chen	960,000	960,000	0	0	0	0	36,000	36,000	996,000 129.68%	996,000 129.68%	0	0	0	0	0	0	0	0	996,000 129.68%	996,000 129.68%	None
Director (GM)	Tang Bennet Yun	0	0	0	0	0	0	0	0	0 0.00%	0 0.00%	975,000	975,000	0	0	0	0	0	0	975,000 126.95%	975,000 126.95%	None
Director	Lin Hsin Ying	0	0	0	0	0	0	30,000	30,000	30,000 3.91%	30,000 3.91%	0	0	0	0	0	0	0	0	30,000 3.91%	30,000 3.91%	None
Director	Chu Ya Chi	0	0	0	0	0	0	36,000	36,000	36,000 4.69%	36,000 4.69%	0	0	0	0	0	0	0	0	36,000 4.69%	36,000 4.69%	None
Director (Independent Director)	Hou Rong Hsien	120,000	120,000	0	0	0	0	36,000	36,000	156,000 20.31%	156,000 20.31%	0	0	0	0	0	0	0	0	156,000 20.31%	156,000 20.31%	None
Director (Independent Director)	Wu Chiu Mei	120,000	120,000	0	0	0	0	36,000	36,000	156,000 20.31%	156,000 20.31%	0	0	0	0	0	0	0	0	156,000 20.31%	156,000 20.31%	None
Director (Independent Director)	Chen Chia Chung	120,000	120,000	0	0	0	0	30,000	30,000	150,000 19.53%	150,000 19.53%	0	0	0	0	0	0	0	0	150,000 19.53%	150,000 19.53%	None

1. Please state the policy, system, standards, and structure of independent director remuneration, and explain the relationship between the remuneration amount and the responsibilities, risks, and time input involved:

The Company has three independent directors, and a Remuneration Committee and an Audit Committee composed of all independent directors, whose remuneration is determined in accordance with the Company's "Rules Governing the Remuneration of Directors and Managers". The Company pays a fixed monthly salary to the independent directors, and the independent directors are not entitled to the distribution of the Company's earnings. The Company's directors and independent directors are only entitled to fixed remuneration such as salaries, travel expenses and attendance fees, and their fixed remuneration is not performance-related.

2. In addition to the above disclosures, the remuneration received by directors for services provided in the most recent year (such as serving as a consultant for the parent company, all companies within the financial report, or non-employee advisors for investment businesses): None.

Directors' Range of Remuneration Form

Range of Remuneration for each directors in our company	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the financial statements	The Company	Companies in the financial statements
Less than NT\$1,000,000	Weng Shu Chen ,Tarng Bennet Yun, Lin Hsin Ying, Chu Ya Chi; Independent Director: Hou Rong Hsien , Wu Chiu Mei, Chen Chia Chung	Weng Shu Chen ,Tarng Bennet Yun, Lin Hsin Ying, Chu Ya Chi; Independent Director: Hou Rong Hsien , Wu Chiu Mei, Chen Chia Chung	Weng Shu Chen ,Tarng Bennet Yun, Lin Hsin Ying, Chu Ya Chi; Independent Director: Hou Rong Hsien , Wu Chiu Mei, Chen Chia Chung	Weng Shu Chen ,Tarng Bennet Yun, Lin Hsin Ying, Chu Ya Chi; Independent Director: Hou Rong Hsien , Wu Chiu Mei, Chen Chia Chung
NT\$1,000,000 (include) ~ NT\$2,000,000 (exclude)	None	None	None	None
NT\$2,000,000 (include) ~ NT\$3,500,000 (exclude)	None	None	None	None
NT\$3,500,000 (include) ~ NT\$5,000,000 (exclude)	None	None	None	None
NT\$5,000,000 (include) ~ NT\$10,000,000 (exclude)	None	None	None	None
NT\$10,000,000 (include) ~ NT\$15,000,000 (exclude)	None	None	None	None
NT\$15,000,000 (include) ~ NT\$30,000,000 (exclude)	None	None	None	None
NT\$30,000,000 (include) ~ NT\$50,000,000 (exclude)	None	None	None	None
NT\$50,000,000 (include) ~ NT\$100,000,000 (exclude)	None	None	None	None
Greater than or equal to NT\$100,000,000	None	None	None	None
Total	7 people	7 people	7 people	7 people

(2) Remuneration of General Manager and Deputy General Manager

Unit : NT\$

Title	Name	Salary(A)		Pension (B)		Bonuses and Allowances(C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income(loss) (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in financial statements	The Company	Companies in financial statements	The Company	Companies in financial statements	The Company		Companies in financial statements		The company	Companies in financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Tarng Bennet Yun	975,000	975,000	0	0	0	0	0	0	0	0	975,000 126.95%	975,000 126.95%	None
Deputy General Manager	Yen Yung Sen	759,000	759,000	0	0	0	0	0	0	0	0	759,000 98.82%	759,000 98.82%	None

* All positions equivalent to General Manager or Deputy General Manager, regardless of job title (such as President, CEO, Director General, etc.), should be disclosed.

Remarks: Only a fixed remuneration is paid to the general manager and deputy general manager, and their remuneration is not performance-related.

General Manager and Deputy General Managers' Range of Remuneration Form

Range of Remuneration for each General managers and Deputy General Managers	Name of General managers and Deputy General Managers	
	The company	Companies in financial statements E
Less than NT\$1,000,000	Tarng Bennet Yun, Yen Yung Sen	Tarng Bennet Yun、Yen Yung Sen
NT\$1,000,000(include) ~ NT\$2,000,000(exclude)	None	None
NT\$2,000,000 (include) ~ NT\$3,500,000 (exclude)	None	None
NT\$3,500,000 (include) ~ NT\$5,000,000 (exclude)	None	None
NT\$5,000,000 (include) ~ NT\$10,000,000 (exclude)	None	None
NT\$10,000,000 (include) ~ NT\$15,000,000 (exclude)	None	None
NT\$15,000,000 (include) ~ NT\$30,000,000 (exclude)	None	None
NT\$30,000,000 (include) ~ NT\$50,000,000 (exclude)	None	None
NT\$50,000,000 (include) ~ NT\$100,000,000 (exclude)	None	None
Greater than or equal to NT\$100,000,000	None	None
Total	2people	2 people

(3) The remuneration of the top five highest-paid executives of listed and OTC companies.

Unit : NT\$

Title	Name	Salary(A)		Pension (B)		Bonuses and Allowances(C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income(loss) (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in financial statements	The company	Companies in financial statements	The company	Companies in financial statements	The company		Companies in financial statements		The company	Companies in financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Tarng Bennet Yun	975,000	975,000	0	0	0	0	0	0	0	0	975,000 126.95%	975,000 126.95%	None
Deputy General Manager	Yen Yung Sen	759,000	759,000	0	0	0	0	0	0	0	0	759,000 98.82%	759,000 98.82%	None

(4) Names of managers who distributed employee remuneration and the distribution details

December, 31, 2025

Item	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net net profit after-tax (%)
Managers	General Manager	Tarng Bennet Yun	0	0	0	0
	Deputy General Manager of the Finance Dept.	Yen Yung Sen	0	0	0	0

(5) Comparison and Analysis of the Ratio of Total Remuneration Paid to the Company's Directors, General Manager, and Deputy General Manager in the Past Two Years to Net Profit After Tax for all Companies included in the Company's Consolidated Financial statements and Explanation of the Policy, Standards, and Composition of Remuneration, the Procedure for Determining Remuneration, and the Relationship between operational performance and Future Risks :

1. Total remuneration paid to the Company's directors, general manager and deputy general manager as a percentage of after-tax net income for the last two years.

Title	2024		2025	
	The Company	Companies in financial statements	The Company	Companies in financial statements
Director				
General Managers and Deputy General Managers	66.57%	66.57%	424.20%	424.20%

(1) The director remuneration paid by our company and all companies included in the financial reports for the years 2024 and 2025, accounted for 28.82% and 198.43% of the after-tax net profit (loss) respectively.

(2) The total amount of remuneration paid to the General Manager and Deputy General Managers by our company and all the companies mentioned in the financial reports in 2024 and 2025, accounted for 37.75% and 225.77% of the after-tax net profit.

2. The Company's policies, criteria and packages of the compensation, the procedures for determining compensation, and its relationship to the operating performance and future risks:

2.1. The policies, criteria and packages of compensation paid, the procedure for determining compensation and operating performance:

(1) Pursuant to Article 32, Paragraph 1 of the Company's Articles of Incorporation, if there is any earnings in the year, the Company shall set aside an amount not exceeding 2% of the Company's such earnings as directors' compensation, which shall be evaluated by the Remuneration Committee with reference to the degree of participation in the Company's operation and the value contributed by the individual directors, and a reasonable compensation shall be drafted and submitted to the Board of Directors for its resolution. In accordance with Article 3 of the Company's "Rules Governing the Remuneration of Directors and Managers," independent directors are to be paid a fixed monthly remuneration based on the resolution of the Remuneration Committee and the Board of Directors, and the Company does not offer any distribution of earnings to independent directors.

- (2) Pursuant to Article 6 of the Company's "Rules Governing the Remuneration of Directors and Managers", the Remuneration Committee may approve the salaries and compensation of managers based on the degree of the managers' participation in the Company's operations and their contributed value, with reference to the salary level of the same industry and the achievement rate of individual performance, before submitting them to the Board of Directors for resolution.

2.2. Relationship to future risks:

- (1) The Company revises the "Rules Governing the Remuneration of Directors and Managers" in accordance with the actual operating profit and loss each year and the salary level of directors and managers in the same industry, as appropriate, in order to ensure that the remuneration of the Company's management is competitive in the industry and to retain outstanding management talents.
- (2) The Company's compensation is governed by the Articles of Incorporation" and the "Rules Governing the Remuneration of Directors and Managers" and has been resolved by the Remuneration Committee and the Board of Directors. The policies, criteria and packages of the remuneration, the procedure for determining the remuneration, and the relationship between the remuneration and the Company's operating performance will not be subject to material uncertain future risks.

3. Corporate Governance Status :

(1) Operations of the Board of Directors :

The Board of Directors held 5 meetings (A) in the most recent fiscal year 2025 with the attendance and participation of the directors as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Ratio(%) (B/A)	Remarks
Chairman	Corporate representative of Ding Hong International Investment Ltd: Weng Shu Chen	5	0	100%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term
Directors	Tarng Bennet Yun	5	0	100%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term
Directors	Corporate representative of MingPei Investment CO., Ltd: Lin Hsin Ying	4	1	80%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term
Directors	Corporate representative of Ding Hong International Investment Ltd: Chu Ya Chi	5	0	100%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term
Independent Director	Wu Chiu Mei	5	0	100%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term
Independent Director	Hou Rong Hsien	5	0	100%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term
Independent Director	Chen Chia Chung	5	0	100%	The director was elected on June 12th, 2024 and was expected to attend five meetings during the term

Other mentionable items :

- 1、If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified :
- (1) The matters listed in Article 14-3 of the Securities and Exchange Act are not applicable to the Company, as it has established an audit committee in accordance with Article 14-5 of the Securities and Exchange Act
 - (2) Other board resolutions that have been opposed or reserved with recorded or written statements by independent directors, besides the aforementioned matters: None.

2、If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Name	Content	Reasons for recusal due to conflicts of interest	Participation in voting
2025.03.04	Tang Bennet Yun	The Company's 2024 manager year-end bonus	Manager of this case	Except for 1 director who abstained from voting due to a conflict of interest, the resolution was unanimously approved by the 6 directors present.
2025.03.04	Weng Shu Chen	Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd	Corporate representative of the subsidiary	
2025.05.06	Weng Shu Chen	Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd	Corporate representative of the subsidiary	
2025.08.06	Weng Shu Chen	Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd	Corporate representative of the subsidiary	
2025.09.18	Weng Shu Chen	Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd	Corporate representative of the subsidiary	

3、TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors: :

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2025.01.01 to 2025.12.31	The performance evaluation of the board of directors	internal self-evaluation of the board of directors	A.Involvement in company operations B.Improving the quality of board decisions C.Composition and structure of the board of Directors D.Selection and ongoing education of directors E.Internal control
		The performance evaluation of individual director	self-evaluation of directors	A.Understanding of the company's mission and targets B. Awareness of the responsibilities of being a director C. Involvement in company operations D. Management and communication of internal relationships E. Directors' expertise and ongoing professional development F. Internal Control

		Performance Evaluation of Functional Committees (Audit Committee, Compensation Committee)	internal self-evaluation of Compensation Committee	<p>A. Involvement in company operations</p> <p>B. Awareness of the responsibilities of Compensation Committee</p> <p>C. Improving the quality of Compensation Committee's decisions.</p> <p>D. Composition and Member Selection of the Compensation Committee.</p> <p>E. Internal Control</p>
Evaluation Results	<p>The implementation status of the Board of Directors and functional committees for 2025 was reported to the Board of Directors on March 6, 2026, as a basis for review and improvement. The Board of Directors' self-assessment score was 97 points, and the individual Board members' performance self-assessment score was 95 points, indicating that the Board of Directors is functioning effectively. The Audit Committee's self-assessment score was 99 points, and the Remuneration Committee's was 100 points, indicating that both committees are operating effectively and in accordance with corporate governance principles.</p>			

4、Assessment implementation of the performance of strengthening the functions of the board of directors in the current and recent years (such as the establishment of audit committees, enhancing information transparency, etc.):

1. Continuously enhance information transparency.	Disclose company information and regularly update the information on the company's website in accordance with laws and regulations.
2. Improve the operational efficiency and decision-making ability of the Board of Directors	<p>1. The Board of Directors has established the "Rules of Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", and the operation of the Board of Directors has been handled according to this rule.</p> <p>2. To implement corporate governance, safeguard shareholder equities, and strengthen the functions of the Board of Directors, the Board of Directors approved the appointment of a Corporate Governance Officer on November 7, 2022, to assist in the Board's operations.</p>
3. Actively establish communication with stakeholders	<p>1. The Company has a spokesman and an acting spokesman. Stakeholders can contact them or use the stakeholders section on the Company's website as a communication channel to ask questions and provide suggestions.</p> <p>2. The Annual Stockholders' Meeting accepts stockholder proposals in accordance with the schedule. Stockholders with the right to submit proposals may submit their requests to the Company during the acceptance period, and the Company will convene a board meeting to review them in accordance with the regulations.</p>
4. Strengthen supervision ability	The "Terms of Reference of Independent Directors", the Remuneration Committee, and the Audit Committee have been established to strengthen the corporate governance function of the Board of Directors.
5. Strengthen professional knowledge	Regularly provide information on continuing education courses for directors and encourage directors to participate in such courses to meet the required number of education hours.
6. Purchase director and manager liability insurance	The Company has renewed its directors' and managers' liability insurance and reported this to the Board of Directors on August 6, 2025.

(2) Operations of Audit Committee

1. Operations of Audit Committee :

The Audit Committee held 5 meetings during the latest fiscal year 2025, and attendance was as follows :

Title	Name	Attendance in Person B	By Proxy	Attendance Rate (%)B/A	Remarks
Convener	Hou Rong Hsien	5	0	100%	The director took office on 2024.06.12 was expected to attend 5 meetings during the term.
Member	Wu Chiu Mei	5	0	100%	The director took office on 2024.06.12 was expected to attend 5 meetings during the term.
Member	Chen Chia Chung	5	0	100%	The director took office on 2024.06.12 was expected to attend 5 meetings during the term.

Other mentionable items :

1. If any of the following situations in the operation of the Audit Committee occurs, the date and session of the Board of Directors, the contents of the agenda, the content of the suggestions or objections raised by independent directors, the decision and resolution of the Audit Committee, and the handling of the company's opinions on the Audit Committee shall be disclosed :

(1) The matters listed in Article 14-5 of the Securities and Exchange Act :

Period and Date of the Board of Directors	Content	The resolution of the audit committee.	The company's response to the audit committee's opinions
The 5th Board Meeting of the 14th term 2025.03.04	<ol style="list-style-type: none"> 1. Amendment of certain provisions of the Company's "Articles of Incorporation". 2. Amendment of certain provisions of the Company's "Operational Procedures for Endorsement and Guarantee". 3. The Company's 2024 Business Report and Annual Financial Statements. 4. The Company's 2024 earnings distribution. 5. The Company's 2024 Annual Statement of Internal Control. 6. Assessment of the independence and applicability of the Auditors, non-assurance service list, appointment, and remuneration. 7. Establishment of Employee Performance Evaluation Regulations 8. Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd. 9. Proposal to apply for the disposal of the Company's slow-moving inventory. 	All attending committee members agreed to pass the proposal.	Approved by all Directors present without objection

The 6th Board Meeting of the 14th term 2025.05.06	1.The Company's Consolidated Financial Statements for the 1st Quarter of 2025. 2.Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd. 3.Disposal of fixed assets deemed idle and have amortized carrying amount.		
The 7th Board Meeting of the 14th term 2025.08.06	1.The Company's Consolidated Financial Statements for the 2nd Quarter of 2025. 2.Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd.		
The 8th Board Meeting of the 14th term 2025.09.18	1.Proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd.		
The 9th Board Meeting of the 14th term 2025.11.05	1.The Company's Consolidated Financial Statements for the 3rd Quarter of 2025. 2.The Company's 2026 Internal Audit Plan. 3.Amendments to the Implementation Rules for Payroll Processing and Internal Audits under Payroll Cycle CW-106.		

(2) The other resolutions that have been approved by more than two-thirds of all directors but not passed by the audit committee: None.

2. The execution of independent directors' abstention from interested party transactions should include the names of the independent directors, the content of the proposal, the reasons for abstention due to potential conflicts of interest, and their voting participation: None.

3. The communication between independent directors and the head of internal audit and accountants of the company(should include the financial and business status of the company, as well as the methods and results of such communication) :

(1) The independent directors of our company hold regular (at least four times a year) communications with the head of internal audit at the Audit Committee meetings, and the interaction between them is good. The head of internal audit regularly reports on the execution of the audit plan and improvement status at these meetings (at least four times a year), and engages in communication and exchange of opinions on the effectiveness of the company's internal control.

(2) The independent directors of the company regularly communicate and interact with the auditors at the Audit Committee meetings, and the interaction is good. At these meetings, the auditors discuss with the independent directors on issues related to the audit plan and improvement measures, the review or audit of the company's financial reports, or financial, tax, and internal control matters at these meetings.

(3) Summary of the communication between independent directors and internal audit:

Date	Communication	Comment from Independent Director
2025.03.04	1. Internal audit for the 4th Quarter of 2024. 2. Passing the review of the Statement on Internal Control.	No Comments
2025.05.06	Internal audit for the 1st Quarter of 2025.	No Comments
2025.08.06	Internal audit for the 2nd Quarter of 2025.	No Comments
2025.11.05	1. Internal audit for the 3rd Quarter of 2025. 2. 2026 Audit Plan.	No Comments

(4) Summary of the communication between independent directors and accountants:

Date	Communication	Comment from Independent Director
2025.03.04	1. Communication on 2024 consolidated and individual financial statements. 2. Securities and tax regulations description update.	No Comments
2025.05.06	1. Communication on consolidated financial statements for the 1st Quarter of 2025. 2. Securities and tax regulations description update.	No Comments
2025.08.06	1. Communication on consolidated financial statements for the 2nd Quarter of 2025. 2. Securities and tax regulations description update.	No Comments
2025.11.05	1. Communication on consolidated financial statements for the 3rd Quarter of 2025. 2. Securities and tax regulations description update.	No Comments

4.The annual work priorities of the Audit Committee of the Company are as follows:

1. The main focus of the operation of the Audit Committee of the Company is to oversee the following matters :
 - (1) The proper expression of the financial statements of the Company.
 - (2) Selection (dismissal) of the signing certified public accountants, their remuneration, independence, and performance.
 - (3) Effective implementation of internal control.
 - (4) Compliance with relevant laws and regulations.
 - (5) Management and control of existing or potential risks of the Company.
2. The main authorities of our company's Audit Committee are as follows :
 - (1) Establishing or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
 - (2) Evaluating the effectiveness of internal control systems.
 - (3) Establishing or amending procedures for significant financial transactions, such as acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or guaranteeing for others, in accordance with Article 36-1 of the Securities and Exchange Act
 - (4) Matters involving conflicts of interest of directors themselves.
 - (5) Significant asset or derivative transactions.
 - (6) Significant lending, endorsement or guarantee of funds.
 - (7) Issuing, offering, or privately placing equity securities.
 - (8) Appointment, removal, or compensation of signing auditors.
 - (9) Appointment and dismissal of financial, accounting, or internal audit managers.
 - (10) Annual financial reports signed or stamped by the Chairman, General Manager, and chief of accounting dept., and the financial report that requires certification by a signing auditor.
 - (11) Other significant matters prescribed by the company or regulatory authorities.

(3) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		Our company has formulated our own "Corporate Governance Practice Guidelines" in accordance with the "Corporate Governance Practice Guidelines for Listed and OTC Companies," and the relevant content has been disclosed on our company's website and Market Observation Post System.	No difference
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) Besides engaging the services of a share registrar, the company has also established a spokesperson and an acting spokesman system in accordance with its internal operating procedures, which is responsible for handling investor relations, and addressing issues related to shareholder suggestions, queries, disputes or litigation. The company's website also provides contact information and an email address for the investor relations department.	No difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) In accordance with Article 25 and Article 43-1 of the Securities and Exchange Act, the company has entrusted a professional shareholder services agency to handle changes in shareholdings by insiders, including directors, managers, and shareholders holding more than 5% of the shares. In addition to assigning dedicated personnel to handle shareholder-related matters, the company monitors changes in major shareholders and the parties with ultimate control of the major shareholders, and reports such changes every month in accordance with regulations.	No difference

<p>(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?</p>	<p>V</p>		<p>(3) The company has established the “Rules Governing Financial and Business Matters Between the company and Affiliates” and the “Supervision Measures for Subsidiaries” to govern transactions between the company and its affiliates. These documents clearly defined the duties and responsibilities with affiliates, and the establishment of appropriate firewall based on risk assessments, which are continuously implemented and monitored.</p>	<p>No difference</p>
<p>(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?</p>	<p>V</p>		<p>(4) The company has established the “Corporate Governance Best Practice Principles” and the “Procedures for Handling Material Inside Information and Preventing Insider Trading,” which prohibit insiders from trading securities based on non-public information. The company has also regularly educated employees on these procedures to prevent violations of relevant regulations.</p>	<p>No difference</p>
<p>3. Composition and responsibilities of the board of directors</p>				
<p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p>	<p>V</p>		<p>(1) The company has established a diversity policy for board members in the “Corporate Governance Best Practice Principles”, please refer to the page 13-14 of this Annual Report for diversity policy, specific management objectives and their implementation status.</p>	<p>No difference</p>
<p>(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p>	<p>V</p>		<p>(2) The company currently has established a remuneration committee and an audit committee in accordance with regulations. In the future, the company will establish other functional committees as needed based on its business operations.</p>	<p>This company will conduct an evaluation and decide whether to establish such committees based on the company's needs and relevant regulatory requirements.</p>

<p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p>	<p>V</p>		<p>(3)The company has established the “Board of Directors and Functional Committees Performance Evaluation Measures” to conduct performance evaluation after the end of each year. For details regarding the relevant evaluations, please refer to page 24-25 of this Annual Report. The evaluation results for 2025 have been reported to the Board of Directors on March 6, 2026, which were in line with the corporate governance principles and will serve as a reference for the nomination and reappointment of individual directors and members of the Compensation Committee.</p>	<p>No difference</p>
<p>(4) Does the Company regularly evaluate its external auditors’ independence?</p>	<p>V</p>		<p>(4)The company evaluated CPA’s independence and suitability annually, and asked for a statement of independence and Audit Quality Indicators (AQIs) from the auditor.The evaluation results for CPA’s independence and suitability and AQIs have been reported to the Audit Committee and the Board of Directors on March 6, 2026, please refer to Note 1 in page 37-38 of this Annual Report.</p>	<p>No difference</p>
<p>4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?</p>	<p>V</p>		<p>The Board of Directors approved and appointed the Manager of the Administration Department as Corporate Governance Officer on November 7, 2022, to be responsible for matters related to corporate governance, including coordinating the planning of agendas for the Stockholders’ Meeting, the Board of Directors, the Audit Committee, and the Compensation Committee; preparing meeting minutes for the Stockholders’ Meeting and Board of Directors meetings; assisting with the induction and continuing education of directors; providing directors with the information necessary to perform their duties; assisting directors in complying with laws and regulations; and completing professional training in accordance with regulations. The Corporate Governance Officer have completed a total of 12 hours of professional training in 2025.</p>	<p>No difference</p>

<p>5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?</p>	V		<p>The company's website has the stakeholders section as a contact to maintain a well communication channel with stakeholders. In addition to holding regular Management and Labor Council, the company also has designated personnel to handle employee suggestions. Externally, the company has disclosed the contact information of spokesman, acting spokesman, and shareholder services agent on website to facilitate stakeholders in submitting feedback or inquiries via writing, telephone, or email. The company also maintains a customer service hotline and email to provide product consultation services.</p>	No difference
<p>6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?</p>	V		<p>Our company has appointed the Stock Affairs Agency Department of President Securities Co., Ltd. to handle the affairs of our shareholders' meetings. Its information is as follows: Name : President Securities Corporation Shareholder Services Department Address : B1, No. 8, Dongxing Rd., Songshan Dist., Taipei City Tel : (02)2747-8266 Website : http://www.pscnet.com.tw</p>	No difference
<p>7. Information Disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?</p> <p>(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p>	V		<p>(1) The company has established a website (www.mospec.com.tw) and has investor section to disclose financial and corporate governance information.</p> <p>(2) To provide our shareholders and the public with comprehensive information, our company has implemented a spokesperson system and established an investor relations section on the website. The section contains financial and business data, corporate presentations (including related materials and recordings), and information related to corporate governance. It is available for reference and inquiry by investors.</p>	No difference

<p>(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>		<p>V (3) The company has published and reported the financial report and monthly operating statements to the competent authorities in accordance with the laws and regulations:</p> <ol style="list-style-type: none"> 1. Publish and report annual financial report, which has been audited and certified by auditor and approved by the Audit Committee and the Board of Directors, within 3 months after the end of each fiscal year. 2. Publish and report financial reports, which have been reviewed by auditor and approved by the Board of Directors, within 45 days after the end of the first, second, and third quarters of each fiscal year. 3. Publish and report the previous month's operating statement by the 10th of each month 	<p>Submitted within the stipulated deadline.</p>
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	<p>V</p>	<p>1. Employee benefits : The company has established a employee welfare committee to handle employee welfare matters, actively encouraging employees to participate in various training courses. Regular labor-management meetings are held to understand the ideas of both sides and achieve a win-win situation between labor and management.</p> <p>2. Employee care : The company has established a communication channel between the management level of each department and employees. The HR department regularly monitors the attendance status of each employee through the attendance system and provides timely assistance if any thing happened.</p> <p>3. Investor relations : Our company hold annual shareholder meetings in compliance with regulations, providing shareholders with opportunities to ask questions or make proposals. Investors can also express their</p>	<p>No difference</p>

		<p>opinions through phone calls, emails, and other ways. We have also established a spokesperson system to handle shareholder suggestions, inquiries, and disputes. In accordance with regulatory requirements, we handle relevant information disclosure and reporting matters promptly, providing timely information that may impact investor decision-making.</p> <p>4. Supplier relations :</p> <p>Our company maintains good communication with our partner banks, employees, consumers, and suppliers to maintain good relationships.</p> <p>5. Rights of Stakeholders :</p> <p>Our company has designated spokespersons and authorized representatives to communicate directly with stakeholders, and we respect and maintain their legitimate rights and interests.</p> <p>6. Directors' Professional Development :</p> <p>The directors of the company has received continuing education according to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. (Please refer to the Note 2 on page 39 of this Annual Report).</p> <p>7. Corporate Governance Officer, accounting managers, and audit managers' Professional Development:</p> <p>Received continuing education according to the requirements. (Please refer to the Note 2 on page 39 of this Annual Report)</p> <p>8. Implementation of risk management policies and risk assessment standards :</p> <p>In accordance with legal requirements, the company has established various internal regulations to manage and assess various risks.</p>	
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<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not</p>			

need to be completed.)

1. Improvements already been made:

- (1) Disclosed the Board of Directors and Functional Committees' performance evaluation implementation status and result regularly in the Annual Report every year.
- (2) Established the functional committee such as the Audit Committee to assist the Board of Directors in decision-making and enhance corporate governance performance through their specialized expertise and independent, impartial position.

2. Priority enhancement to be made:

- (1) Establish an English website to disclose the list of major shareholders, financial, business and corporate governance related information to enhance information transparency.
- (2) Upload the English version of the sustainability report on the Market Observation Post System and the company's website to enhance the company's sustainable development strategies and results.
- (3) In order to promote the company's awareness to shareholder value and guide it to enhance corporate value, establish and disclose operating strategies and business plans, and clarify its specific measures to enhance corporate value.

Note 1 : Assessment form for the independence and suitability of the approved auditor as recognized by the Board of Directors.

Mospec Semiconductor Corp.

Assessment of Independent and Qualified Status of Audit Certified Public Accountants for the Year 2025

1. Evaluation of Appointed Accounting Firm and Accountant :

Appointed Accountant of Ernst & Young Global Limited : Accountant Li Fang Wen ,
Accountant Chiu Wan Ru

2. Evaluation Content :

(1) Evaluation Standards for CPA's Independence:

Formulated with reference to Article 47 of the Accountant Act and The Norm of Professional Ethics for Certified Public Accountant Bulletin No.10 in the R.O.C.

Evaluation Item	Evaluation Result	Independence
1. The Accountant has no direct or significant indirect financial interests with the company.	Yes	Yes
2. There are no significant close business relationships between the Accountant and the company.	Yes	Yes
3. There are no potential employment relationships between the Accountant and the company during the audit of the company.	Yes	Yes
4. The Accountant has not engaged in any financial borrowing or lending activities with the company.	Yes	Yes
5. The Accountant has not received any significant gifts or gratuities (beyond usual social courtesies) from the company, its directors, managers, or related parties.	Yes	Yes
6. The Accountant has not provided audit services to the company continuously for seven years.	Yes	Yes
7. The Accountant does not hold any shares in the company.	Yes	Yes
8. The Accountant, their spouse, or dependents, and their audit team, have not served as directors, supervisors, managers of the company, or held any positions that would have a significant impact on the audit in the past two years, and it has been confirmed that they will not assume any of the aforementioned positions in the future audit period.	Yes	Yes
9. Whether the Accountant has complied with the regulations on independence set forth in the The Norm of Professional Ethics for Certified Public Accountant Bulletin No.10, and obtained the "Independence Declaration" issued by the certifying accountant.	Yes	Yes

(2) Evaluation Standards for CPA's Suitability:

In accordance with the Audit Quality Indicators (AQI) information provided by the CPA firm:

Evaluation Item	Evaluation Result
1. Audit experience	Passed
2. Training hours	Passed
3. Turnover	Passed
4. Professional Support	Passed
5. CPA's workload	Passed
6. Devotion in auditing	Passed
7. Review status of the Engagement quality control reviewer (EQCR)	Passed
8. Quality control support capabilities	Passed
9. Percentage of non-audit service fees	Passed
10. Customer familiarity	Passed
11. External inspection deficiencies and penalties	Passed
12. Letter of improvement from the competent authority	Passed
13. Innovative plans or initiatives	Passed

3. Work Performance :

- Completed the financial audits for each period of our company on schedule.
- Completed the financial audits for each period of our re-invested company on schedule.
- Provided occasional financial and tax advisory services to our company.

4 Evaluation Result :

The Company appointed CPAs Li, Fang-Wen and Chiou, Wan-Ru of Ernst & Young Global Limited to audit and certify the 2025 financial statements of the Company. Having referred to Article 47 of the Certified Public Accountant Act and the evaluation items provided in Article 10, "Integrity, Objectivity and Independence" of the ROC's Norm of Professional Ethics, and the Audit Quality Indicators (AQI) information provided by the accounting firm. No violations of independence and suitability were found for the two CPAs upon the evaluation, thus, both of them are deemed suitable.

Note 2: The training status of the directors, the accounting managers, the audit managers, and the corporate governance managers :

Title	Name	Date of Continuous Education	Organizer	Course Name	Hour of Continuous Education	Total Hour of Continuous Education
Chairman	Weng Shu Chen	2025/05/16	Securities and Futures Institute	2025 Insider Trading Prevention Advocacy	3 H	6
		2025/07/25	Securities and Futures Institute	2025 Legal Compliance in Insider Equity Transactions Advocacy	3 H	
Director	Tarng Bennet Yun	2025/07/09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6 H	6
	Lin Hsin Ying	2025/07/09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6 H	6
	Chu Ya Chi	2025/05/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Corporate Sustainability Transformation Through ESG Investing	3 H	9
		2025/07/09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6 H	
Independent Director	Hou Rong Hsien	2025/07/03	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6 H	9
		2025/08/07	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 H	
	Wu Chiu Mei	2025/05/23	Securities and Futures Institute	2025 Insider Trading Prevention Advocacy	3 H	9
		2025/07/09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6 H	
	Chen Chia Chung	2025/03/13	The Chinese National Association of Industry and Commerce	The Impact of Trump's New Policies on Business Operations and Investment, and How to Respond	3 H	9
		2025/05/09	Securities and Futures Institute	Opportunities and Challenges of Generative AI	3 H	
2025/06/17		Independent Director Association Taiwan	Corporate Governance and Securities Trading Regulations	3 H		
Accounting Supervisor	Yen Yung Sen	2025/11/20 2025/11/21	Department of Accountancy, NCKU	Accounting Supervisor Continuing Education	12 H	12
Corporate Governance Supervisor	He Kun Fa	2025/05/23	Securities and Futures Institute	2025 Insider Trading Prevention Advocacy	3 H	12
		2025/07/09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	3 H	
		2025/09/26	Securities and Futures Institute	2025 Insider Trading Prevention Advocacy	3 H	
		2025/10/03	Securities and Futures Institute	2025 Insider Trading Prevention Advocacy	3 H	
Audit Supervisor	Tung Ju Pi	2025/11/17	The Institute of Internal Auditors	Analysis of Sustainability Reports and Practical Auditing of Sustainability Information	6 H	12
		2025/12/04	The Institute of Internal Auditors	Cybersecurity Protection and Practical Auditing of Cloud Security	6 H	

(4) If the company has established a remuneration committee, it should disclose its composition, responsibilities, and operation :

(1) Information on Remuneration Committee Members

Capacity	Name	Professional qualifications and experience	Number of other public companies at which the person concurrently serves as independent director
Independent Director	Hou Rong Hsien	Referring to pages 11-15, Section 2, Disclosure of Director Information, including professional qualifications of directors and information regarding the independence of independent directors.	2
Independent Director	Wu Chiu Mei		0
Independent Director	Chen Chia Chung		2

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. _____. For "Capacity," please specify whether the member is an independent director or other (if the member is the convenor, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(2) The responsibilities of the remuneration committee are as follows :

1. Regularly review the Articles of the Remuneration Committee and propose amendments.
2. Regularly review the annual and long-term performance objectives and remuneration policies, systems, standards and structures of the company's directors and managers.
3. Regularly evaluate the achievement of the performance objectives of the company's directors and managers, and set their individual remuneration and the amount.

(3) Operation of the Remuneration Committee :

1. The Company's remuneration committee has a total of three members.
2. The term of the current members is from June,12, 2024 to June, 11, 2027 . The number of remuneration committee meetings held twice in the most recent fiscal year 2025 (A). The attendance by the members was as follows :

Title	Name	Attendance in Person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Convenor	Chen Chia Chung	2	0	100%	The director took office on 2024.06.12 was expected to attend 2 meetings during the term.
Member	Wu Chiu Mei	2	0	100%	The director took office on 2024.06.12 was expected to attend 2 meetings during the term.
Member	Hou Rong Hsien	2	0	100%	The director took office on 2024.06.12 was expected to attend 2 meetings during the term.

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

3. The topics discussed and decisions made by the Remuneration Committee, and the company's handling of members' opinions :

Session and Date of Remuneration Committee	Topic Content	Results	The Company's opinions of the compensation committee.
The Tow Meeting of the Six session Remuneration Committee. 2025.03.04	1. The Company's 2024 manager year-end bonus. 2. The distribution of the Company's 2024 employee compensation and director compensation.	All attending members agreed to pass the resolution.	Follow the result
The Three Meeting of the Six session Remuneration Committee. 2025.11.05	1. The Finance Department's Deputy General Manager Salary Adjustment.	All attending members agreed to pass the resolution.	Follow the result

4. The main responsibilities of our company's Remuneration committee are as follows :

1. Regularly review the "Organizational Regulations of the Remuneration Committee" and propose amendments.
2. Develop and regularly review the performance targets and compensation policies, systems, standards, and structures for the directors and executives of our company on an annual and long-term basis.
3. Regularly evaluate the achievement of performance targets for the directors and executives of our company and determine the content and amount of their individual compensation.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

1. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?		V	Our company has not yet established a governance structure for promoting sustainable development and is currently being evaluated and planned by the management department.	Our company has not yet established a governance structure for promoting sustainable development
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		Our company has not yet to set risk management policy in place, but the following issues are being continuously implemented: 1.Social issues: The company complies with labor, occupational safety and health, and environmental laws and regulations, and has established a friendly and safe working environment. Every year, employee health checkups are conducted, and employees are encouraged to participate in social welfare activities to fulfill the company's social responsibility.	No significant difference.

Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>2. Corporate governance issues: In accordance with the company's corporate governance guidelines, the company aims for sustainable operation, and is committed to improving profitability and shareholder equity while reducing operational risks.</p> <p>3. Environmental issues: The company is gradually phasing out and adopting energy-saving equipment and conserve water resources, to reduce the amount of harmful industrial waste produced, and jointly protect the earth and minimize environmental impacts.</p>	
<p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	V		<p>Our company has established environmental management measures in accordance with environmental regulations, including air pollution prevention and control management measures, water pollution prevention measures, and waste disposal plans. The company also regularly commissions monitoring companies to conduct environmental monitoring, in compliance with environmental regulations.</p>	No significant difference.
<p>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</p>	V		<p>Our company will implement measures such as recycling RO wastewater, reducing the generation of industrial waste, using environmentally friendly raw materials, and implementing garbage classification and resource recovery.</p>	No significant difference.

Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		Our company has set up 400KW rooftop solar power system and has been gradually replacing old equipment with energy-saving equipment to achieve the goal of energy saving and carbon reduction; water quality dosing control of the water chiller to improve the efficiency of the water chiller and to reduce the energy consumption.	No significant difference.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<ol style="list-style-type: none"> 1. The Company has passed the SGS third-party verification and issued the GHG inspection summary report in 2019. Since there has been no use of greenhouse nitrous oxide and sulfur hexafluoride gases beyond 2022, the Company is exempted from the inventory list of the Environmental Protection Department and is not conducting any GHG inventories for the time being. However, the Company will conduct GHG inventories and verification in accordance with the requirements of the Sustainable Development Roadmap issued by the Financial Supervisory Commission in the following future. 2. We have switched to using RO wastewater for toilets, reducing water waste. 3. We have replaced lighting tubes with LDE energy-saving devices. 4. We have reduced the output of hazardous industrial waste. 	No significant difference.

Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
4. Social Issue (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		Our company has established internal management policies and regulations in accordance with relevant labor laws and regulations such as the Labor Standards Act, Gender Equality in Employment Act, and Sexual Harassment Prevention Act, to ensure the labor rights and benefits of all employees and complying with legal requirements.	No significant difference.
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		The Company has established work rules, including wages, allowances, bonuses, working hours, breaks, vacations, and retirement, all of which are in compliance with the provisions of the Labor Standards Act, as well as an Employee Welfare Committee, which offers benefits such as three holiday gifts, education subsidies, to name just a few. In addition, the Articles of Incorporation of the Company stipulate that should there be any profit in the year, the Company should set aside not less than one percent of the profit for the employees' compensation.	No significant difference.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<ol style="list-style-type: none"> 1. We hold regular annual health checks for all employees and arrange for doctors to provide consultations based on their results. 2. There have been no occupational accidents among our workers this year. 3. We conduct regular inspections of fire safety and public safety of the building every year. 	No significant difference.

Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			4. We hold regular safety education and training sessions for our workers, establish safety guidelines, and ensure a safe working environment.	
(4) Has the Company established effective career development training programs for employees?	V		Every year, we develop an annual general education training program and arrange for employees to attend certification courses. We also offer irregular external training courses and provide educational training for new employees to enhance their career development and improve their professional knowledge and skills.	No significant difference.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		Our company's products comply with the international ROHS standards. In addition, we have established procedures for handling customer complaints, managing customer property, and conducting customer satisfaction surveys to ensure the protection of customer rights and a fair complaints process. Our commitment to customer satisfaction and quality assurance is our top priority.	No significant difference.
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		Our company has established a subcontractor management procedure to standardize the evaluation, selection, and assessment system of subcontractors. This ensures that subcontractor products and systems meet our production requirements and maintain stable incoming material quality. If a supplier violates environmental protection, occupational safety and health, or labor rights laws and regulations, our company will list them as unqualified suppliers and replace them.	No significant difference.

Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	our company is not required by law to prepare a corporate social responsibility report currently, therefore we have not yet prepared such a report.	Our company will continue to evaluate and comply with the regulations of the competent authorities based on the company's needs
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations : Our company has established the "Corporate Sustainable Development Guidelines" in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. All operational activities are conducted in accordance with these guidelines, without any exceptions.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: None				

2. Climate-related Information for TWSE/TPEX Listed Companies

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Board of Directors is concerned about the risks and opportunities associated with future climate change issues and has taken them into consideration. Therefore, in the course of reviewing major capital investments, the Board of Directors will prioritize low-carbon renewal and recycling, energy-saving and carbon reduction, and green energy investments, and will instruct internal management to implement the promotion of energy-saving, water-saving and waste reduction, along with the promotion of GHG emissions reduction management.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)	<p><u>Short-term impact:</u> At present, based on the Sustainable Development Roadmap for TWSE/TPEX listed companies, future carbon tax collection and related regulations or future suppliers' requirements for GHG reduction are regarded as major risk items, and the Company's products are currently not within the scope of management regarding carbon tax or mandatory carbon trading. However, in case our products are to be required to pay additional carbon tax in the future, the main impact will be an increase in operating costs.</p> <p><u>Medium-term impact:</u> Risks such as increase in raw material costs, transition of the consumer market to low-carbon products, impact of extreme weather, impact of water shortages, and increasingly demanding low-carbon policies in the future will steer the products towards the low-carbon market in the future. The Company will commit itself to the low-carbon reduction management and control, water-saving processes, and product life-cycle, which will effectively control the product costs and secure orders in the low-carbon product market.</p> <p><u>Long-term impacts:</u> The ESG ratings will influence investors' and banks' willingness to fund, customers' ESG requirements, and the innovative ability to develop new low-carbon and low-energy products are the major risks. In the long-term, we will focus on the goals of sustainable corporate management, implement ESG governance, and invest in long-term R&D of low-carbon products to pursue more low-carbon business opportunities.</p>
3. Describe the financial impact of extreme weather events and transformative actions.	The extreme climatic effects of the rise in global average temperature has made the summer scorching hot, which leads to an increase in energy consumption and electricity expenses for air-conditioning of water chillers, and a significant change in rainfall patterns. In response to the water shortages in recent years, despite the low water consumption for the wet processes, the Company has already established an emergency response plan.

<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>There is no climate change risk management procedure established at the moment.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>A scenario analysis evaluation has not yet been used and will be considered for future development subject to the extent of the impact of climate change on the Company.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>There is no transformation plan to address climate-related risks at the moment.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>As of now, carbon pricing has not been utilized as a planning tool internally, and will be considered in the future based on the evaluation of the extent of the climate change impacts and relevant regulations.</p>
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used</p>	<p>No climate-related goals have been set at this time, and consideration will be given to the development of overall climate risks and opportunities in the future.</p>

to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	
9. Greenhouse gas inventory and assurance status and <u>reduction targets, strategy, and concrete action plan</u> (separately fill out in points 1-1 and 1-2).	In accordance with the "Sustainable Development Roadmap" published by the Financial Supervisory Commission in March 2022, the Company is classified as a TWSE/TPEX listed company with a paid-in capital of less than NT\$5,000 million. The individual companies shall complete the inventory in 2026 and the verification in 2028, whilst the subsidiaries within the consolidated statements shall complete the inventory in 2027 and the verification in 2029. the Company will continue to control the implementation of GHG inventory and verification, as well as the disclosure of GHG emissions, in accordance with the guidelines and regulations issued by the competent authorities.

1-1 The Company's GHG Inventory and Assurance Status for Last Two Years

1-1-1 GHG Inventory Information

Describe the GHG emissions (metric tons of CO₂e), intensity (metric tons of CO₂e per NT\$million), and the scope of the information for the most recent two years.

No inventory has been conducted yet, and the Company is required by the "Sustainable Development Roadmap" to complete an inventory of individual companies by 2026.

1-1-2 GHG Assurance Information

Describe the status of assurance for the two most recent years ended on the date of publication of the annual reports, including the scope of assurance, the assurance institutions, the assurance standards, and the assurance opinions.

The Company has not yet conducted the assurance process, and it is required by the "Sustainable Development Roadmap" that the assurance process should be completed by 2028 for individual companies.

1-2 GHG Reduction Targets, Strategies and Concrete Action Plans

Describe the base year of GHG reduction and its data, reduction targets, strategies and concrete action plans and the progress of achieving the reduction targets.

The Company has not yet set the base year and data, reduction targets, strategies and concrete action plans, and will establish and implement them in accordance with the "Sustainable Development Roadmap" issued by the Financial Supervisory Commission in March 2022 in a sequential manner.

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of</p>	V		(1) Our company is dedicated to operating with integrity, transparency, and accountability, and has established policies based on these principles. We have implemented good corporate governance and risk management mechanisms to create a sustainable operating environment. Our commitment to integrity is clearly stated in our regulations and external documents, and our board of directors and management are committed to actively implementing it in both internal management and external business activities.	No difference
	V		(2) Our company, directors, managers, employees and substantial controllers comply with the Political Donations Act and relevant internal operating procedures in providing direct or	No difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies and the Reasons
	Yes	No	Summary description	
<p>unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	V		<p>indirect donations to political organizations or individuals participating in political activities. The company does not seek to gain commercial benefits or transactional advantages through such donations.</p> <p>(3) Our company is committed to preventing any unethical behavior and has established comprehensive measures, including operational procedures, codes of conduct, and training programs. We provide a legitimate reporting channel and ensure confidentiality of the identity and content of whistleblowers. We publicly disclose on the company's internal website the titles, names, dates of violation, details of the violation, and the measures taken for employees who violate the policies of ethical business conduct</p>	No difference
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	V		<p>(1) Our company conducts business activities in a fair and transparent manner. Before engaging in any commercial transactions, we carefully</p>	No difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		<p>evaluate the legality and honesty of our agents, suppliers, customers, or other trading partners, and avoid doing business with those who have a record of dishonest behavior. When signing contracts with others, we include provisions that require compliance with our policy of integrity and terminate or dissolve the contract if the counterparty engages in any dishonest behavior.</p> <p>(2) The Company has established the management department as a part-time unit in promoting corporate social responsibility, and promotes the departments to handle the related business in accordance with their duties and responsibilities, and the implementation status of ethical management has been reported to the board of directors on March 6, 2026.</p>	No difference
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) Our company's "Ethical Corporate Management" establishes a policy for avoiding conflicts of interest. When our staff members are conducting business on behalf of the company and they encounter a situation that conflicts with their	No difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		<p>own interests or the interests of the legal person they represent, or may result in themselves, their spouses, parents, children, or related parties gaining undue benefits, they must disclose the matter voluntarily and report it to their immediate supervisor and the management department of the company. The immediate supervisor should provide appropriate guidance. Our staff members are not allowed to use company resources for business activities outside the company, nor should they let their participation in business activities outside the company affect their work performance.</p> <p>(4) Our company has established effective accounting and internal control systems to prevent potential high-risk dishonest behavior. The internal audit unit develops an annual audit plan or project plan based on risk assessment results to carry out auditing work, including risk assessment items that encompass the impact of dishonest behavior on the company's operations.</p>	No difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5)Our company holds regular and irregular training sessions on the topic of ethical business practices for both internal and external stakeholders. These sessions are designed to strengthen employees' adherence to our Ethical Corporate Management and other related management policies.	No difference
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		(1) Our company upholds integrity in all business activities and strictly prohibits corruption and any form of fraudulent behavior. The company has incorporated ethical conduct into employee performance evaluations and human resource policies, with a clear and effective system for rewards, punishment, and complaints. Therefore, if any employee or representative of the company is suspected of engaging in questionable behavior or violating the company's ethical or professional standards, the company has established an official website where a reporting mailbox for violations of ethical conduct or professional ethics is	No difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		available, which will be directly handled by the company's designated personnel. (2) If employees violate professional ethical norms, the company will take disciplinary actions, including dismissal, based on the severity of the situation in accordance with the company's "Reward and Punishment Regulations." And if there are any complaints, employees may use the employee complaint mailbox (E-Mail) to provide feedback.	No difference
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		(3) Unless otherwise required by law, the personal information of whistleblowers shall be kept confidential and appropriate measures shall be taken to protect their personal data and privacy.	No difference
4. Strengthening Information Disclosure (1) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		(1) Our company has uploaded the "Ethical Corporate Management" approved by the Board of Directors to our website and the Public Information Observation Station to disclose information related to integrity management.	No difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: Our company strictly follows the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and has established a "Ethical Corporate Management" accordingly. All business activities are carried out in accordance with this code without exception.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):</p> <ol style="list-style-type: none"> 1. In order to uphold the principle of ethical corporate, our company has established a channel for stakeholder feedback and complaints on our website, providing a platform for stakeholders to voice their grievances in the event of infringement on their rights and interests. 2. Our company established the "Ethical Corporate Management" on July 31, 2014, and revised it after approval by the Board of Directors on April 29, 2021. 3. The Board of Directors approved the revision of the "Code of Ethics Conduct for Directors and Managers" and "Code of Ethics Conduct for Employees" on April 29, 2021. 4. The company has established "Procedures for Handling Material Inside Information and Preventing Insider Trading", indicating that: <ol style="list-style-type: none"> A. No director, manager, or employee with knowledge of material inside information of the company may divulge the information to others. B. No one may inquire about or collect any non-public material inside information of the company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the company of which they become aware for reasons other than the performance of their duties. C. No insiders may trade securities based on non-public information. D. No insiders, including (but not limited to) directors, may trade the company's stock during the blackout periods of 30 days prior to the announcement of annual financial reports and 15 days prior to the announcement of quarterly financial reports. 				

(7) Other important information that enhances understanding of the company's corporate governance operation may also be disclosed, as follows:

1. The Company has established the “Procedures for Handling Material Inside Information and Preventing Insider Trading” as a principle for its directors, managers, and employees to follow. These procedures indicate the company’s directors, managers, and employees to comply with laws, regulations, and orders related to insider trading. Please refer to the information available on the company's website: www.mospec.com.tw.
2. For information regarding the nomination and election procedures for independent directors, the nomination process, candidate profiles (including compliance with eligibility requirements), the election process, and the election results, please refer to the information available on the company’s website at www.mospec.com.tw and the Market Observation Post System at <http://mops.twse.com.tw>.

(8) Disclosures Required for the Implementation of the Internal Control System :

1. Statement on Internal Control

Available at the Market Observation Post System

(<https://mops.twse.com.tw/mops/#/web/home>), “Single Corporate” → “Corporate Governance” → “Corporate Regulations/Internal Control” → “Statement of Internal Control”.

2. Entrusting an accountant to conduct a special review of the internal control system, the report of the accountant's review should be disclosed: None.

(9) Major Resolutions of Shareholders' Meeting and Board Meetings in the Past Year and as of the Date of Publication of the Annual Report:

1. Major Resolutions of Shareholder's Meeting:

Date	May 27, 2025 at 9:00 a.m.	
Address	The Company's Welfare Center at 1F, No. 76, Zhongshan Rd., Xinshi Dist., Tainan City	
	Important Resolution	Implementation Status
	1. 2024 annual business report and financial statements.	Upon approval by the shareholders' meeting, the relevant forms were submitted in accordance with the regulations to the competent authorities for review and declaration.
	2. 2024 earnings distribution	Upon approval by the shareholders' meeting, the Company submitted a declaration in accordance with the regulations to the competent authorities.
	3. Amendment of certain provisions of the Company's "Articles of Incorporation".	Changes to the Articles of Incorporation has been registered and approved on May 29, 2025 by the Tainan City Government.
	4. Amendment of certain provisions of the Company's "Operational Procedures for Endorsement and Guarantee".	Upon approval by the shareholders' meeting, the Company submitted a declaration in accordance with the regulations to the competent authorities.

2. Major Resolutions of the Board of Directors' Meeting:

Meeting Name	Date	Major resolutions
The Five Meeting of the 14th session of the board of directors	2025.03.04	<ol style="list-style-type: none"> 1. Approved the amendment of certain provisions of the Company's "Articles of Incorporation". 2. Approved the amendment of certain provisions of the Company's "Operational Procedures for Endorsement and Guarantee". 3. Approved the Company's 2024 business report and annual financial statements. 4. Approved the Company's 2024 earnings distribution. 5. Approved the issuance of the Company's "2024 Statement on Internal Control" 6. Approved the date and place of the 2025 regular shareholders' meeting of the Company and related matters. 7. Approved the assessment of the independence and applicability of the Auditors, non-assurance service list, appointment, and remuneration. 8. Approved the distribution of the Company's 2024 employee compensation and director compensation. 9. Approved the Company's 2024 manager year-end bonus. 10. Approved the establishment of employee reward and punishment regulations 11. Approved the proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd. 12. Approved the proposal to apply for the disposal of the Company's slow-moving inventory.
The Six Meeting of the 14th session of the board of	2025.05.06	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for the 1st quarter of 2025. 2. Approved the proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd.

directors		3. Approved the disposal of fixed assets deemed idle and have amortized carrying amount.
The Seven Meeting of the 14th session of the board of directors	2025.08.06	1. Approved the Company's consolidated financial statements for the second quarter of 2025. 2. Approved the proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd. 3. Approved the application for financing credit line from the branch of Shanhua of First Commercial Bank for the operating needs.
The Eight Meeting of the 14th session of the board of directors	2025.09.18	1. Approved the proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd.
The Nine Meeting of the 14th session of the board of directors	2025.11.05	1. Approved the Company's consolidated financial statements for the third quarter of 2025. 2. Approved the Company's 2026 operating budget. 3. Approved the Company's 2026 internal audit plan. 4. Approved the amendments to the Implementation Rules for Payroll Processing and Internal Audits under Payroll Cycle CW-106. 5. Approved the renewal of the short-term operation financing agreement with First Commercial Bank, Shanhua Branch. 6. Approved the Finance Department's Deputy General Manager Salary Adjustment.
The Ten Meeting of the 14th session of the board of directors	2026.03.06	1. Approved the Company's 2025 business report and annual financial statements. 2. Approved the Company's 2025 earnings distribution. 3. Approved the date and place of the 2026 regular shareholders' meeting of the Company and related matters. 4. Approved the issuance of the Company's "2025 Statement on Internal Control". 5. Approved the replacement of the accountant due to an internal job rotation. 6. Approved the assessment of the independence and applicability of the Auditors, non-assurance service list, appointment, and remuneration. 7. Approved the proposal for a new capital loan to the subsidiary H&M Semiconductro (Sichuan)Ltd. 8. Approved the proposal defining the scope of the “grass-root employees.” 9. Approved the amendments to the Implementation Rules for Payroll Processing and Internal Audits under Payroll Cycle CW-106. 10. Approved the distribution of the Company's 2025 employee compensation and director compensation. 11. Approved the Company's 2025 manager year-end bonus.

(10) In the Past Year and as of the Date of Publication of the Annual Report, a director or supervisor has a different opinion on important decisions made by the Board of Directors and has documented or made a written statement: None.

4. Information on Accountant Fees:

(1) Information on Accountant Fees:

Amount unit : NT\$ thousand

Name of accounting firm	Name of Accountants	Period covered by the accountant audit	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young Accountant Firm	Li Fang Wen	2025.01.01-2025.12.31	2,000	278	2,278	Tax Visa : NT\$ 100
	Chiu Wan Ru	2025.01.01-2025.12.31				Domestic and foreign travel expenses, printing fee, postage : NT\$ 178

Please specify the services for which the non-audit fees were paid: (e.g., tax certification, assurance, or other financial consultation and advisory services)

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

1. If there is a change in the accounting firm and the audit fees paid for the current year are lower than the previous year, the company should disclose the amounts of audit fees and reason before and after the change : None
2. In case the audit fees have decreased by more than 10% compared to the previous year, the company should disclose the amount and percentage of the decrease in audit fees and reason: None

5. Information on Replacement of Accountant: None

6. The company shall disclose the names, titles, and employment periods at the audit firm or its related enterprises, within the past year, of the Chairman, General Manager, or persons responsible for finance or accounting affairs. The related enterprises of the audit firm refer to the companies or institutions listed as related enterprises in the information released or printed by the audit firm, in which the accountant holds over 50% of the shares or has acquired over half of the board seats, or in which the accountant is a related party in any other way: None.

7. Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report:

1. Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders: None
2. The relative of share trading is related : None
3. The relative of share pledge is related : None

8. Information regarding the relationship between the top ten shareholders who hold a significant proportion of shares, and their related party relationships in accordance with Financial Accounting Standards Bulletin No. 6

Relationships Among the Top 10 Shareholders

March 29, 2026

Name	Shareholdings		Name Shareholding		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relation ship	
Representative of Ding Hong International Investment Ltd: Tsai Wen Hsiu	9,095,109	24.58%	-	-	-	-	Tsai Ting Hung	Brother	-
Representative of MingPei Investment CO. Ltd: Hsieh Pi Lien	2,320,579	6.27%	-	-	-	-	-	-	-
	2,140,802	5.78%	-	-	2,330,849	6.29%	-	-	-
Hsieh Pi Lien	2,140,802	5.78%	-	-	2,330,849	6.29%	-	-	-
Representative of Horizon Securities Co., Ltd.: Chiang Ko Chin	1,800,000	4.86%	-	-	-	-	-	-	-
Representative of Peng Chia International Investment Ltd.: Tsai Hsiu Yin	1,342,833	3.62%	-	-	-	-	-	-	-
Representative of Minghuang Investment Co., Ltd.: Tsai Ting Hung	1,115,000	3.01%	-	-	-	-	Tsai Wen Hsiu	Brother	-
Chiang Chih Chiang	1,065,000	2.87%	-	-	-	-	-	-	-
Cheng En Tzu	900,427	2.43%	-	-	-	-	-	-	-
Ko Pa Hsi	886,073	2.39%	-	-	-	-	-	-	-
Chang Hsiao Yi	857,249	2.31%	-	-	-	-	-	-	-

9. The company, its directors, managers, and businesses controlled directly or indirectly by the company shall calculate their comprehensive shareholding percentage by combining their shareholding in the same invested business :

Total Ownership of Shares in Investee Enterprises

Unit: Shares; %

Investee Enterprise	Investment By The Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
NHM (BVI) HOLDINGS LTD.	10,804,742	100%	-	-	10,804,742	100%
H&M SEMICONDUCTOR (SICHUAN) LTD.	-	-	10,000,000	100%	10,000,000	100%

III. Fundraising Situation

1. Capital and Shares

(1). Source of Share Capital

Amount Unit : NT\$

year/month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Capital Increased by Assets Other than Cash	Other
1987/3	10	2,000,000	20,000,000	2,000,000	20,000,000	Found	None	None
1987/7	10	5,000,000	50,000,000	5,000,000	50,000,000	Capital increase NTD 30,000,000	None	None
1988/4	10	19,800,000	198,000,000	19,800,000	198,000,000	Capital increase NTD 118,300,000	None	Technology stocks increase NTD 29,700,000
1990/7	10	35,000,000	350,000,000	35,000,000	350,000,000	Capital increase (Note 1) NTD 152,000,000	None	None
1993/3	10	40,000,000	400,000,000	40,000,000	400,000,000	Capital increase (Note 2) NTD 50,000,000	None	None
1997/5	10	59,960,000	599,600,000	44,990,000	449,900,000	Capital increase (Note 3) NTD 49,900,000	None	None
1998/7	10	59,960,000	599,600,000	50,388,800	503,888,000	Surplus transferred to capital increase (Note 4) NTD 53,988,000	None	None
1999/8	10	59,960,000	599,600,000	57,705,776	577,057,760	Capital increase (Note 5) NTD 70,544,320 Employee dividend (Note 5) NTD 2,625,440	None	None
2000/8	10	79,000,000	790,000,000	64,940,530	649,405,300	Surplus transferred to capital increase (Note 6) NTD 69,246,930 Employee dividend (Note 6) NTD 3,100,610	None	None
2001/7	10	114,000,000	1,140,000,000	77,151,072	771,510,720	Surplus transferred to capital increase (Note 7) NTD 116,892,960 Employee dividend (Note 7) NTD 5,212,460	None	None
2002/7	10	114,000,000	1,140,000,000	79,079,406	790,794,060	Surplus transferred to capital increase (Note 8) NTD 15,430,210 Employee dividend (Note 8) NTD 1,523,170 Corporate bond transferred to shares NTD 2,329,960	None	None
2003/7	10	114,000,000	1,140,000,000	80,388,017	803,880,170	Surplus transferred to capital increase (Note 9) NTD 11,861,910 Employee dividend	None	None

						(Note 9) NTD 1,224,200		
2004/7	10	114,000,000	1,140,000,000	81,712,493	817,124,930	Dividends (Note 10) NTD 13,244,760	None	None
2005/9	10	114,000,000	1,140,000,000	82,660,085	826,600,850	Dividends (Note 11) NTD 9,475,920	None	None
2009/3	10	114,000,000	1,140,000,000	82,560,085	825,600,850	Cancellation of treasury stocks and capital reduction NTD 1,000,000 (Note 12)	None	None
2009/4	10	180,000,000	1,800,000,000	98,760,085	987,600,850	Capital increase (Note 13) NTD 162,000,000	None	None
2009/5	10	180,000,000	1,800,000,000	107,600,085	1,076,000,850	Capital increase (Note 14) NTD 88,400,000	None	None
2009/9	10	180,000,000	1,800,000,000	113,400,085	1,134,000,850	Capital increase (Note 15) NTD 58,000,000	None	None
2009/10	10	180,000,000	1,800,000,000	119,400,085	1,194,000,850	Capital increase (Note 16) NTD 60,000,000	None	None
2011/1	10	180,000,000	1,800,000,000	125,850,085	1,258,500,850	Capital increase (Note 17) NTD 64,500,000	None	None
2011/6	10	180,000,000	1,800,000,000	134,750,085	1,347,500,850	Capital increase (Note 18) NTD 89,000,000	None	None
2013/3	10	180,000,000	1,800,000,000	147,570,085	1,475,700,850	Capital increase (Note 19) NTD 128,200,000	None	None
2014/12	10	180,000,000	1,800,000,000	110,677,564	1,106,775,640	Capital reduction to make up for losses (Note 20) NTD 368,925,210	None	None
2017/7	10	180,000,000	1,800,000,000	70,602,126	706,021,260	Capital reduction to make up for losses (Note 21) NTD 400,754,380	None	None
2020/8	10	180,000,000	1,800,000,000	17,000,000	170,000,000	Capital reduction to make up for losses (Note 22) NTD 536,021,260	None	None
2020/10	10	180,000,000	1,800,000,000	27,000,000	270,000,000	Capital increase (Note 23) NTD 100,000,000	None	None
2021/03	10	180,000,000	1,800,000,000	37,000,000	370,000,000	Capital increase (Note 24) NTD 100,000,000	None	None

Note 1: In July 1990, the company completed a cash capital increase of NTD 152,000,000, which was approved by the Securities and Futures Bureau of the Ministry of Finance in a letter dated April 19, 1990, with reference number (79) TFCSC No. 32364.

Note 2: In March 1993, the company completed a cash capital increase of NTD 50,000,000, which was approved by the Securities and Futures Bureau of the Ministry of Finance in a letter dated October 19, 1991, with reference number (81) TFCSC No. 02732.

Note 3: In May 1997, the company completed a cash capital increase of NTD 49,900,000, which was approved by the Securities and Futures Bureau of the Ministry of Finance in a letter dated April 8 1997, with reference number (86) TFCSC No. 27867.

- Note 4 : In July 1998, the surplus was converted into a capital increase of NT\$53,988,000, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated June 22 1998, with reference number (1) TFCSC No. 54402.
- Note 5 : In August 1999, the surplus was converted into a capital increase of NT\$70,544,320 and employee dividend of NT\$2,625,440, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 12 1999, with reference number (88) TFCSC No. 63424.
- Note 6 : In August 2000, the surplus was converted into a capital increase of NT\$69,246,930 and employee dividend of NT\$3,100,610, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 5 2000, with reference number (1) TFCSC No. 57886.
- Note 7 : In July 2001, the surplus was converted into a capital increase of NT\$116,892,960 and employee dividend of NT\$5,212,460, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated June 28 2001, with reference number (1) TFCSC No. 141241.
- Note 8 : In July 2002, the surplus was converted into a capital increase of NT\$15,430,210 and employee dividend of NT\$1,523,170, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 21 2002, with reference TFCSC No. 0910138665.
- Note 9 : In July 2003, the surplus was converted into a capital increase of NT\$11,861,910 and employee dividend of NT\$1,224,200 which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 21 2003, with reference TFCSC No. 0920132643.
- Note 10 : In July 2003, the surplus was converted into a capital increase of NT\$12,058,210 and employee dividend of NT\$1,186,550 which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 22 2004, with reference TFCSC No. 0930132891.
- Note 11 : In September 2005, the surplus was converted into a capital increase of NT\$8,171,250 and employee dividend of NT\$1,304,670 which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated July 27 2004, with reference TFCSC No. 0940130461.
- Note 12 : In March 2009, The application for the cancellation of treasury stock for a reduction of NT\$1,000,000, which was approved and on record by the Securities and Futures Bureau of the Ministry of Finance in a letter dated March 6 2009, with reference TFCSC No. 09801042760.
- Note 13: In April 2009, the company completed a private capital increase of NT\$ 162,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated April 16 2009, with reference No. 09801073940.
- Note 14: In May 2009, the company completed a private capital increase of NT\$ 88,400,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated May 1 2009, with reference No. 09801085180.
- Note 15: In September 2009, the company completed a private capital increase of NT\$ 58,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated September 25 2009, with reference No. 09801220610.
- Note 16: In October 2009, the company completed a private capital increase of NT\$ 60,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated October 27 2009, with reference No. 09801246990.
- Note 17: In January 2011, the company completed a private capital increase of NT\$ 64,500,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated February 1 2011, with reference No. 10001021760.
- Note 18: In June 2011, the company completed a private capital increase of NT\$ 89,000,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated July 14 2011, with reference No. 10001158630.
- Note 19: In March 2013, the company completed a private capital increase of NT\$ 128,200,000, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated April 11 2013, with reference No. 10201059440.
- Note 20: In December 2014, the company completed a capital reduction to make up for losses of NT\$368,925,210, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated February 26 2015, with reference No. 10401024030.
- Note 21: In July 2017, the company completed a capital reduction to make up for losses of NT\$400,754,380, which was approved by the Ministry of Economic Affairs, Executive Yuan, in a letter dated August 25 2017, with reference No. 106020227350.
- Note 22: In August 2020, the company completed a capital reduction to make up for losses of NT\$536,021,260, which was approved by the Tainan City Government, in a letter dated August 14 2020, with reference No. 10900164210.
- Note 23: In October 2020, the company completed a private capital increase of NT\$100,000,000, which was approved by the Tainan City Government, in a letter dated October 26 2020, with reference No. 10900244750.
- Note 23: In March 2021, the company completed a private capital increase of NT\$100,000,000, which was approved by the Tainan City Government, in a letter dated March 30 2021, with reference No. 11000051660.

Other:

- Note 1: The data should be as of the end of the current fiscal year before the printing of the annual report.
- Note 2: The effective (approved) date and reference number should be indicated for the increase in capital.
- Note 3: If stocks are issued below par value, it should be marked in a prominent manner.
- Note 4: If capital is paid with monetary claims or technology, it should be specified, along with the type and amount of such claims.
- Note 5: If it is a private placement, it should be marked in a prominent manner.

Type of shares

March 29, 2026 ; Unit : Share

Type of shares	Approved Capital			Remarks
	Stock Outstanding	Unissued stock	Total	
Listed common stock (NT\$ 10 per share)	37,000,000	143,000,000	180,000,000	Listed

The consolidated reporting system for related information : Not Applicable

- (2) Disclosure of Major Shareholders: The names, shareholding amounts, and percentages of shareholders whose shareholding ratios exceed five percent should be disclosed. If there are less than ten such shareholders, the names, shareholding amounts, and percentages of the top ten shareholders by shareholding should be disclosed.

March 29, 2026;Unit: Share

Major Shareholders Name	Shareholding (shares)	Shareholding (%)
Ding Hong International Investment Ltd	9,095,109 shares	24.58
MingPei Investment CO. Ltd	2,320,579 shares	6.27
Hsieh Pi Lien	2,140,802 shares	5.78
Horizon Securities Co., Ltd.	1,800,000 shares	4.86
Peng Chia International Investment Ltd	1,342,833 shares	3.62
Minghuang Investment Co., Ltd.	1,115,000 shares	3.01
Chiang Chih Chiang	1,065,000 shares	2.87
Cheng En Tzu	900,427 shares	2.43
Ko Pa Hsi	886,073 shares	2.39
Chang Hsiao Yi	857,249 shares	2.31

(3). Dividend Policy and Implementation Status :

1. Dividend Policy based on Article 32 of the company's Articles of Incorporation:

- A. If the Company makes a profit for the year, it shall allocate no less than 1% for employee compensation and no more than 2% for Directors' remuneration. However, if the Company still has accumulated losses, it shall reserve the amount necessary for offsetting the losses.

The objects of employee compensation in the form of stock or cash under the preceding paragraph may include employees of controlling or subsidiary companies who meet certain conditions determined by the Board of Directors.

No less than 50% of the employee compensation allocated under the first paragraph shall be distributed to grass-root employees.

- B. If our company has profits in the annual financial statements, we will pay taxes in accordance with the law and make up for the accumulated losses. We will then distribute 10% of the profits as the statutory reserve fund, but

if the statutory reserve fund has reached the actual paid-in capital of our company, it may not be distributed. Any remaining profits will be distributed in accordance with legal regulations, either by distributing them to the special reserve fund or by distributing them to shareholders as dividends, together with the accumulated undistributed profits, based on a proposal formulated by the board of directors and submitted to the shareholders' meeting for approval. Where the shareholder dividends referred to in the preceding paragraph are to be distributed in cash, the Board of Directors is authorized to do so by a resolution passed by a majority of the directors present, provided that at least two-thirds of the directors are present, and such resolution shall be reported to the shareholders' meeting.

Our dividend policy is formulated in accordance with our current and future development plans, investment environment, funding needs, domestic and international competitive conditions, and other factors that consider the interests of our shareholders. Each year, we will allocate no less than 50% of distributable profits to distribute dividends to our shareholders. Dividends may be distributed in cash or in the form of shares, with cash dividends accounting for no less than 50% of the total dividend amount. (1) If the Company makes a profit for the year, it shall allocate no less than one percent for employee compensation, which shall be distributed in the form of stocks or cash at the discretion of the Board of Directors. The Board of Directors may also decide to distribute no more than two percent of the profit to director compensation. The distribution of employee compensation and director compensation shall be reported at the shareholders' meeting. However, if the Company still has accumulated losses, it shall reserve the amount necessary for offsetting the losses and then allocate employee compensation and director compensation in accordance with the above mentioned proportion.

2、Details of the proposed dividend distribution at the upcoming shareholder meeting:

The Board of Directors approved the 2025 profit distribution on March 6, 2026. The Company's 2025 after-tax profit of NT\$768,025 and distributable profits of NT\$0 as of December 31, 2025 thus, it is proposed that no dividends be paid.

Unit: NT dollars	
2025 After-tax profit	768,025
Designated item: Legal reserve (10%)	(76,803)
Designated item: Special reserve	(1,011,945)
Unappropriated earnings, December 31, 2025	0

3、Expected significant change in dividend policy: None.

(4). The impact on the company's operating performance and earnings per share of the proposed free stock distribution at the upcoming shareholder meeting: None.

(5). Employee and Director Remuneration

1. Percentage or scope of employee and director remuneration as stated in the company's Articles of Incorporation:

According to Article 32 of the Company's Articles of Association:

If the Company makes a profit for the year, it shall allocate no less than 1% for employee compensation and no more than 2% for Directors' remuneration. However, if the Company still has accumulated losses, it shall reserve the amount necessary for offsetting the losses.

The objects of employee compensation in the form of stock or cash under the preceding paragraph may include employees of controlling or subsidiary companies who meet certain conditions determined by the Board of Directors.

2. Basis for estimating the amount of employee and director compensation for the current period, calculation basis for employee compensation distributed in the form of stocks, and accounting treatment in the event of a difference between the estimated and actual amounts: :

Our company's articles of incorporation stipulate the estimated amount for employee bonuses and director compensation. If there is a difference between the actual amount and the estimated amount in the financial report that is approved by the shareholders' meeting, we will adjust the estimated amount according to the accounting estimation change and book it in the year of the shareholders' meeting decision.

3. The form of compensation for directors and employees as approved by the Board of Directors:

Approved to distribute employee compensation for 2025, but not director compensation, as the amount recorded for directors is relatively small.

4. The actual distribution of employee and director compensation for the previous fiscal year (including the number of shares, amount, and stock price), any differences from the recognition of employee and director compensation should be stated, and the reasons and treatment methods should be described:

Distributed employee compensation (NT\$8,077) for 2025, but not director compensation, as the amount recorded for directors is relatively small.

(6).Buyback of Treasury Stock: None

2. Corporate Bonds: None

3. Preferred Shares: None

4. Overseas Depositary Receipts: None

5. Employee Stock Options: None

6. New Restricted Employee Shares: None

7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: None

8. Financing Plans and Implementation : None

IV. Operations Profile

1. Business Scope

(1) Business Scope

1. The main business activities :

- (1) Manufacturing of electronic components
- (2) Manufacturing of computers and peripheral equipment ◦
- (3) International trade
- (4) Permitted businesses as well as non-prohibited or restricted businesses in accordance with the law.

2. Business ratio

The FY 2025

Product	Ratio
Diode	80.44%
Transistor	18.04%
Other	1.52%
Total	100%

3. The current products and the new products which are planned to be developed by the company:

Product type	Current Product	New products planned to be developed
Diode	1. Schottky Barrier Diodes 2. Ultrafast Recovery Rectifiers 3. Transient Voltage Suppressor 4. Bridge Rectifiers	1. The research on Power MOSFETs (30V~200V) based on the Splitgate structure will be continued in an effort to develop features such as lower V_f and lower power consumption, in order to meet the customers' higher demands in terms of application and energy saving. 2. The research and development of more SiC SBD and SiC MOSFET products for power components utilizing the new material (Wide band gap) SiC/GaN will be continued. 3. The research and development of silicon-based IGBT components and IGBT modules will be continued. 4. To continuously develop and introduce more TVS product categories to cater for customers' wider range of usage and applications. 5. TOLL / TOLT package development.
Transistor	Bipolar Power Transistors	Developing customized power transistors.

(2) Industry Overview

1. Current status and development of the industry

In the current global political and economic landscape, semiconductors have transcended the realm of mere electronic components and have been elevated to the status of “strategic materials” at the national level. As the competition for technological supremacy between the United States and China, global supply chains are undergoing a profound restructuring by “de-Chinaization.” For Taiwanese semiconductor companies, this is not merely a contest of technological prowess but the ultimate test of supply chain resilience and strategic flexibility. Caught between competing technological supremacy, only companies with a high degree of adaptability can ensure sustained competitiveness in turbulent international conditions.

The prolonged U.S.-China trade conflict has created an extremely complex landscape of cooperation and competition within global supply chains. Taiwan’s semiconductor industry is currently facing significant external shocks: traditional mainstream electronic products (such as smartphones, PCs, and general consumer electronics) are limited by weak global corporate investment and stagnant consumer spending, and are now facing the dilemma of diminishing returns. This structural market stagnation requires companies to have keen risk identification capabilities to face the ongoing challenges of the industry cycle.

Although the traditional market is slowing down, the paradigm shift driven by technological convergence is creating new growth opportunities. The three core driving forces of future growth are: 1. Artificial Intelligence (AI), which — from high-performance computing (HPC) in the cloud to edge computing devices — places higher demands on the precision and stability of power components. 2. New energy and power electronics: The global trend toward net-zero emissions is driving explosive demand for third-generation semiconductors (such as SiC and GaN) in electric vehicles and energy storage systems. 3. The Internet of Things (IoT): The digitization of end devices is shifting product applications from mass markets to high-value-added vertical markets.

Faced with complex external risks, the Company needs to maintain sufficient flexibility in the short term to hedge against fluctuations; in the medium to long term, we must rely on technological advancements and shift focus to vertical markets with high barriers to entry. This strategic shift from “scale-based competition” to “value-based competition” is a key prerequisite for us to achieve transformational breakthroughs, and the foundation for all of this lies in a deep understanding of the structure of the industrial chain.

2. The relationship between the upstream, midstream and downstream reaches of the industry

The semiconductor industry has dual nature of “capital-intensive” and “technology-intensive”, and is associated with high risk and high returns. In a market full of uncertainty, a robust IDM (Integrated Device Manufacturing) structure serves as a strategic asset for mitigating operational risks and raising the threshold of competition.

The semiconductor industry includes the following segments: Upstream (materials and design), which includes silicon wafers, epitaxial wafers, precious metal materials, equipment manufacturing, and circuit design; Midstream (manufacturing), which focuses on the production and processing of semiconductor dies; and Downstream (packaging, testing, and applications), which covers packaging and testing, module production, and end-market distribution channels.

Mospec adopts a fully integrated supply chain model, possessing in-house R&D and manufacturing capabilities spanning from the most fundamental substrate processing to the final finished products, which makes the company more resilient in the face of supply chain disruption risks. By internalizing high-variability-cost processes such as “epitaxy” and “wafer fabrication,” Mospec ensures stability in product development and flexibility in gross margins. This vertical integration advantage not only shortens product development cycles but also provides a solid cost foundation for the shift toward the high-specification, specialized application markets discussed below.

3. Various development trends and competitive situations of our products

Semiconductors have become the backbone of modern society, underpinning all core systems from smart grids to financial institutions. Mospec’s core strategy is to avoid the price wars of the traditional consumer electronics “red ocean” through “product differentiation,” shifting our focus to components with specialized specifications and high power ratings.

Mospec’s core products — diodes (accounting for 60–80% of revenue) and transistors — are undergoing a strategic shift from traditional computer peripherals to high-value sectors. In the automotive electronics sector, the Company has obtained the ISO/TS 16949 certification and has officially entered the automotive power and central control systems markets. In the high-end industrial and medical sectors, the Company is targeting precision drive systems for server power supplies and medical-grade equipment. In the high-end consumer market, to meet the demands of LED TVs and high-end home appliances, the Company is developing low-power transistors with specialized specifications.

In response to fluctuations in the global consumer electronics market, Mospec has strategically shifted the focus of our supply chain from PC-related applications to power supply systems for home appliances, lighting, servers, and medical devices. The core rationale behind this move is to leverage technological barriers to entry to isolate the Company from the intense competition in the general-purpose product market and strengthen the bargaining power in the global manufacturing market. The core of competitiveness lies in technological leadership. Only through continuous R&D and innovation — transforming products from “standard items” into “customized special components” — can we remain invincible in the era of semiconductor competition.

Mospec is currently at a critical point in the transformation from a traditional component supplier to a “high-value-added solutions provider.” At a time when the external environment is suffering from geopolitical challenges, Mospec has effectively resisted supply chain fluctuations by leveraging our internal IDM vertical integration advantages. Drawing on three decades of technological expertise, the Company has established a solid defensive stronghold in the high-power components and third-generation semiconductors sectors. By strategically shifting our supply chain focus toward emerging growth sectors such as automotive, medical, and AI, and combining this with large-scale automated capacity expansion plans in H&M Sichuan, Mospec has demonstrated exceptional market adaptability and ambitious global expansion plans. This dual-track strategy of “technological evolution” and “capacity expansion” not only strengthens the Company’s resilience in the face of complex political and economic conditions but also lays a solid foundation for its expansion in the global semiconductor landscape over the next decade.

(3) Technology and R&D Overview

(1) The technical level and research and development of the business

A. business technology level

Our company specializes in the manufacturing of high-power diodes and transistors. Our competitiveness lies in our ability to provide customers with semiconductor components that are characterized by superior features and competitiveness. Since our inception, we have accumulated extensive experience and provided professional training and technical exchanges for our engineers to ensure that each of them possesses keen professional knowledge. Our main technological expertise lies in design, including epitaxial specification design, photomask design, and process design. With good design and stable mature production lines, we can produce competitive products. With over 30 years of experience in the

manufacturing of discrete semiconductor transistors and diodes, we have accumulated considerable design and manufacturing experience. As a result, we have the ability to collaborate on the development of new products or customized products to enhance the market competitiveness of our sales.

B. R&D Overview

With a solid and experienced R&D department, the Company continues to invest heavily in the R&D of new products and technologies, and has launched highly competitive products in succession. In order to meet customers' increasingly application demands (e.g., energy saving), we have continued to develop products with low leakage current, low voltage drop, and high withstand voltage for Schottky diodes. As for super fast diodes, we have been developing high-end products with Low Qrr characteristics, and for transistors, we have been working with customers to develop customized products. The Company's goal in the overall planning and layout of R&D is to create higher value-added products in the market, while competitors will find it difficult to enter and follow due to the higher technology entry barrier. Currently, in addition to the continuous development of Power MOSFET products, the Company is also working actively on the development of SiC SBD and SiC MOSFET products to meet the market demand for applications. Moreover, TVS, a component protection product, has been added to fulfill customer needs, and IGBT components and their modules are also our key products for development.

1. R&D expenses in the most recent year

Item	Unit: NTS thousand	
	2025	2024
R&D expenses (A)	5,812	7,134
Net income of operating (B)	45,551	50,713
R&D expenses ratio(A)/(B)	12.8%	14.1%

Resources: Financial reports verified by an accountant and self-reported data by the company.

2. Successfully developed technologies or products

- (1) Our company has successfully developed packaging products for Bridge (GBU, MBS, ABS), SOT, SOD, and TO-277 packages to meet different customer requirements.
- (2) We have also completed the TVS (Transient Voltage Suppression) products for power 200W ~5000W and voltage 5V~405V.

- (3) Our company has completed the development of Trench-structured Power MOSFET products, mainly applied in the 30V~200V range.
- (4) We have also completed the development of FRED (Fast Recovery Epitaxial Diode) products with Low Qrr/Trr and Soft Recovery requirements, providing customers with more options.
- (5) Silicon carbide SBD 650V/900V/1200V and 2000V products.
- (6) IGBT modules 100~450A / 650 ~ 1200 V products.

(4) Long and short-terms sales development plan

A : Short-term sales development plan:

Within the short-term development framework, the Company will shift the operational focus from traditional power components to a dual-track strategy targeting both “high-power” and “special-specification” products, to avoid price wars in the general-purpose product market.

Product Structure Transformation and Technological Advancement

Although Mospec’s past main product lines, such as Schottky diodes and ultra-fast diodes (FREDs), have maintained a stable market share in the traditional power supply market, we are expanding our high-end technology portfolio in response to trends toward energy efficiency and miniaturization:

Third-Generation Semiconductors (SiC): In accordance with the R&D plan, the Company is actively developing SiC SBD and SiC MOSFET products to directly address market applications requiring high efficiency and low loss while continuously monitoring application trends in gallium nitride (GaN).

High-Performance Power Control: The Company is continuing to expand our Power MOSFET product line and has identified IGBT devices and their modules as key development priorities.

Protection Devices: The Company is expanding the TVS (transient voltage suppressor) product portfolio to meet the stringent circuit protection requirements of the industrial and telecommunications sectors.

Technical Barriers and Market Entry

By optimizing epitaxy, photomasks, and process design, Mospec is committed to developing “highly competitive” products with low Qrr characteristics. Leveraging our ISO/TS16949 automotive electronics certification, the Company is gradually shifting the supply chain from traditional computer-related fields to the home appliance, lighting, server, medical device drive system, and automotive markets. These technological breakthroughs and quality certifications serve as the foundation for our expansion into high-margin markets.

B : Long-term sales development plan:

Looking ahead to the next three to five years, the Company will implement a differentiated operational strategy, leveraging our technological strengths and production automation to optimize global footprint.

Taiwan: A Hub for Advanced Technology

The Company will focus on expanding our presence in high-value-added applications for the Taiwan market. By leveraging the technical barriers associated with components such as SiC and IGBT, the Company will target servers and high-speed network communication equipment, and, through technical collaboration with leading manufacturers, enhance our product profitability.

China (Pearl River Delta): Leading in Both Cost Efficiency and Scale

In response to the highly competitive power supply and home appliance markets in the Pearl River Delta region, our core strategy is “cost optimization.” This is not merely a price war; rather, through our automated production facilities in Taiwan and China, we aim to regain lost market share through large-scale, standardized production, thereby meeting the high consistency requirements for home appliance and lighting driver power supplies.

Overseas: Strengthening Agency and Quality Systems

In global markets, Mospec will continue to leverage our comprehensive strengths in quality, cost, and delivery. As market conditions recover, the Company expects our stable distribution channels to drive steady and sustained orders.

Business expansion must be supported by a robust production capacity foundation. To implement the strategies of “cost leadership” and “automotive-grade quality,” the Company has launched a large-scale automation construction project.

Through our vertical integration advantages from wafer manufacturing to packaging and testing, and combined with active R&D in third-generation semiconductor fields such as SiC and IGBT, Mospec has successfully established a technological moat. Short-term technological breakthroughs (SiC R&D) and long-term capacity upgrades (automation investments) will generate powerful synergies: high-end equipment ensures the quality standards required by the automotive market, while automated production provides the cost advantages needed to reclaim the mainstream power market.

2. Market and production and sales overview

(1)Market Analysis

1、Main products' sales area

Unit: NT\$ thousand; %

Year Area		2025		2024	
		Sales amount	%	Sales amount	%
Domestic sales		3,536	8%	2,502	5%
export	Asia	39,321	86%	47,470	94%
	North America	178	0%	62	0%
	Other	2,516	6%	679	1%
	Total	42,015	92%	48,211	95%
Net operating income		45,551	100%	50,713	100%

2. Market share

Our company's production process involves a vertically integrated manufacturing process that spans from grinding of the rough wafer at the upstream to the production of the final products such as transistors and diodes. The intermediate products, such as the epitaxial or wafer manufacturing, can be sold as finished products to the industry or sold directly to downstream users through distributors or agents after packaging and testing. Therefore, it is difficult to calculate the total market share of our sales products.

3. Market supply and demand situation and growth in the future

In the global semiconductor industry landscape, discrete components — which serve as the core of power management and signal transmission — are currently undergoing a critical structural shift period for the supply chain. Driven by the “de-Chinaization” trend sparked by the U.S.-China technology trade war and rising geopolitical risks, the global semiconductor supply chain is undergoing a profound restructuring. To address high operating costs and optimize resource allocation, major international IDM manufacturers in Europe, the U.S., and Japan are gradually reducing their in-house production capacity for standardized or low-margin products, instead outsourcing production to Taiwanese manufacturers with mature technology and significant economies of scale. This trend in OEM/ODM order shifts has directly boosted the rectifier diodes' supply scale and capacity utilization in Taiwan.

Discrete components hold an “indispensable” strategic position in today's technology-driven society. From basic 3C products to advanced AI computing systems, semiconductor components have become the backbone supporting the functioning of modern society. As application areas diversify, discrete components are shifting from traditional markets toward vertical sectors with higher value and greater technical barriers.

Asia has now become the world's most critical market for the production and end consumption of discrete components. Leveraging a comprehensive semiconductor ecosystem and flexible customization capabilities, Taiwanese manufacturers have assumed the dual roles of "capacity providers" and "technology optimizers" in this international cooperation shift.

The future trends and driving forces behind the development of discrete semiconductor technology are lighter, thinner, smaller, and more energy-efficient devices. The stringent requirements of "high power and low loss" for 3C products have driven technological advancements in high-power rectifier diodes. In particular, under policies of energy conservation and emissions reduction, the demand for "low voltage drop" components has become a key focus of research and development. Emerging technologies are reshaping the landscape, with 5G, AI, and the Internet of Things (IoT) accelerating the replacement of end-user devices. The demand for energy transition is directly driving the adoption of third-generation semiconductors (SiC). To avoid intense competition in the "red ocean," R&D for high-value products is advancing in the following directions: Schottky diodes are being developed with low leakage current and high breakdown voltage; The development of third-generation semiconductors, such as SiC SBDs and SiC MOSFETs, is targeting electric vehicles and high-end energy-saving applications; Power modules and protection components — including IGBT devices and their modules, Power MOSFETs, and expanded TVS protection components — are also being prioritized. As market demands continue to evolve, companies must have strong internal core competitiveness to stand out in the fiercely competitive market.

4. Competitive Niche:

(1) Vertical Integration of Production Process

The production process is vertically integrated, from raw material slicing, chamfering, connecting with previous grinding, polishing, epitaxial growth, wafer manufacturing and wafer cutting processes to packaging and testing. This integration effectively integrates the production process of the semiconductor industry upstream and downstream, resulting in good results in terms of supply of raw materials, reduction of production time, cost reduction and quality improvement.

(2) Professional technical talent and excellent research and development capabilities

Our company's R&D department is staffed with professional technical talent who have extensive experience. At the same time, we continuously invest a significant amount of funds in technological research and development as well as the development of automated production lines. We also integrate and apply advanced international key technologies. In addition, the company actively invests in research and development manpower and resources in the advanced packaging and

testing process to develop more profitable products that better meet market demand.

(3) Quality assurance system

Our company has a long-standing commitment to niche products, emphasizing product originality and avoiding intense price competition. We prioritize quality management and have continuously improved employee quality awareness since our establishment. As a result, we have obtained ISO 9001, QS 9000, ISO 14000, and TS16949 certifications for automotive electronics. With our unique products and excellent quality, we have gained the trust of customers, established long-term cooperative relationships, and enhanced our competitiveness. Our comprehensive quality assurance system ensures that we continue to meet and exceed the expectations of our customers.

5. Advantages, Disadvantages and Future Response Measures of Development Prospects:

(1) Advantages

A. Close Sales Channels And Good Market Reputation

Our company has been in production and operation for over 30 years and is highly regarded in various industries. Our brand management has also achieved considerable success, placing us in a leading position. China is the largest market for imported discrete components and is also becoming a key development area for global semiconductor demand. Leveraging our advantage in vertical integration, market niches, and cost considerations, we continue to expand our investment in China's back-end process, actively deploying in the market for discrete components. Our close-knit distribution channels and strong market reputation have contributed to our success.

B. Well Experience and Innovative R&D Capabilities

Our company boasts a wealth of experience and expertise, coupled with a flexible and innovative R&D capability, constantly developing highly competitive new products in response to customer needs. The scope of applications for discrete components currently spans various markets, such as PC, communications, consumer electronics, and automotive. The company's main niche product is Schottky diodes, which enjoys a brand advantage. Meanwhile, in response to energy-saving and emission reduction requirements, the company is continuously launching market-competitive products to market globally.

C. Complete Automated Production Line And Vertical Integration Capabilities

Our company has a highly automated production line with vertical integration capability, allowing us to produce products with a sufficient depth to meet diverse market demands.

(2) Disadvantages

A. High Product Maturity And Fierce Market Competition

The semiconductor industry has been a part of the technology industry for many years and is a fully competitive market, with price competition between companies making the business even more challenging. Market demand also changes rapidly, putting R&D capabilities to the test. The only way to avoid being eliminated by the market is to strengthen the demand for products. The applicability of products in the market will also affect the operation of the business. In addition, in recent years, fluctuations in raw material prices and supply have occurred due to global trade crises and economic conditions.

B. The Reliance On Imported Advanced Production Equipment

In order to achieve smooth mass production of advanced semiconductor products, in addition to technological research and development, it is also necessary to rely on advanced semiconductor equipment to enter mass production scale. However, in terms of advanced semiconductor equipment, the semiconductor equipment industry in our country has not yet fully developed the capability of supply.

C. China invests in the development of independent semiconductors, posing a competitive threat

The Chinese government has invested heavily in building an independent semiconductor industry chain, not only to escape international restrictions but also to potentially surpass our country's semiconductor industry in some areas. Additionally, they have been luring talents from Taiwan's semiconductor industry to enhance the competitiveness of the Chinese semiconductor industry chain in the international market, creating a competitive threat.

(3) Future Response Measures

The development trends of the semiconductor industry show that besides the rapid advancements in technology, diversified applications are also crucial for related industries. Therefore, for the semiconductor industry at the forefront of technology, enhancing technical capabilities and cross-disciplinary integration are key to facing future industry developments.

To face the economic uncertainty of the semiconductor industry, changes in the supply chain, and the long-term situation of the U.S.-China technological confrontation, the Company has decided to adjust and transform its production and marketing strategies to withstand the impact of the economy and product competition by strengthen its advanced semiconductor packaging and testing production lines through investment in technology and equipment. In other words, to combat market competition by increasing capital expenditure on technology and automation, and to counteract economic impacts by reducing operating expenses to optimize operations and pioneering business development.

The company is actively pursuing the mobile device and automotive electronics markets as its primary objectives in response to market changes. At the same time, research and development efforts are being intensified to enhance differentiation from competitors, increase product value, and incorporate marketing and competitive strategies to meet the rapidly changing market demands, consolidate market position, and maintain competitive advantage. In response to the changes in the international economic climate affecting the production of raw materials, the company has promptly increased its domestic, US, and Korean suppliers to ensure the security of supply and stay abreast of market price fluctuations.

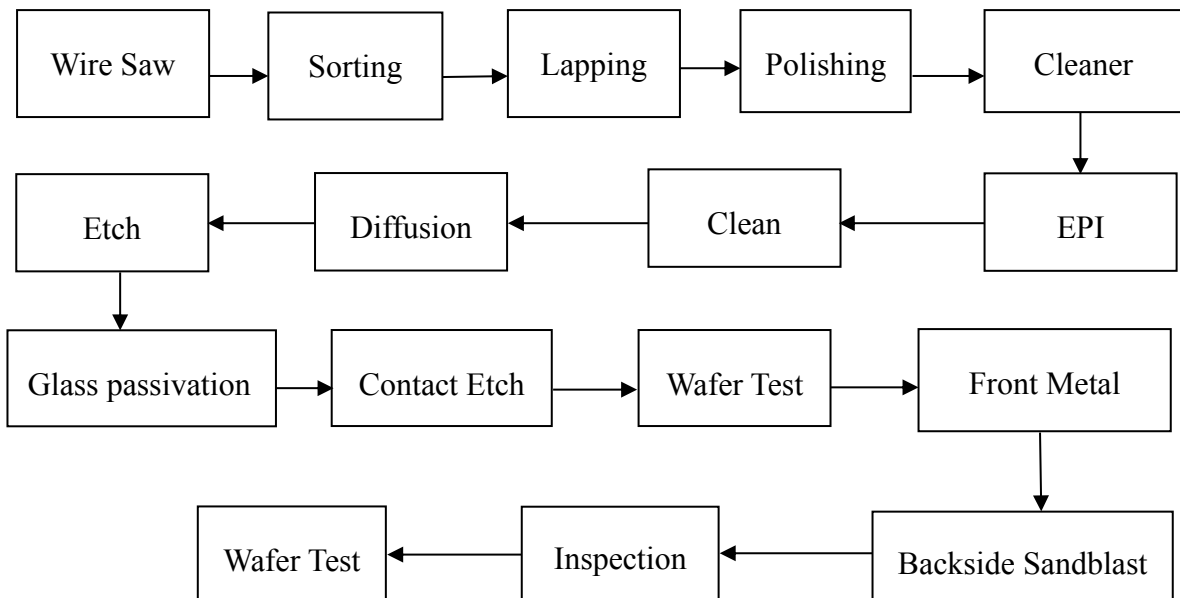
(2) The applications and manufacturing process of our main products:

1. The applications purposed of main products

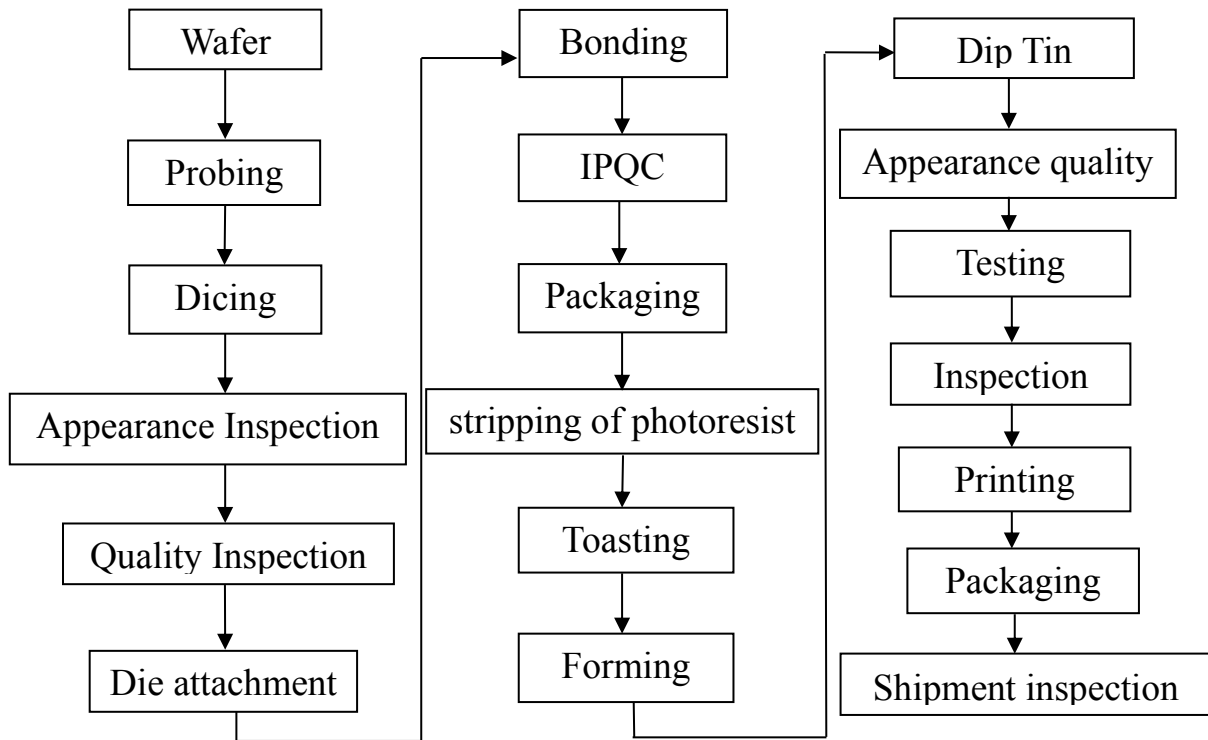
Main Product Category	The main purpose
Power Transistor	Televisions, displays, power supplies, car audio systems, car ignition systems, and lighting fixtures, etc.
Schottky Barrier Diodes	Switching power supplies, industrial electronic rectifiers, household appliances, personal/notebook computers, and communication mobile phones, etc.
Ultra Fast Recovery Rectifier	Switch-mode power supplies, industrial electronic rectifiers, household appliances, and displays, etc.
Transient Voltage Suppressor	Electronic rectifier protectors for cars, power and signal protectors for mobile phones, and protection devices for personal and laptop computers.
Bridge Rectifiers	Power rectifier

2. The manufacturing of main products

(1) Wafer process



(2) Assembly process



(3) Supply status of main materials

The suppliers of our company's main raw materials are well-known domestic and foreign manufacturers with stable supply and good quality.

Main materials	Location	Status
Wafer	Domestic and foreign	Normal
Base frame	Domestic and foreign	Normal

(4) Names, sales amount, and percentage of customers whose sales or purchases accounted for more than 10% of the total sales or purchases in any of the past two years.

1. Information on Major Suppliers for the Past Two Years

Unit : NT\$ thousand

Item	2024				2025				As of the previous quarter of 2026			
	Name	Amount	Percentage of annual net purchases [%]	Relationship with the issuer	Name	Amount	Percentage of annual net purchases [%]	Relationship with the issuer	Name	Amount	The ratio of net purchases in the current year up to the previous quarter [%]	Relationship with Issuer
1	X.S.	10,100	49%	None	X.S.	7,685	40%	None	E.D.	7,930	82%	None
2	S.Y.	4,363	21%	None	H.W.	4,649	24%	None	H.W.	856	9%	None
3	H.W.	3,207	16%	None	Others	6,913	36%	None	Others	891	9%	None
4	Others	2,976	14%	None								None
5												
	Net Purchase	20,646	100%		Net Purchase	19,247	100%		Net Purchase	9,677	100%	

Explanation for the change: The company's suppliers have changed due to market demand, product structure development, and procurement prices.
(Note: IFRS has been applied since 2013, and the amounts are for consolidated financial statements.)

2. Information on Major Customers for the Past Two Years

Unit : NT\$ thousand

Item	2024				2025				As of the previous quarter of 2026			
	Name	Amount	Percentage of annual net sales [%]	Relationship with the issuer	Name	Amount	Percentage of annual net sales [%]	Relationship with the issuer	Name	Amount	The ratio of net purchases in the current year up to the previous quarter [%]	Relationship with Issuer
1	CY	10,411	21%	None	CY	12,584	28%	None	CY	1,434	13%	None
2	GL	5,501	11%	None	GL	6,516	14%	None	BLM	1,381	12%	None
3	Others	34,801	68%	None	Others	26,451	58%	None	Others	8,045	75%	None
												None
												None
	Net Sales	50,713	100%		Net Sales	45,551	100%		Net Sales	10,860	100%	

Explanation for the change: The changes were made in response to the changes in market demand, product structure development and procurement prices.
(Note: IFRS has been applied since 2013, and the amounts are for consolidated financial statements.)

3. Employee Statistics

Fiscal Year		End of year 2024	End of year 2025	March 31, 2026
Number of employees	Managers and engineers	14	15	18
	operators	2	7	8
	Sales Management	7	11	12
	Total	23	33	38
Average age		50.28	42.3	46.9
Average years of service		24.83	15.5	14.6
Education distribution percentage	Ph. D	0	0	0
	Master's degree	4.3	12.1	13.2
	College	78.3	72.7	73.6
	Senior high school	17.4	15.2	13.2
	Below senior high school	0	0	0

4. Environmental Expenditure Information

1. The company has installed recycling equipment to recycle some of the process wastewater and reuse it in secondary water areas to reduce the use of water resources.
2. The company has an environmental and safety office with specialized personnel responsible for environmental management. They regularly manage air and water pollution, waste disposal, maintenance planning, occupational safety and health, safety and health promotion, health examination planning, and operation environment testing.
3. Our company has long been committed to effective energy-saving activities and management to reduce greenhouse gas emissions. Through the implementation of energy-saving activities and management plans, we have successfully reduced our greenhouse gas emissions. The related energy-saving and emission-reduction activities and management plans are as follows:
 - (1) Operation and management of air compressors and chiller units
 - (2) Nighttime energy use management
 - (3) Switching to LED light tubes for lighting fixtures
 - (4) Changing emergency exit lights to LED lights
 - (5) Dosing control of water chiller to enhance heat exchange efficiency
 - (6) Building a 400KW solar power generation system on the roof.

5. Labor Relations

(1) Current important labor-management agreements and implementation status

Employee Welfare Measures

In addition to providing a competitive salary for new and existing employees, the company also provides promotion and salary increases based on annual performance evaluations. At the end of each year, the company provides bonuses, performance bonuses, and holiday bonuses based on the operating situation. In addition to these, the company has other welfare measures, which are mainly explained as follows:

Holidays system: Besides national holidays, we also provide annual vacation periods, family care leave, maternity leave (with normal pay) for female colleagues during childbirth.

Insurance system: All employees participate in labor insurance, national health insurance, and group accident insurance. In the group accident insurance, all employees enjoy a basic guarantee of NT\$ 1.5 million for free.

Subsidies: Marriage subsidies, condolence subsidies, and child education subsidies for employees.

(2) Losses Suffered Due To Labor Disputes In The Past Year and as of the Date of Publication of the Annual Report: None.

6. Information Security Management:

Other Important Risks and Response Measures:

1. Specify the framework for information security risk management, information security policies, concrete management plans, and the resources invested in information security management.

(1) Information Security Risk Management structure:

Although our company has not yet established a cross-departmental information security committee, the management department and IT staff are currently responsible for information security-related matters.

(2) Information Security Policy

- a. Regularly take inventory of information assets and personal data, and conduct risk management based on information security and personal data risk assessments, implementing various control measures.
- b. Conduct periodic information security and personal data protection education and training, and promote awareness. New employees must sign a confidentiality agreement regarding information

security.

- c. Outsourced vendors must sign a confidentiality agreement to ensure that those who use the information services provided by our company or perform related information business have the responsibility and obligation to protect the information assets acquired or used by our company, to prevent unauthorized access, unauthorized modification, destruction, or improper disclosure.
 - d. Proper backup and redundancy mechanisms have been established for important information systems or equipment to maintain their availability.
 - e. Personal computers are installed with antivirus software and regularly confirm updates to virus codes, and the use of unauthorized software is prohibited.
 - f. Periodically review colleagues' accounts and permissions and require colleagues to change passwords regularly.
 - g. Conduct internal audits regularly each year to ensure the effectiveness of the information security and personal data protection management system.
- (3) Specific Management Plan and Resources for Investing in Information Security Management

The inspection and control operations for information security and personal data protection are listed as annual audit items, and the audit unit conducts at least one audit per year. The company conducts self-inspection operations based on the internal control system each year, summarizes the effectiveness of the internal control implementation, submits it to the board of directors for review and confirmation, and issues an internal control statement based on the evaluation results.

2. Provide a detailed account of losses suffered and potential impacts due to significant information security incidents during the latest fiscal year and up to the date of the annual report publication. If it is not possible to make a reasonable estimate, please explain the reasons for such inability. Additionally, please describe the measures taken in response to such incidents: None

7. Important Contracts:

Contract Type	Party	Contract Start and Ending Dates	Main Content	Restrictions
Foundry Contract	E.T.	2025.07.01~2027.06.30	OEM	-

V. Review of Financial Conditions, Operating Results, and Risk Management

1. Financial Status :

Financial Status Analysis and Comparison Form

Unit : NT\$ thousand

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	159,774	225,942	(66,168)	(29.29)
Fixed assets	439,225	405,372	33,853	8.35
Other assets	104,553	97,959	6,594	6.73
Total assets	703,552	729,273	(25,721)	(3.53)
Current liabilities	113,831	162,258	(48,427)	(29.85)
Long-term liabilities	70,023	48,539	21,484	44.26
Other liabilities	48,212	46,212	2,000	4.33
Total liabilities	232,066	257,009	(24,943)	(9.71)
Capital	370,000	370,000	0	0
Capital reserve	101,419	101,419	0	0
Retained earnings	6,014	5,246	768	14.64
Other interests	(5,977)	(4,401)	(1,576)	35.81
Total equity of shareholders	471,456	472,264	(808)	(0.17)

Description :

1. The decrease in current assets for the current period compared to the previous period was primarily due to a reduction in other financial assets held.
2. The decrease in current liabilities was primarily due to a subsidiary repaying short-term bank financing.
3. The increase in long-term liabilities was mainly due to bank loans for the construction of production line equipment and workshops.
4. The decrease in retained earnings was primarily due to non-operating revenue from the evaluation of stock invested in Current year.
5. The increase in other interests was mainly due to the depreciation of the U.S. dollar resulted in the increase in exchange differences resulting from translating the financial statements of foreign operations.

2. Financial Performance :

Financial Performance Analysis and Comparison Form

Unit : NT\$ thousand

Item \ Year	2025	2024	increase(decrease) amount	Exchange Ratio%
Net Operating Revenue	45,551	50,713	(5,162)	-10.18%
Operating costs	53,514	44,799	8,715	19.45%
Operating margin (loss)	(7,963)	5,914	(13,877)	-234.65%
Operating expenses	54,130	53,242	888	1.67%
Other income and loss	-	-	-	-
Operating net loss	(62,093)	(47,328)	(14,765)	31.20%
Non-operating income and expenses	62,877	52,574	10,303	19.60%
Net income(loss) before tax of continuing business	784	5,246	(4,462)	-85.06%
Income tax expense (benefit)	16	-	-	100%
Net income(loss) after tax of continuing business	768	5,246	(4,478)	-85.36%
Analysis of changes in ratios:				
1. The increase in operating loss and operating net loss, as well as the decrease in net income before tax, were primarily due to higher trial production costs resulting from the commissioning of newly established production lines.				

3 · Cash Flow Review and Analysis Form

Analysis of Liquidity risk in past 2 years

Item \ Year	2025	2024	increase(decrease) ratio
Cash flow ratio	(42.65%)	(14.17%)	-201%
Cash flow adequacy ratio (based in past 5 years)	(92.60%)	(169.52%)	45%
Cash reinvestment ratio	(3.09%)	(1.47%)	-110%
Analysis of changes in ratios:			
1. Due to increased capital expenditures this period.			
2. The improvement in the cash flow adequacy ratio compared to the previous period was due to the decrease in revenue as a result of adjustments in production and marketing strategies in recent years, as well as the reduction in inventories and replacement of equipment.			
3. The decrease in cash reinvestment ratio was due to expansion of automated equipment and a decline in revenue during the period.			

Cash liquidity analysis for the coming year

Unit: NT\$ thousand

Opening cash balance	Estimated Annual Net Cash Flow From Operating Activities	Estimated Annual Cash Outflow	Estimated Cash Surplus (Deficiency) Amount	Remedial Measures For Projected Cash Shortfalls	
				Investment Plan	Financing Plan
20,887	20,000	(141,423)	(20,839)	94,017	6,519
Analysis of cash flow changes in the coming year: <ol style="list-style-type: none"> 1. The annual cash outflow is mainly working capital, equipment purchase expenses and repayment of due loans. 2. If there is a cash shortage, disposal of invested assets and financing from financial institutions will be used. 					

4. Impact of Major Capital Expenditure in the Past Year on the Financial Status: There is no major capital expenditure in the past year.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year: There is no re-investment plan in the past year.

6. Analysis and Assessment of Risk Issues

(1) The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future response measures:

1. The impact of interest rate on the company's profit and loss and future response measures

Due to changes in the international financial environment caused by geopolitical conflicts, the Company's interest expenses incurred on financing are still reasonable and the impact on finance and profit and loss is not significant. However, an increase in medium- and long-term capital utilization will be adopted in response to changes in interest rates.

2. The impact of exchange rate changes on the company's profit and loss and future response measures

Due to the rise of international protectionism caused by trade frictions and the recent fluctuation of exchange rates due to the increase in US interest rates, the appreciation of the US dollar and the Chinese yuan have impacted the company's exchange gains and losses. The company will respond by adjusting its market operations, including trading, purchasing, and sales, as well as being flexible in adjusting its quoted currency.

3. The impact of inflation on the company's profit and loss and future

response measures

The main impact of inflation on the company is on employee salaries and raw material costs. The company will adjust prices based on market supply and demand, and adjust financial scheduling and planning based on the international financial environment to quickly respond and control costs to avoid risks. We hope to minimize the impact of inflation on the company.

- (2) The main reason for doing high-risk, high-leverage investments, lending funds to others, endorsement guarantees or derivative trading policy for profit and loss and future response measures:

Our company did not engage in any high-risk, high-leverage investments, or derivative trading during the fiscal year 2025.

As for lending funds to others or endorsing guarantees, the company has established a sound operational management system to regulate these activities, with a focus on transferring 100% of the investments to subsidiary companies.

- (3) Future R&D plans and estimated R&D expenses:

1. R&D plans

- (1) The research on Power MOSFETs (30V~200V) based on the Splitgate structure will be continued in an effort to develop features such as lower V_f and lower power consumption, in order to meet the customers' higher demands in terms of application and energy saving.
- (2) The research and development for power components utilizing the new material (Wide band gap) SiC/GaN will be continued, especially for introducing the SiC SBD and SiC MOSFET products.
- (3) The research and development of silicon-based IGBT and IGBT modules will be continued.
- (4) To continuously introduce more TVS product categories to cater for customers' wider range of usage and applications.
- (5) TOLL / TOLT package development.

2. R&D expenses invested: NT\$ 10,000 thousand

- (4) The impact of major policy and legal changes at home and abroad on the company's financial business and future response measures:

The geopolitical challenges arising from the U.S.-China technology competition and the trend toward “de-Chinaization” of global supply chains have had a profound impact on the semiconductor industry. This has led to increasingly complex dynamics of cooperation and competition within global supply chains, while the active rise of the United States, Japan, Europe, Southeast Asia, and India in the semiconductor sector has intensified market competition. Semiconductors have become the backbone and critical foundation of modern technological society and are elevated to the status of “strategic materials” at the national level. The development of all technology industries is highly dependent on semiconductor products.

The US's semiconductor-related bills and the CHIP4 alliance initiative demonstrate the country's desire for stronger support from the semiconductor industry under the influence of geopolitics. This also suggests that Taiwan's semiconductor industry may face more restrictions in the mainland China market, which could have an impact on the global layout planning.

In the past two years, global inflation, rising geopolitical risks, interest rate hikes by central banks, and the technological development policy of de-Sinicization have changed the domestic and international industrial and financial environments. The Company will take a prudent and conservative approach in adjusting the overall production and sales to prepare for the impact of possible changes in policies and laws faced by parent and subsidiaries.

- (5) The impact of technological and industry changes on the company's financial business and future response measures:

Semiconductor industry technology is advancing at a rapid pace, and the structure of the industry continues to change. Most key countries around the world are focusing on "digital technology" and "sustainable technology," utilizing digital technology to enhance the supply chain's resilience and create a new economic model, as well as developing clean energy and low-carbon technologies, which using sustainable technology to realize green cycle ecosystem.

Our company continuously invests in R&D, focusing on independent technology research and development. This includes efficiency improvement, chip and product applications, the development of cost-effective new processes and materials, and risk management of information security to cope with market conditions and timely and appropriate expansion of scale to improve economic efficiency.

- (6) The impact of corporate image changes on the enterprise crisis management and response measures:

ince our company's listing on the centralized market, we have felt a greater sense of responsibility to society. As such, we are committed to strictly implementing corporate governance and internal audit systems, in order to prevent potential corporate crises. We are also enhancing the crisis management capabilities of our management team through education and training, to mitigate the risk of crises and fulfill our corporate social responsibility.

- (7) Expected benefits, possible risks and response measures of mergers and acquisitions: Not applicable

- (8) Expected benefits of plant expansion, possible risks and response measures: There is no plant expansion plan in the current year.

- (9) Risks and response measures faced by concentration of purchase or sales:

Regarding procurement, in order to avoid the risk of over-concentration and potential shortages or interruptions, our company maintains a long-term and positive relationship with at least two primary suppliers of raw materials. This strategy not only ensures a stable supply, but also enables us to obtain fair prices within a competitive market.

Regarding sales, our company adopts a vertical integration approach in both upstream and downstream operations. With a wide range of product offerings and diversified sales combinations, we adjust our production lines according to market changes, which effectively avoids the risks associated with concentrated sales.

- (10) Directors or major shareholders holding more than 10% of the shares, the impact, risks and response measures of a large number of transfers or replacements of equity on the company: None.

- (11) The impact, risks and response measures of the change of management rights on the company: None.

- (12) In the event of litigation or non-litigation, the company must disclose significant lawsuits, non-lawsuit, or administrative disputes that have been definitively adjudicated or are still pending involving the company, directors, general manager, substantial shareholders holding more than 10% of the shares, and subsidiary companies. The results of such events may have a significant impact on shareholder equity or securities prices: None.

- (13) Other important risks and response measures: None.

7. Other important matters: None

VI. Special Notes

1. Information about the company's Affiliates

Available at the Market Observation Post System (<https://mops.twse.com.tw/mops/#/web/home>), “Single Corporate” → “E-document Downloading” → “Three Reporting Forms for Affiliated Enterprises”.

2. The company should disclose information regarding the issuance of privately placed securities in the Past Year and as of the Date of Publication of the Annual Report. This should include the date of approval by the shareholder meeting or board of directors, the amount and pricing basis, the selection criteria for the specific parties involved, the rationale for conducting the private placement, and the progress of the capital utilization plan after the funds have been collected. The company should also disclose information on the utilization of the funds from the private placement and the progress of the implementation of the plan: None

3. Other necessary supplementary explanations: None

VII. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 3, Paragraph 2 of Article 36 of the Securities Exchange Law: None.

Stock Code: 2434

Mospec Semiconductor Corp. & Subsidiaries
Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report

Address:No. 76, Zhongshan Rd., Xinshi Dist., Tainan City

Telephone:(06)599-1621

Consolidated Financial Statements

Table of contents

Items	Page
1.Cover	1
2.Contents	2
3.Representation Letter	3
4.Independent Auditors' Report	4~6
5.Consolidated Balance Sheet	7
6.Consolidated Statements of Comprehensive Income	8
7.Consolidated Statements of Changes in Equity	9
8.Consolidated Statements of Cash Flows	10
9.Notes to the Consolidated Financial Statements	
(1) History and organization	11
(2) Date and procedures of authorization of financial statements for issue	11
(3) Newly issued or revised standards and interpretations	11~15
(4) Summary of significant accounting policies	15~31
(5) Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty	31~32
(6) Description of Significant Accounts	32~47
(7) Related Party Transaction	47
(8) Pledged Assets	47~48
(9) Significant Contingent Liabilities and Unrecognized Commitments	48
(10) Significant Disaster Losses	48
(11) Significant Subsequent Events	48
(12) Others	48~54
(13) Additional Disclosures	
1. Information on Significant Transactions and Information on Investees	54、56~60
2. Investment information in Mainland China	54、61
(14) Segments Information	55

Representation Letter

The entities that are required to be included in the combined financial statements of Mospec Semiconductor Corp. as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Mospec Semiconductor Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Mospec Semiconductor Corp.

by

Weng, Shu-Chen

Person in Charge

March 6, 2026

Independent Auditors' Report

The Board of Directors and Shareholders

Mospec Semiconductor Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mospec Semiconductor Corporation and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of the December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effort by the Financial Supervisory Commission of the ROC.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our reports. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC and we are fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified the following key audit matters to be communicated in the audit report:

Revenue Recognition

Revenue of the Company is primarily from manufacture and sales of diode and transistor products. As the contents in the order and practical items usually require judging and determining the performance obligations and the point in time that the performance obligations are satisfied, we present it as one of the key audit matters.

The auditor's procedures include (but are not limited to) evaluating the appropriateness of revenue recognition accounting policies, understanding and testing the effectiveness of the internal control established by management for revenue recognition; performing analytical procedures on gross profit margin; selecting samples to perform transaction detail testing and reviewing significant terms and conditions in contracts; performing cut-off testing and subsequent review to confirm that revenue is recognized in the correct period.

We also consider the appropriateness of disclosures on operating revenue in Note 4 and Note 6 to the consolidated financial statements.

Assessment on Impairment of Non-Financial Assets

The carrying amount of property, plant and equipment of Mospec Semiconductor Corp. and its subsidiaries was NT\$439,225 thousand as of December 31, 2025, accounting for approximately 63% of the total assets, and is considered material to the consolidated financial statements. Due to the impact of market fluctuations and the economic downturn in recent years, the operating unit has incurred losses, indicating a potential impairment of assets. Consequently, management performed an impairment test on the relevant cash-generating units (CGUs), using net fair value as the recoverable amount. Since the estimation of the recoverable amount of the relevant CGUs involves significant management judgment, we present it as one of the key audit matters.

The main audit procedures include, but are not limited to, analyzing the reasonableness of the recoverable amount adopted by management; obtaining the underlying data used by management to assess the recoverable amount, including valuation reports for property, plant and equipment and related assumptions, and discussing with management; evaluating the professional competence, capabilities, and or reputation of the valuer in the relevant field; and verifying whether the source data in the valuation report is relevant and reliable to recalculate the recoverable amount for management's impairment assessment

We also consider the appropriateness of disclosures on property, plant and equipment in Note 4, Note 5, and Note 6 to the consolidated financial statements.

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

Management's responsibility is to prepare consolidated financial statements that fairly present the financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the ROC, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company 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 the entities or business activities within the Company to express the 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 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 of the Group that were of most significance in the audit of the consolidated financial statements of the fiscal year 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.

Other Matter

We have also audited the parent company only financial statements of Mospec Semiconductor Corporation and its subsidiaries as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

For and on behalf of Ernst & Young Global Limited, Taiwan
The competent authority approves the public issuance of the
company's financial report
Approved-certified No.:Jin-Guan-Certificate No. 1010045851
No.:Jin-Guan-Certificate No. 1040030902

Li, Fang-Wen

Accountant:

Chiu, Wan-Ru

March 6, 2026

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Mospec Semiconductor Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of December 31, 2025 and 2024

Unit: NTS 1,000

ASSETS			December 31, 2025		December 31, 2024		LIABILITIES AND EQUITY			December 31, 2025		December 31, 2024	
Code	Account Item	Note	Amount	%	Amount	%	Code	Account Item	Note	Amount	%	Amount	%
	CURRENT ASSETS							CURRENT LIABILITIES					
1100	Cash and cash equivalents	4 and 6.1	\$20,887	3	\$40,161	6	2100	Short-term loans	6.9	\$60,000	9	\$127,085	17
1110	Financial assets at fair value through profit or loss	4 and 6.2	83,292	12	95,628	13	2130	Contract Liabilities - Current		108	0	-	-
1150	Notes receivable, net	4 and 6.3, 15	665	0	319	0	2170	Accounts payable		4,037	1	4,602	1
1170	Accounts receivable, net	4 and 6.4, 15	10,234	2	9,274	1	2180	Accounts payable - Related Parties		141	0	-	-
1200	Other accounts receivable, net		2,922	0	878	0	2200	Other payable		16,739	2	9,100	1
1220	Current tax assets		78	0	319	0	2220	Other payable- Related Parties		33	0	-	-
130x	Inventories	4 and 6.5	4,934	1	7,835	1	2322	Current portion of long-term liabilities	4 and 6.10	31,253	4	20,240	3
1476	Other current financial assets	8	-	-	59,013	8	2360	Net defined benefit liability	4 and 6.11	1,306	0	1,115	0
1479	Other current assets	4 and 6.6	36,762	5	12,515	2	2399	Other current liabilities		214	0	116	0
11xx	Total current assets		159,774	23	225,942	31	21xx	Total current liabilities		113,831	16	162,258	22
	NON-CURRENT ASSETS							NON-CURRENT LIABILITIES					
1600	Property, plant and equipment	4 and 6.7 and 8	439,225	63	405,372	56	2540	Long-term loans	6.10 and 7	70,023	10	48,539	7
1755	Right-of-use assets	4 and 6.16	3,155	0	3,213	0	2550	Non-current provisions	4 and 6.12	46,212	7	46,212	6
1840	Deferred income tax assets	4 and 6.20	3,410	0	3,410	0	2570	Deferred tax liabilities	4 and 6.20	2,000	0	-	-
1900	Other non-current assets	6.8 and 8	97,958	14	91,336	13	25xx	Total non-current liabilities		118,235	17	94,751	13
15xx	Total non-current assets		543,748	77	503,331	69							
							2xxx	Total liabilities		232,066	33	257,009	35
								EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
							3100	Capital stock	6.13				
							3200	Capital surplus	6.13	370,000	53	370,000	51
							3300	Retained earnings	6.14	101,419	14	101,419	14
							3300	Retained earnings	6.13				
							3310	Legal reserve		525	0	-	-
							3320	Special reserve		4,401	1	-	-
							3350	Accumulated deficit		1,088	0	5,246	1
								Total retained earnings		6,014	1	5,246	1
							3400	Other equity interest		(5,977)	(1)	(4,401)	(1)
							31xx	Total equity attributable to owners of parent		471,456	67	472,264	65
							3xxx	Total equity		471,456	67	472,264	65
1xxx	Total assets		\$703,522	100	\$729,273	100		Total liabilities and equity		\$703,522	100	\$729,273	100

Please refer to the Notes in the consolidated financial statements

Chairman: Weng Shu Chen

Manager: Tarnq Bennet Yun

Accounting Executive: Yen Yung Sen

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2025 and 2024

Unit: NT\$ 1,000

Code	Accounting Item	Note	2025		2024	
			Amount	%	Amount	%
4000	OPERATING REVENUE	4 and 6.14	\$45,551	100	\$50,713	100
5000	OPERATING COSTS	4 and 6.17	(53,514)	(116)	(44,799)	(88)
5900	GROSS PROFIT FROM OPERATIONS		(7,963)	(16)	5,914	12
6000	OPERATING EXPENSES					
6100	Selling expenses		(8,309)	(18)	(7,722)	(15)
6200	Administrative expenses		(40,002)	(88)	(38,442)	(76)
6300	Research and development expenses		(5,812)	(13)	(7,134)	(14)
6450	Expected credit impairment benefit	4 and 6.15	(7)	0	56	0
	Total operating expenses	4 and 6.5	(54,130)	(119)	(53,242)	(105)
6900	Net operating income (loss)		(62,093)	(135)	(47,328)	(93)
7000	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	4 and 6.18	889	2	3,235	6
7010	Other income	4 and 6.18	12,944	28	6,665	13
7020	Other gains and losses	4 and 6.18	53,525	118	49,174	97
7050	Finance costs	4 and 6.18 and 7	(4,481)	(10)	(6,500)	(13)
	Total non-operating income and expenses		62,877	138	52,574	103
7900	Profit (loss) before tax		784	2	5,246	10
7950	Tax income	4 and 6.20	(16)	0	-	-
8200	Profit (loss)		768	2	5,246	10
8300	Other comprehensive income	4 and 6.19				
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(1,576)	(3)	3,685	7
	Other comprehensive income(loss), net		(1,576)	(3)	3,685	7
8500	Total comprehensive income		(808)	(1)	8,931	17
8600	NET INCOME ATTRIBUTABLE TO:					
8610	Shareholders of the parent	4 and 6.20	768	2	5,246	10
8700	COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
8710	Shareholders of the parent		(808)	(1)	8,931	17
	EARNINGS PER SHARE (NT\$)					
9750	Basic earnings (loss) per share	4 and 6.21	\$0.02		\$0.14	
9850	Diluted earnings (loss) per share	4 and 6.21	\$0.02		\$0.14	

Please refer to the Notes in the consolidated financial statements

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Mospec Semiconductor Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2025 and 2024

Unit: NT\$ 1,000

Code	Item	Equity Attributable to Shareholders of the Parent						Total Equity
		Capital - Common Stock	Capital Surplus	Retained Earnings			Others	
				Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	
		3110	3200	3310	3320	3350	3410	3xxx
A1	BALANCE, JANUARY 1, 2024	\$370,000	\$193,260	\$ -	\$ -	\$(91,841)	\$(8,086)	\$463,333
C11	Other changes in capital surplus: Capital Surplus used to offset accumulated deficits	-	(91,841)	-	-	91,841	-	-
D1	Net income (loss)	-	-	-	-	5,246	-	5,246
D3	Net comprehensive income (loss)	-	-	-	-	-	3,685	3,685
D5	Total comprehensive income (loss)	-	-	-	-	5,246	3,685	8,931
Z1	BALANCE, DECEMBER 31, 2024	<u>\$370,000</u>	<u>\$101,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,246</u>	<u>\$(4,401)</u>	<u>\$472,264</u>
A1	BALANCE, JANUARY 1, 2025	\$370,000	\$101,419	\$ -	\$ -	5,246	\$(4,401)	\$472,264
	Appropriation and distribution of retained earnings :							
B1	Legal reserve appropriated	-	-	525	-	(525)	-	-
B3	Special reserve appropriated	-	-	-	4,401	(4,401)	-	-
D1	Net income (loss)	-	-	-	-	768	-	768
D3	Net comprehensive income (loss)	-	-	-	-	-	(1,576)	(1,576)
D5	Total comprehensive income (loss)	-	-	-	-	768	(1,576)	(808)
Z1	BALANCE, DECEMBER 31, 2025	<u>\$370,000</u>	<u>\$101,419</u>	<u>\$525</u>	<u>\$4,401</u>	<u>\$1,088</u>	<u>\$(5,977)</u>	<u>\$471,456</u>

Please refer to the Notes in the consolidated financial statements

Chairman: Weng Shu Chen

Manager: Tarnng Bennet Yun

Accounting Executive: Yen Yung Sen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Mospec Semiconductor Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024
Amounts in NTS thousands Unless otherwise specified

Unit: NTS 1,000

Code	Item	2025	2024	Code	Item	2025	2024
		Amount	Amount			Amount	Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES			BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
A10000	Net income before tax	\$784	\$5,246	B00100	Acquisition of financial assets at fair value through profit or loss	(25,758)	–
A20000	Adjustments:			B00200	Proceeds from disposal of financial assets at fair value through profit or loss	99,188	8,128
A20010	Adjustments to reconcile profit (loss):			B02700	Acquisition of property, plant and equipment	(742)	–
A20100	Depreciation expense	28,514	24,916	B02800	Proceeds from disposal of property, plant and equipment	–	2,368
A20300	Expected credit loss (gain)	7	(56)	B06500	Increase in other financial assets	–	(3,744)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(61,094)	(52,095)	B06600	Decrease in other financial assets	59,013	–
A20900	Interest expense	4,481	6,500	B07100	Increase in prepayments for business facilities	(70,179)	(43,757)
A21200	Interest income	(889)	(3,235)	B07200	Decrease in prepayments for business facilities	2,168	268
A21300	Dividend income	(705)	(596)	BBBB	Net cash flows from (used in) investing activities	63,690	(36,737)
A22500	Loss (gain) on disposal of property, plan and equipment	–	(945)				
A29900	Loss (gain) from price recovery of inventory	(814)	(6,731)	CCCC	CASH FLOWS FROM FINANCING ACTIVITIES		
A20010	Total reconcile profit (loss)	(30,500)	(32,242)	C00100	Increase in short-term loans	90,000	128,067
A30000	Changes in operating assets and liabilities			C00200	Decrease in short-term loans	(156,962)	(90,000)
A31000	Changes in operating assets			C01600	Proceeds from long-term loans	55,000	60,000
A31130	Decrease (increase) in notes receivable	(346)	1,118	C01700	Repayment of long-term loans	(22,503)	(27,921)
A31150	Decrease in accounts receivable	(967)	6,847	C03000	Increase in guarantee deposits received	2,000	–
A31180	Decrease (increase) in other receivable	(1,851)	274	CCCC	Net cash flows from financing activities	(32,465)	70,146
A31200	Increase (decrease) in inventories	3,787	5,212	DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND	(1,949)	2,470
A31240	Decrease (increase) in other current assets	(24,247)	(2,743)	EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	(19,274)	12,893
A32000	Changes in operating liabilities			E00100	Cash and cash equivalents at beginning of period	40,161	27,268
A32125	Increase (decrease) in contract liabilities	108	(124)	E00200	Cash and cash equivalents at end of period	\$20,887	\$40,161
A32150	Increase (decrease) in accounts payable	(565)	1,790				
A32160	Increase in other payable from related parties	141	–				
A32180	Increase (decrease) in other payable	8,327	1,114				
A32190	Increase in other payable- Related Parties	33	–				
A32200	Decrease in provisions	–	(6,601)				
A32230	Increase (decrease) in other current liabilities	98	11				
A32240	Increase (decrease) in net defined benefit liability	191	99				
A30000	Total changes in operating assets and liabilities	(15,291)	6,997				
A33000	Cash inflow (outflow) generated from operations	(45,007)	(19,999)				
A33100	Interest received	1,015	3,229				
A33200	Dividend received	705	596				
A33300	Interest paid	(5,169)	(6,493)				
A33500	Income taxes paid	(94)	(319)				
AAAA	Net cash flows from (used in) operating activities	(48,550)	(22,986)				

Please refer to the Notes in the consolidated financial statements

English Translation of Consolidated Financial Statements Originally Issued in Chinese
MOSPEC SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and organization

- (1) Mospec Semiconductor Corp. (the "Company") was established and approved in March, 1987 in Gangqian Village, Xinshi District, Tainan City, at No. 76 Zhongshan Road. The company primarily engages in the manufacturing, processing, and sales of power transistors and diodes.
- (2) The Company's shares were approved for trading on the Taipei Exchange in November, 1998 and subsequently received approval to be listed and traded on the Taiwan Stock Exchange in September, 2000.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the years ended December 31, 2025 and 2024 were approved by the Board of Directors on March 6, 2026.

3. Newly issued or revised standards and interpretations

- (1) Accounting policy changes resulting from the first-time adoption of IFRS.

The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations or Interpretations (IFRICs), approved by the Financial Supervisory Commission (FSC) and applicable for accounting years beginning on or after January 1, 2025, which did not have a significant impact on the Group upon first-time application.

- (2) As of the publication date of the financial report, the Group has not yet adopted the following new standards, interpretations and amendments recognized by the FSC that have been issued by the International Accounting Standards Board:

Item	New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
1	IFRS 17, "Insurance Contracts"	January 1, 2023
2	"Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
3	Annual Improvements to IFRS Accounting Standards— Volume 11	January 1, 2026
4	Contracts involving reliance on natural power (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

1. IFRS 17, "Insurance Contracts"

This standard provides a comprehensive model for insurance contracts, including all accounting-related aspects (recognition, measurement, presentation, and disclosure principles). The core of the standard is a general model, under which the initial recognition of insurance contract groups is measured as the sum of the present value of the fulfillment cash flows and the contractual service margin. The carrying amount as of the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

In addition to the general model, specific application methods (variable fee approach) are provided for contracts with direct participation features; and a simplified approach (premium allocation approach) for short-term contracts.

This standard, which was issued in May 2017, was subsequently amended in 2020 and 2021. The effective date of the amendment was postponed by two years in the transitional provisions, from January 1, 2021, to January 1, 2023. The amendment also provided additional exemptions, simplified certain provisions to reduce adoption costs, and modified certain provisions to make them more easily interpretable in certain circumstances. The standard will supersede the transitional standard, IFRS 4, "Insurance Contracts," upon its effective date.

2. "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and government (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instrument.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments fair value through other comprehensive income.

3. Annual Improvements to IFRS Accounting Standards—Volume 11

(a) Amendments to IFRS 1

Amend the explanations on hedge accounting of first-time adoption of the standard, to improve their consistency with the requirements in IFRS 9

(b) Amendments to IFRS 7

Amend to update an obsolete cross-reference associated with gain or loss on derecognition.

(c) Amendments to Guidance on implementing IFRS 7

Amend to improve part of the wording in the Guidance on implementing, including introduction, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures.

(d) Amendments to IFRS 9

Amend to add cross-reference to clarify how a lessee accounts for the derecognition of a lease liability, and the transaction price.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(e) Amendments to IFRS 10

Amend to remove from paragraph B74 of the standard an inconsistency with paragraph B73.

(f) Amendments to IAS 7

Amended paragraph 37 of the standard to replace the term “cost method.”

4. Contracts involving reliance on natural power (Amendments to IFRS 9 and IFRS 7)

These amendments include:

(a) Clarifying the application of the "for self-use" requirement.

(b) Allowing the application of hedging accounting when contracts are used as hedging instruments.

(c) Increasing disclosure requirements in the notes to financial statements to help investors understand the impact of such contracts on the company's financial performance and cash flows.

The amendments are applicable to the annual reporting periods beginning on or after January 1, 2026, which have no material impact on the Group.

(3) As of the publication date of the financial report, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Item	New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
1	Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting
2	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027(Note)
3	Disclosure Initiative – “Subsidiaries without Public Accountability” (IFRS 19)	January 1, 2027
4	Converted to monetary terms under conditions of high inflation (amendments to International Accounting Standard 21 and International Accounting Standard 29)	January 1, 2027

(Note) : The Financial Supervisory Commission issued a press release on September 25, 2025, announcing Taiwan's alignment with Financial Reporting Standard No. 18 in 2028.

(1)Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”

This plan is designed to address the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" regarding the treatment of the loss of control over an associate or joint venture when using the subsidiary as the cost for the investment. IAS 28 requires the elimination of the portion of gain or loss resulting from upstream transactions when non-monetary assets are contributed to acquire interests in associates or joint ventures, while IFRS 10 requires the full gain or loss on the loss of control over a subsidiary to be recognized. This amendment restricts the provision of IAS 28, and when the assets that constitute a business are sold or contributed, as defined in IFRS 3, the resulting gain or loss should be fully recognized.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

This amendment also modifies IFRS 10 to require that when an investor and its associates sell or contribute a subsidiary that does not meet the definition of a business under IFRS 3, the resulting gain or loss should only be recognized to the extent of the non-controlling interest in the subsidiary.

(2) IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” The primary changes are as follows:

(a) Increasing comparability of the income statements

Items in the statement of profit or loss will need to be classified into categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new, to improve the structure of income statements. The standard also requires entities to provide newly defined subtotals (including operating profit or loss). The standard improves the income statement’s structure and newly defined subtotals, which makes companies' financial performance easier to compare and provides a consistent starting point for investors' analysis

(b) Enhancing transparency of management performance measurement

Explanations on requiring entities to disclose specific indicators related to income statements (management-defined performance measures (MPM)).

(c) Useful summary of financial information

The standard sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. The standard also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(3) Disclosure Initiative – “Subsidiaries without Public Accountability” (IFRS 19)

The standard permits subsidiaries without public accountability to provide reduced disclosure when applying IFRS accounting standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(4) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates and IAS 29 Financial Reporting in Hyperinflationary Economies: Translation into a Presentation Currency in a Hyperinflationary Economy

These amendments include the following:

(a) Clarify that when a reporting entity’s functional currency is not that of a hyperinflationary economy and its financial statements are translated into a presentation currency of a hyperinflationary economy, the results of operations and financial position shall be translated using the closing exchange rate at the date of the most recent statement of financial position.

(b) Specify that, in the above circumstances, when the presentation currency subsequently ceases to be that of a hyperinflationary economy, the reporting entity shall not retranslate amounts reported in prior periods.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

- (c) When both the functional currency and the presentation currency are those of a hyperinflationary economy, the reporting entity shall apply the requirements set out in paragraph 34 of IAS 29.

The actual applying dates of the abovementioned standards and interpretations issued by IASB not yet endorsed by FSC are subject to FSC's regulations. The Group is assessing the potential impacts from new or amended standards or interpretations in (2), but temporarily unable to reasonably estimate the impacts from the abovementioned standards or standards.. The other new or amended standards or interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Compliance statement

The consolidated financial statements of the Group for the years ended December 31, 2025 and December 31, 2024 have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities as approved and issued by the FSC and effective IFRS, IAS, IFRICs and SICs.

(2) Basis of preparation

Except for financial instruments at fair value, the consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

Principles of preparation of the consolidated financial statements

The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In particular, the Group only controls an entity when it has the following three control elements:

- (1) Power over the investee (i.e., having existing rights that give the investor the current ability to direct relevant activities)
- (2) Exposure or rights to variable returns from the investor's involvement with the investee, and
- (3) The ability to use the investor's power over the investee to affect the amount of the investor's returns.

As the Group directly or indirectly holds less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances to assess whether it has power over the investee, including:

- (1) Contractual agreements with other vote-holding investors of the investee
- (2) Rights arising from other contractual agreements
- (3) Voting rights and potential voting rights

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

As facts and circumstances indicate a change in one or more of the three elements of control, the Group reassesses whether it still maintains control over the investee.

From the acquisition date (i.e. the date when control is obtained), subsidiaries are fully included in the consolidated financial statements until the date control ceases. The accounting period and accounting policies of the subsidiary's financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized profits and losses resulting from intra-group transactions, and dividends are eliminated in full.

In case of changes in the equity interest in subsidiaries where control is not lost, such transactions are accounted for as equity transactions.

The total comprehensive profit(loss) of the subsidiary is allocated to the owners of the parent company and non-controlling interests, even if the non-controlling interests result in a deficit balance.

If the Group loses control of a subsidiary,

- (1) the assets (including goodwill) and liabilities of the subsidiary are derecognized;
- (2) any non-controlling interests are derecognized at their carrying amounts;
- (3) the fair value of the consideration received is recognized;
- (4) any investment retained is measured at its fair value;
- (5) Any amounts previously recognized in other comprehensive income related to the subsidiary are reclassified to profit or loss for the current period. Alternatively, they may be directly transferred to retained earnings in accordance with the requirements of other applicable IFRS;
- (6) The resulting difference is recognized as profit or loss for the current period.

The entities included in the preparation of the consolidated financial statements are as follows:

Name of Investor	Name of Subsidiary	Main business activities	Ownership(%)	
			December 31, 2025	December 31, 2024
The Company	NHM (BVI) Holding Ltd.	Regular investment	100.00%	100.00%
NHM (BVI) Holding Ltd.	H&M Semiconductor (Sichuan) Ltd.	Manufacturing, processing and trading of new electronic components	100.00%	100.00%

(4) Foreign currency transactions

The consolidated financial statements of this Group are presented in New Taiwan Dollars, which is the functional currency of the Company. Each entity within the Group determines its own functional currency and measures its financial statements using that functional currency.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Foreign currency transactions within the group are recorded in the functional currency using the exchange rates on the transaction dates. As of each reporting period, foreign currency monetary items are translated using the closing exchange rates, while foreign currency non-monetary items measured at fair value are translated using the exchange rates on the valuation date. Foreign currency non-monetary items measured at historical cost are translated using the exchange rates on the original transaction dates.

Except as described below, exchange differences arising from the settlement or translation of monetary items are recognized as profit or loss in the period in which they occur:

- (1) Exchange differences arising from foreign currency borrowings incurred to acquire qualifying assets, if considered as an adjustment to interest costs, are capitalized as part of the cost of those assets.
- (2) Foreign currency items subject to IFRS 9 "Financial Instruments" are treated in accordance with the accounting policies for financial instruments.
- (3) Exchange differences arising from monetary items that form part of a reporting entity's net investment in a foreign operation are initially recognized in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

When the gains or losses of non-monetary items are recognized in other comprehensive income, any exchange components of such gains or losses shall be recognized in other comprehensive income. On the other hand, the gains or losses of non-monetary items are recognized in profit or loss, any exchange components of such gains or losses shall be recognized in profit or loss.

(5) Translation of foreign currency financial statements

When preparing the consolidated financial statements, the assets and liabilities of foreign operating entities are converted into New Taiwan Dollars at the closing exchange rate on the balance sheet date, while the revenue and expense items are converted at the average exchange rate for the period. The resulting exchange differences are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operating entity. In the case of partial disposals involving subsidiaries with foreign operating entities or equity investments in associates or joint ventures with foreign operating entities, the portion of the retained equity containing financial assets denominated in foreign currency is also accounted for as a disposal.

When a subsidiary containing foreign operations is partially disposed of without losing control, the proportionate amount of the cumulative translation adjustment previously recognized in other comprehensive income is reclassified to the non-controlling interest of the foreign operations, rather than recognized in profit or loss. When a joint venture or associate containing foreign operations is partially disposed of without losing significant influence or joint control, the cumulative translation adjustment is proportionately reclassified to profit or loss.

As a result of acquiring foreign operating organizations, the Group recognizes the goodwill generated and fair value adjustments made to their assets and liabilities at their book values, which are then treated as the assets and liabilities of foreign operating organizations and reported in their functional currencies.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(6) The classification standards for assets and liabilities are as follows:

If an asset meets any of the following conditions, it is classified as a current asset, otherwise it is a non-current asset:

- A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- B. Assets held mainly for trading purposes;
- C. Assets that are expected to be realized within twelve months from the balance sheet date;
- D. Cash or cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

If a liability meets any of the following conditions, it is classified as a current liability, otherwise it is a non-current liability:

- A. Liabilities that are expected to be settled within the normal operating cycle;
- B. Liabilities arising mainly from trading activities;
- C. Liabilities that are to be settled within twelve months from the balance sheet date;
- D. The Group does not have the right at the balance sheet date to defer settlement of the liability for at least twelve months after the reporting period.

(7) Cash or cash equivalents

Cash and cash equivalents refer to cash, demand deposits, and short-term highly liquid investments that are readily convertible into imprest cash and are subject to insignificant risk of changes in value, including term deposits or investments with maturities of three months or less.

(8) Financial instruments

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

Financial assets and liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition, which can be directly attributed to financial assets and liabilities (excluding financial assets and financial liabilities measured at fair value through profit or loss). The transaction cost of acquiring or issuing such financial assets and financial liabilities is added or subtracted from the fair value of those financial assets and financial liabilities.

A. Recognition and Measurement of Financial Assets

All financial assets resulting from regular transactions by the Group are recognized and derecognized based on the accounting treatment on the transaction date.

The Group classifies financial assets into subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two criteria:

- a. The business model for managing financial assets
- b. The nature of contractual cash flow of the financial asset

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost and are presented in the balance sheet as notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

- a. Business model for managing financial assets: Holding financial assets to collect contractual cash flows.
- b. Nature of contractual cash flow of the financial asset: Cash flows solely represent principal repayments and interest on the outstanding principal amount.

These financial assets (excluding those involved in hedge relationships) are subsequently measured at amortized cost “the original recognition amount, less principal repayments, plus or minus the cumulative amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjusted for any loss allowance”. Gains or losses are recognized in profit or loss when the asset is derecognized, through the amortization process, or when an impairment gain or loss is recognized.

Interest is recognized in profit(loss) when using the effective interest method (by multiplying the effective interest rate by the total book value of the financial asset) or in the following circumstances:

- a. For purchased or originated credit-impaired financial assets, interest is calculated using the credit-adjusted effective interest rate applied to the amortized cost of the financial asset.
- b. For those financial assets that do not belong to the former category but have become credit impaired subsequently, they are measured at amortized cost using the effective interest rate method.

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two conditions are measured at fair value through other comprehensive income and presented in the balance sheet as fair value through other comprehensive income financial assets:

- a. The business model for managing the financial asset is to both collect contractual cash flows and sell financial assets.
- b. Nature of contractual cash flow of financial assets: cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The recognition of gains and losses related to these financial assets is as follows:

- a. Before derecognition or reclassification, except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss, the gains or losses are recognized in other comprehensive income.
- b. When derecognizing financial assets or financial liabilities, any previously recognized accumulated gains or losses in other comprehensive income will be reclassified from equity to profit or loss as reclassification adjustments, except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

- c. Interest calculated using the effective interest method (by multiplying the effective interest rate by the total book value of the financial assets) or the following is recognized in profit or loss:
 - (a) For credit-impaired financial assets acquired or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial assets.
 - (b) For financial assets that do not belong to the former category but become credit-impaired subsequently, they are measured at amortized cost using the effective interest method.

In addition, for equity instruments within the scope of IFRS 9 and not held for trading or recognized as consideration in a business combination accounted for under IFRS 3, and for which there is no irrevocable election to present subsequent changes in fair value in profit or loss, they are recognized at fair value on initial recognition with any subsequent changes in fair value reported in other comprehensive income. The amount recognized in other comprehensive income cannot subsequently be transferred to profit or loss (upon disposal of such equity instruments, the cumulative amount recognized in other equity is directly transferred to retained earnings), and such financial assets measured at fair value through other comprehensive income are presented on the balance sheet. Dividends from such investments are recognized in profit or loss, unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

All financial assets, except those measured at amortized cost or through other comprehensive income based on specific criteria mentioned earlier, are measured at fair value through profit or loss and reported on the balance sheet as financial assets at fair value through profit or loss.

This type of financial asset is measured at fair value, and any gains or losses resulting from the re-measurement are recognized in the income statement, including any dividends or interest earned from the financial asset.

B. Impairment of financial assets

The Group recognizes and measures the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost using expected credit losses. Investments in debt instruments measured at fair value through other comprehensive income or loss are recognized as an allowance for losses in other comprehensive income or loss and do not reduce the carrying amount of the investments.

The Group measures expected credit losses by considering the following factors:

- a. By determining an unbiased and probability-weighted amount through the evaluation of various possible outcomes.
- b. Time value of money
- c. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available without undue cost or effort as of the balance sheet date)

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

The method for measuring impairment losses is described as follows:

- a. Measurement of expected credit losses over a 12-month period includes financial assets that have not experienced a significant increase in credit risk since initial recognition or those that are determined to have low credit risk at the balance sheet date. In addition, it also includes impairment losses measured using the expected credit loss approach over the remaining life of the financial asset as of the previous reporting period, but which no longer meet the significant increase in credit risk condition since initial recognition as of the current balance sheet date.
- b. Measurement of expected credit losses over the remaining life of financial assets includes those that have had a significant increase in credit risk since initial recognition or that are credit-impaired at the reporting date, as well as those that are purchased or originated credit-impaired financial assets.
- c. For trade receivables or contract assets within the scope of IFRS 15, the Group measures the allowance for credit losses using the expected credit loss model over the remaining period of credit risk.
- d. For lease receivables within the scope of International Financial Reporting Standard 16, the Group measures the allowance for credit losses using the expected credit loss method over the remaining lease term.

On each balance sheet date, the Group evaluates whether there has been a significant increase in credit risk of financial instruments since their initial recognition by comparing the changes in default risk of the financial instruments between the balance sheet date and the initial recognition date. Please refer to Note 12 for information related to credit risk.

C. Derecognition of financial assets

The financial assets held by the Group will be derecognized under any of the following conditions:

- a. The contract right to cash flows from the financial asset has expired.
- b. The financial asset has been transferred and substantially all risks and rewards of ownership of the asset have been transferred to others.
- c. The financial asset has not been transferred or retained almost all risks and rewards of the asset's ownership, but the control over the asset has been transferred.

When a financial asset is derecognized as a whole, any difference between the book value of the asset and the consideration received or receivable is recognized in profit or loss, except for any cumulative gain or loss previously recognized in other comprehensive income and subsequently reclassified to profit or loss.

D. Liabilities and equity instruments

Classification of liabilities and equity

The Group's issued liabilities and equity instruments are classified as financial liabilities or equity instruments based on the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Equity instruments

Equity instruments refer to any contracts that evidence a residual interest in the assets of the Group after deducting all its liabilities. The Group's issued equity instruments are recognized at the amount of the proceeds received, net of any directly attributable issuance costs.

Hybrid Instruments

The Group recognizes the financial liability and equity components of its issued convertible bonds based on their contractual terms. For the issued convertible bonds, the economic characteristics and risks of the embedded call and put options are evaluated prior to separating the equity component.

The portion of the liability not involving derivatives, which has a fair value that is substantially the same and is not convertible, is classified as a financial liability measured at amortized cost until conversion or redemption. For the embedded derivatives that are not closely related to the economic characteristics and risks of the host contract (such as call and put options embedded that cannot be measured at fair value at each reporting date), they are classified as financial liability components and measured at fair value through profit or loss. The equity component is determined by deducting the financial liability component from the fair value of the convertible bond and is not remeasured subsequently. If the issued convertible bonds do not have any equity component, they are treated in accordance with IFRS 9 as hybrid instruments.

The transaction costs are allocated to the liability and equity components of the issued convertible bonds based on the proportion of their respective carrying amounts.

When the holders of the convertible bonds exercise their conversion rights before the maturity date, the book value of the liability component is adjusted to its carrying amount at conversion date as the basis for recording the issuance of common stocks.

Financial Liabilities

Financial liabilities that fall within the scope of IFRS 9 are initially classified as either fair value through profit or loss financial liabilities or amortized cost financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

Financial liabilities are classified as held for trading when one of the following conditions is met:

- a. The main purpose of the financial asset is to be sold in the short term;
- b. This condition refers to a situation where a financial instrument or a group of financial instruments is recognized as part of a recognizable group of financial instruments managed under a consolidated basis at its initial recognition, and there is evidence of short-term profit-taking activity associated with the group of financial instruments in the near term;
- c. It is a derivative instrument (excluding financial guarantee contracts or derivatives designated as effective hedging instruments).

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

For contracts containing one or more embedded derivative instruments, the overall mixed contract may be designated as a financial liability measured at fair value through profit or loss when either of the following factors can provide more relevant information at initial recognition:

- a. The designation eliminates or significantly reduces a measurement or recognition inconsistency;
- b. A group of financial assets, financial liabilities or both are managed on a fair value basis in accordance with a documented risk management or investment strategy and information on this investment portfolio, which is provided internally to management, is also based on fair value.

Any benefit or loss resulting from the remeasurement of such financial liabilities is recognized in profit or loss, which includes any interest paid on the financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include accounts payable and loans, which are measured using the effective interest method after initial recognition. When a financial liability is derecognized or amortized, any related gains or losses and the amortization amount are recognized in profit or loss.

The calculation of the amortized cost takes into account the discount or premium and transaction costs incurred at the time of acquisition.

Derecognition of Financial Liabilities.

Financial liabilities shall be derecognized when the obligation of the financial liability is discharged, canceled or expired.

When significant modifications (whether due to financial difficulties or not) are made to the terms of the existing financial liabilities or when the Group exchanges debt instruments with creditors that have significant differences in terms, the original liability shall be derecognized and the new liability shall be recognized. When a financial liability is derecognized, the difference between the book value and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

E. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities shall only be offset and presented on a net basis in the balance sheet when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(9) Derivative Financial Instruments

The Group holds or issues derivative financial instruments to hedge against exchange rate and interest rate risks. Designated and effective hedging instruments are reported in the balance sheet as hedging derivative assets or liabilities, while others that do not qualify as designated and effective hedging instruments are reported in the statement of financial position as financial assets or financial liabilities measured at fair value through profit or loss.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

The initial recognition of derivative financial instruments is based on their fair value at the date of the derivative financial instrument contract and subsequently measured at fair value. As the fair value of a derivative instrument is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability. Changes in the fair value of derivative instruments are recognized directly in profit or loss, except for those involving cash flow hedges and net investment hedges of foreign operations that are considered effective, the gains and losses are recognized in profit or loss or equity items depending on the type of hedging.

Embedded derivatives in non-financial assets or non-financial liabilities are treated as independent derivative financial instruments when their economic characteristics and risks are not closely related to the host contract and the host contract is not measured at fair value through profit or loss.

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in either:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most advantageous market for the asset or liability

The principal market or the most advantageous market must be accessible by the Group to make the transaction.

The fair value measurement of assets or liabilities uses the assumptions that market participants would use when pricing the assets or liabilities, assuming that the market participants are acting in their economic best interest.

The fair value measurement of non-financial assets takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling the asset to another market participant who would use the asset in its highest and best use.

The Group employs valuation techniques that are appropriate and have sufficient data available in the relevant circumstances to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

(11) Inventory

The inventory is valued at the lower of cost or net realizable value on an item-by-item basis.

Cost refers to the cost incurred to bring the inventory to its present location and condition for sale or use:

Raw materials : valued using the weighted average method based on the actual purchase cost.

finished and work-in-progress goods : It includes direct materials, labor, and fixed manufacturing overhead allocated at normal capacity levels, but excludes borrowing costs.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Net realizable value refers to the estimated selling price less the costs of completion and sales expenses under normal conditions.

Provision of labor services are accounted for in accordance with IFRS 15 and are not within the scope of inventory.

(12) Property, plant, and equipment

Property, plant, and equipment are recognized at cost, including the costs of dismantling, removing, and restoring the location of the asset and necessary interest incurred during the construction phase. They are then reduced by accumulated depreciation and accumulated impairment losses. If a significant component of property, plant, and equipment has a useful life and depreciation method that is different from the remainder, it is separately depreciated. When significant components of property, plant, and equipment are subject to periodic revaluation, they are treated as individual assets and are recognized using specific useful lives and depreciation methods. Any resulting carrying amount of the revalued component is derecognized in accordance with IAS 16. If significant overhaul costs meet the recognition criteria, they are recognized as part of the cost of replacing the asset, while other repairs and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives of the following assets:

<u>Assets</u>	<u>Useful life</u>
Real estate and buildings	7-51 years
Machinery and equipment	2-10 years
Other equipment	2-15 years

After the initial recognition, if a real estate, plant, or equipment item or any significant component is disposed of or expected to generate no future economic benefits through use or disposal, it should be derecognized and any resulting gain or loss recognized.

The residual value, useful life, and depreciation method of real estate, plant, and equipment are evaluated at the end of each financial year. Any changes in the estimated values compared to the previous estimates are recognized as accounting estimate changes.

(13) Leases

Upon the establishment of a contract, the Group assesses whether the contract constitutes or contains a lease. If the contract transfers the right to control the use of a recognized asset for a period of time in exchange for consideration, the contract is deemed to be or to contain a lease. In order to evaluate whether the contract transfers the right to control the use of a recognized asset for a period of time, the Group assesses whether it has the following over the entire period of use:

- (1) The right to obtain substantially all of the economic benefits from the use of the identified assets;
- (2) The right to direct the use of the identified assets.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

For contracts that contain a lease (or lease component), the Group treats each lease component as a separate lease and accounts for it separately from non-lease components in the contract. If a contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component based on the relative standalone price of each lease component and the aggregate standalone price of the non-lease components in the contract. The relative standalone price of the lease and non-lease components is based on the price charged by the lessor (or a similar supplier) for each component (or similar components), respectively. If the standalone price is not readily observable, the Group maximizes the use of observable information to estimate the standalone price.

Lessee

Except for leases of low-value assets or short-term leases, when the Group is a lessee under a lease contract, it recognizes a right-of-use asset and a lease liability for all leases.

On the commencement date, the Group measures the lease liability at the present value of the lease payments that are not yet paid on that date. If the implicit rate of interest in the lease is readily determinable, the lease payments are discounted using that rate. If the implicit rate is not readily determinable, the lessee's incremental borrowing rate is used. On the commencement date, the lease payments included in the lease liability comprise the following payments related to the right to use the underlying asset that are unpaid on that date:

- (1) fixed payments (including any in-substance fixed payments), less any lease incentives receivable;
- (2) Variable lease payments that are based on an index or a rate (initially measured using the index or rate as at the commencement date);
- (3) The amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability using the effective interest method, with the lease liability increased to reflect interest on the lease liability and reduced by lease payments made.

On the commencement date, the Group measures the right-of-use asset at cost, which includes:

- (1) The initial measurement of the lease liability;
- (2) Any lease payments made at or before the commencement date, less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) The estimated cost of dismantling, removing and restoring the underlying asset, or of restoring the underlying asset to the condition required by the terms and conditions of the lease.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

The subsequent measurement of the right-of-use asset is based on the cost model, which means it is measured at cost less accumulated depreciation and accumulated impairment losses.

If ownership of the underlying asset transfers to the Group at the end of the lease term, or if the cost of the right-of-use asset reflects that the Group is reasonably certain to exercise a purchase option, then depreciation is provided over the useful life of the asset from the commencement date until the end of the useful life of the asset. Otherwise, depreciation is provided over the useful life of the asset from the commencement date until the earlier of the end of the useful life of the asset or the end of the lease term.

The Group applies IAS 36, "Impairment of Assets," to assess whether a right-of-use asset has suffered any impairment and to recognize any impairment losses.

Except for leases of low-value assets or short-term leases, the Group recognizes right-of-use assets and lease liabilities on the balance sheet, and recognizes depreciation expense and interest expense separately in the statement of comprehensive income.

For leases of low-value assets or short-term leases, the Group may choose to recognize the lease payments as an expense under a straight-line method or another systematic basis over the lease term.

(14) Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired through a business combination are measured at their fair value at the acquisition date. Subsequently, intangible assets are measured at cost less accumulated amortization and impairment losses, i.e., using the cost model. Internally generated intangible assets that do not meet the recognition criteria are expensed when incurred.

Intangible assets are classified as having either a finite or indefinite useful life.

Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment when there are indicators of impairment. The amortization period and method for intangible assets with finite useful lives are reviewed at least at the end of each financial year. If the estimated useful life of the asset differs from previous estimates or the expected pattern of consumption of future economic benefits has changed, the amortization method or period is adjusted and treated as an accounting estimate change.

Intangible assets with indefinite useful lives are not amortized, but they are subject to impairment testing at the individual asset or cash-generating unit level annually. The useful life of intangible assets with indefinite useful lives is assessed each reporting period to determine if there are any events or circumstances that continue to support their classification as indefinite. If the useful life is changed from indefinite to finite, the new accounting treatment is applied prospectively.

Any gains or losses arising from the derecognition of intangible assets are recognized as profits/losses.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Summary of the accounting policies for intangible assets of the Group are as follows:

	<u>computer software cost</u>
Useful life	Finite(5 years)
Amortization method	straight-line method
Internal or external acquisition.	External

(15) Non-financial asset impairment

At the end of each reporting period, the Group evaluates whether there are indicators of impairment for all assets that fall within the scope of IAS 36 "Impairment of Assets". If there are indicators of impairment or if certain assets require an annual impairment test, the Group conducts an impairment test on an individual asset or on the cash-generating unit to which the asset belongs. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the Group recognizes an impairment loss. The recoverable amount is the higher of the net fair value or value in use.

At the end of each reporting period, the Group also assesses whether there are indications that previously recognized impairment losses for assets other than goodwill may no longer exist or may have decreased. If such indications exist, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, the carrying amount after reversal cannot exceed the asset's carrying amount if no impairment loss had been recognized, net of depreciation or amortization.

Impairment losses and reversals for continuing operations are recognized as profits/losses.

(16) Provisions

The recognition criteria for liability provisions is that a present obligation (legal or constructive) has arisen from past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the company expects some or all of the liability provisions to be reimbursed, it is recognized as a separate asset only when the reimbursement is virtually certain. If the time value of money is significant, liability provisions are discounted at a pre-tax rate that reflects the specific risks of the liability. The increase in the liability amount due to the passage of time during discounting is recognized as borrowing cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

Provisions for dismantling, restoration and similar costs

Provisions for dismantling, removal of property, plant and equipment and restoration of the site on which they are located are measured at the present value of the estimated cash flows required to settle the obligation, and the costs of dismantling are recognized as part of the cost of the asset. The cash flows are discounted using a rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense. Estimates of future dismantling costs are reviewed and adjusted for appropriateness at the end of each reporting period. Changes in estimates of future dismantling costs or changes in the discount rate increase or decrease the related asset cost.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(17) Revenue Recognition

The Group's revenue from contracts with customers primarily includes sales of goods and rendering of services, and the accounting treatment is described as follows:

Sales of Goods

The Group manufactures and sells goods. Revenue and accounts receivable are recognized when the promised goods are delivered to the customer and the customer obtains control over them (i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the goods). The main products are power transistors, diodes, and solar cell chips, and revenue is recognized based on the contractually agreed price.

The credit period for the sale of goods is 30 to 120 days. For most contracts, when control over the goods is transferred and the Group has an unconditional right to receive payment, accounts receivable are recognized. Such accounts receivable are usually short-term and do not constitute a significant portion of the Group's financial statements. For a few contracts, the Group has transferred the goods to the customer but does not yet have an unconditional right to receive payment. In such cases, contract assets are recognized, and the impairment loss is measured based on the expected credit loss amount over the asset's life, in accordance with IFRS 9.

(18) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses in the period incurred. Borrowing costs include interest and other costs related to borrowing funds.

(19) Retirement benefits plan

The retirement policy of the Company applies to all regular employees, and the retirement benefits of the employees are fully deposited into the Labor Retirement Reserve Supervisory Committee and stored in the Retirement Fund Account. As the above-mentioned retirement benefits are deposited in the name of the Labor Retirement Reserve Supervisory Committee and are completely separated from the Company, they are not included in the aforementioned consolidated financial statements. The retirement benefits of the employees of overseas subsidiaries are handled in accordance with local laws and regulations.

For defined contribution retirement benefits plans, the Company's monthly contribution rate for employee retirement benefits shall not be less than 6% of the employee's monthly salary, and the amount contributed shall be recognized as expenses in the current period. The overseas subsidiaries contribute and recognize expenses in the current period according to the specific proportion in the local area.

(20) Income tax

Income tax expenses (benefits) refer to the aggregate amount included in determining the current period's income statement and related to current income tax and deferred income tax.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Current Income Tax

Current income tax payable (receivable) for the current period and prior periods is measured using the enacted or substantially enacted tax rates and laws at the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity, respectively, and not in profit or loss.

The portion of the undistributed earnings subject to additional income tax is recognized as income tax expense on the date of the shareholder resolution to distribute the earnings.

Deferred Income Tax

Deferred income tax is calculated on the temporary differences between the tax base of assets and liabilities and their book values on the balance sheet date.

All taxable temporary differences, except for the following two items, are recognized as deferred income tax liabilities:

- (1) The original recognition of goodwill; or the original recognition of assets or liabilities not arising from a business combination, which, at the time of the transaction, neither impacts accounting profit nor taxable income (loss), and does not result in equal temporary differences between taxable and deductible amounts at the time of the transaction.
- (2) Temporary differences arising from investments in subsidiaries, associates, and joint ventures that are not expected to reverse in the foreseeable future and over which the entity has control.

Deferred income tax assets arising from deductible temporary differences, unused tax losses and unused tax credits are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized, except for the following two items:

- (1) This relates to the deductible temporary differences arising from the original recognition of assets or liabilities not resulting from business combination transactions, which, at the time of the transaction, neither affect accounting profit nor tax income (loss), and do not result in the recognition of equal taxable and deductible temporary differences at the time of the transaction.
- (2) The deductible temporary differences arising from investments in subsidiaries, associates, and joint ventures, provided it is probable that the differences will reverse in the foreseeable future and sufficient taxable income will be available against which the differences can be utilized.

Deferred tax assets and liabilities are measured based on the tax rates and laws that are enacted or substantively enacted at the end of the reporting period, and reflect the tax consequences of expected asset realizations or liability settlements in the current period. The measurement of deferred tax assets and liabilities reflects the tax consequences of the expected recovery of assets or the settlement of liabilities at their carrying amounts as of the end of the reporting period. Deferred tax items that are not recognized in profit or loss are recognized in other comprehensive income or directly in equity, depending on the nature of the transaction. Deferred tax assets are reviewed and recognized at the end of each reporting period.

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

Deferred tax assets and liabilities can only be offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax is levied by the same tax authority as the income tax levied on the same taxable entity.

According to the Amendments to IFRS 12, "International Tax Reform - Pillar 2 Blueprint," temporary exceptions, therefore, prohibit the recognition of deferred tax assets and liabilities for Pillar 2 income taxes and also prohibit the disclosure of related information.

5. Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty

In preparing the consolidated financial statements, the management of the Group is required to make judgments, estimates and assumptions as of the end of the reporting period, which affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainty associated with these significant assumptions and estimates may result in significant adjustments to the carrying amounts of assets or liabilities in future periods.

Estimates and Assumptions

Information on the sources of uncertainty related to the significant estimates and assumptions made about the future as of the end of the reporting period may result in significant risks of material adjustments to the book value of assets and liabilities in the next financial year. The following are the details:

(1) Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from an active market, fair value will be determined using valuation techniques including income approach (e.g. discounted cash flow model) or market approach. Changes in the assumptions used in these models will affect the fair value of the reported financial instruments. Please refer to Note 12 for details.

(2) Impairment of Non-Financial Assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell is based on the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. The value in use is based on a discounted cash flow model. The estimation of cash flows is based on a five-year budget, excluding any restructuring that the Group has not committed to, or significant future investments needed to enhance the asset performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used in the discounted cash flow model and the expected future cash inflows and growth rate based on extrapolation.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(3) Income Tax

The uncertainty in income tax arises from the interpretation of complex tax regulations, the amount and timing of future taxable income. The actual results from extensive international business relationships and long-term and complex contracts may differ from the assumptions made, or changes in these assumptions in the future may require adjustments to the income tax benefit or expense already recognized in the future. The provision for income tax is based on reasonable estimates made based on possible audit results of the tax authorities in the countries where the consolidated companies operate. The amount recognized is based on various factors, such as past tax audit experience and different interpretations of tax regulations by taxpayers and tax authorities. These differences may raise various issues due to the location of individual companies within the Group.

Unused tax losses and tax credits for future periods and deductible temporary differences are recognized as deferred tax assets within the scope of probable future taxable income or deductible temporary differences. The determination of the amount of deferred tax assets recognized is based on estimates of future taxable income and probable temporary differences, as well as future tax planning strategies at the time and level when they may occur.

As of December 31, 2025, please refer to Note 6 for the explanation of the deferred tax assets not yet recognized by the Group.

(4) Accounts receivable - estimated impairment loss

The estimated impairment loss for accounts receivable of the Group is measured by expected credit losses during the existence of accounts receivable. The credit losses are measured by the difference between the present value of the contractual cash flows (book value) and the expected cash flows to be collected (forward-looking information). However, the impact of discounting on short-term accounts receivable is insignificant, and credit losses are measured by the undiscounted difference. If actual cash flows in the future are less than expected, significant impairment losses may arise, please refer to Note 6 for more details.

(5) Inventory

The estimated net realizable value of inventory is determined by considering the possibility of inventory impairment, obsolescence, or decline in selling price. The most reliable evidence of the expected realizable value of inventory at the time of estimation is used for this purpose, as described in Note 6.

6. Description of Significant Accounts

1. Cash and cash equivalents

	As of December 31, 2025	As of December 31, 2024
Cash on hand	\$373	\$289
Check and cash in bank	20,514	39,872
Total	<u>\$20,887</u>	<u>\$40,161</u>

As of December 31, 2024, the Group also held NT\$59,013 thousand in time deposits with a maturity of more than 3 months, which were recorded under other financial assets - current items based on the maturity date of the time deposits, with an interest rate of 5.20-5.28% as of December 31, 2024.

Mospec Semiconductor Corp. and subsidiaries
Notes to the Consolidated Financial Statements
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

2. Financial assets measured at fair value through profit or loss

	As of December 31, 2025	As of December 31, 2024
Mandatory fair value measurement through profit or loss: stock	\$83,292	\$95,628
Current	\$83,292	\$95,628

The Group does not provide collateral for financial assets measured at fair value through profit or loss.

3. Notes receivable, net

	As of December 31, 2025	As of December 31, 2024
Notes receivable - generated from operations.	\$665	\$319
Less: allowance for doubtful accounts	—	—
Total	\$665	\$319

The Group did not provide any notes receivable as collateral for its loans.

The impairment and related information on allowance for doubtful accounts are evaluated in accordance with IFRS 9. Please refer to Note 6.15 for more details, and for information related to credit risk, please refer to Note 12.

4. Accounts receivable, net

	As of December 31, 2025	As of December 31, 2024
Accounts receivable	\$10,314	\$9,347
Less: allowance for doubtful accounts	(80)	(73)
Total	\$10,234	\$9,274

The Group did not provide any accounts receivable as collateral for its loans.

The credit period provided by the Group to its customers is usually between 30 to 120 days. As of December 31, 2025 and December 31, 2024, the total book value was NT\$10,979 thousand and NT\$9,666 thousand, respectively. The information on the allowance for doubtful accounts for the year 2025 and 2024 is detailed in Note 6.15, and for information related to credit risk, please refer to Note 12.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

5. Inventories

	As of December 31, 2025	As of December 31, 2024
Raw material	\$2,215	\$4,137
Work in process	393	98
Finished goods	2,326	3,600
Total	<u>\$4,934</u>	<u>\$7,835</u>

The inventory costs recognized as expenses for the fiscal years 2025 and 2024 by the Group were NT\$ 53,514 thousand and NT\$ 44,799 thousand, respectively, including inventory write-down (reversal) of (NT\$ 814 thousand) and (NT\$ 6,731 thousand), respectively. Due to the disposal of some obsolete inventory in the same period of the previous year, there was a situation of inventory reversal benefit.

The Group did not provide any inventories as collateral for its loans.

6. Other current assets

	As of December 31, 2025	As of December 31, 2024
Excess business tax paid	\$35,002	\$12,041
Prepaid expense	1,485	445
Temporary debits	248	—
Others	27	29
Total	<u>\$36,762</u>	<u>\$12,515</u>

7. Property, Plant and Equipment

	As of December 31, 2025	As of December 31, 2024
Property, plant and equipment used by the Company	<u>\$439,225</u>	<u>\$405,372</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost:</u>					
January 1, 2025	\$178,778	\$ 276,255	\$750,318	\$193,730	\$1,399,081
Additions	—	742	—	—	742
Disposals	—	—	(20,009)	—	(20,009)
Transfers	—	—	36,972	24,588	61,560
Effect of exchange rate changes	—	284	482	1	767
December 31, 2025	<u>\$178,778</u>	<u>\$277,281</u>	<u>\$767,763</u>	<u>\$218,319</u>	<u>\$1,442,141</u>

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
January 1, 2024	\$178,778	\$271,993	\$814,432	\$239,902	\$1,505,105
Additions	—	—	—	—	—
Disposals	—	(380)	(80,019)	(50,593)	(130,992)
Reclassification	—	1,952	6,044	4,410	12,406
Effect of exchange rate changes	—	2,690	4,184	11	6,885
Other changes	—	—	5,677	—	5,677
December 31, 2024	\$178,778	\$276,255	\$750,318	\$193,730	\$1,399,081

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Depreciation and impairment</u>					
January 1, 2025	\$—	\$150,914	\$682,465	\$160,330	\$993,709
Depreciation	—	8,041	11,943	8,463	28,447
Disposals	—	—	(20,009)	—	(20,009)
Effect of exchange rate changes	—	185	581	3	769
December 31, 2025	\$—	\$159,140	\$674,980	\$168,796	\$1,002,916

January 1, 2024	\$—	\$142,407	\$742,624	\$202,574	\$1,087,605
Depreciation	—	8,442	8,061	8,343	24,846
Disposals	—	(380)	(78,597)	(50,592)	(129,569)
Effect of exchange rate changes	—	445	2,453	5	2,903
Other changes	—	—	7,924	—	7,924
December 31, 2024	\$—	\$150,914	\$682,465	\$160,330	\$993,709

Net book value

December 31, 2025	\$178,778	\$118,141	\$92,783	\$49,523	\$439,225
December 31, 2024	\$178,778	\$125,341	\$67,853	\$33,400	\$405,372

Please refer to Note 8 for information on the provision of collateral with real estate, plants and equipment.

8. Other Noncurrent Asset

	As of December 31, 2025	As of December 31, 2024
Prepayments for equipment	\$66,179	\$59,670
Excess business tax paid	31,779	31,666
Total	\$97,958	\$91,336

Please refer to Note 8 for details regarding the equipment advances provided as collateral.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

9. Short-Term Loans

Nature of Loans	As of December 31, 2025	As of December 31, 2024
Unsecured loans	\$—	\$30,000
Secured loans	60,000	97,085
Total	\$60,000	\$127,085
Maturity date	2026/6/26~2026/11/25	2025/6/25~2025/11/11
Interest rate	2.525%	2.775%~5.36%
Unused portion	\$—	\$—

The above bank secured loans are secured by other financial assets - current, please refer to Note 8 for details on the collateral.

10. Long-Term Loans

As of December 31, 2025, the details of long-term loans are as follows:

Creditor	As of December 31, 2025	Annual Interest Rate(%)	Loan Content
Secured loans by First Bank	\$ 1,450	2.350%	The loan is repayable in monthly installments of principal from February 8, 2023 to February 8, 2028, with monthly interest payments.
Unsecured loans by First Bank	8,218	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
Unsecured loans by First Bank	2,055	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
Secured loans by First Bank	14,450	2.525%	The loan is repayable in monthly installments of principal from May 6, 2024 to May 6, 2027, with monthly interest payments.
Secured loans by First Bank	22,366	2.525%	The loan is repayable in monthly installments of principal from August 7, 2024 to August 7, 2029, with monthly interest payments.
Secured loans by First Bank	14,489	2.525%	The loan is repayable in monthly installments of principal from June 2, 2025 to June 2, 2030, with monthly interest payments.
Secured loans by First Bank	23,248	2.525%	The loan is repayable in monthly installments of principal from October 13, 2025 to October 13, 2030, with monthly interest payments.
Secured loans by First Bank	15,000	2.525%	The loan is repayable in monthly installments of principal from December 24, 2025 to December October 24, 2030, with monthly interest payments.
Subtotal	101,276		
Less: Current portion	(31,253)		
Total	\$ 70,023		

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

As of December 31, 2024, the details of long-term loans are as follows:

Creditor	As of December 31, 2024	Annual Interest Rate(%)	Loan Content
Secured loans by First Bank	\$2,095	2.350%	The loan is repayable in monthly installments of principal from February 8, 2023 to February 8, 2028, with monthly interest payments.
Unsecured loans by First Bank	11,380	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
Unsecured loans by First Bank	2,845	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
Secured loans by First Bank	24,343	2.525%	The loan is repayable in monthly installments of principal from May 6, 2024 to May 6, 2027, with monthly interest payments.
Secured loans by First Bank	28,116	2.525%	The loan is repayable in monthly installments of principal from August 7, 2024 to August 7, 2029, with monthly interest payments.
Subtotal	68,779		
Less: Current portion	(20,240)		
Total	\$48,539		

Please refer to Note 8 for details on the collateral for the First Bank secured loan.

11. Retirement Benefits Plan

Defined contribution plans

The employee retirement plan established by the Group is a defined contribution plan under the "Labor Pension Act". Pursuant to the Act, the Group is required to contribute to each employee's individual retirement account every month, and the contribution rate must be no less than 6% of the employee's monthly salary. The Group has already established an employee retirement plan in accordance with the Act and contributes 6% of each employee's monthly salary to employees' pension accounts every month.

In 2025 and 2024, the Group recognized retirement benefit plan expenses of NT\$ 1,258 thousand and NT\$ 1,233 thousand, respectively.

Mospec Semiconductor Corp. and subsidiaries
Notes to the Consolidated Financial Statements
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

12. Provision for Liabilities

	Decommissioning, Restoration, and Remediation Costs
January 1, 2025	\$—
Current use	—
December 31, 2025	\$—
January 1, 2024	\$6,601
Current use	(6,601)
December 31, 2024	\$—
Noncurrent—December 31, 2025	\$—
Noncurrent—December 31, 2024	\$—

Decommissioning, Restoration, and Remediation Costs

The provision recognizes pollution prevention and control costs related to land owned by the Group, which are estimated based on the best estimate of future possible investment amounts.

13. Equity

(1) Common stock

1. As of December 31, 2025 and 2024, the authorized capital stock of the Company was NT\$1,800,000 thousand divided into 180,000 thousand shares with a par value of NT\$10 per share. The issued and outstanding common stock of the Company was NT\$370,000 thousand divided into 37,000 thousand shares with a par value of NT\$10 per share (including 27,489 thousand shares of privately placed common stock). Each share is entitled to one vote and to receive dividends.
2. The Board of Directors of the Company passed resolutions on April 8, April 15, September 7, and October 8, 2009 to issue privately placed common stock totaling NT\$276,300 thousand (NT\$42,439 thousand after reducing capital to offset accumulated losses).
3. The Board of Directors of the Company passed a resolution on December 28, 2010 to issue privately placed new shares of common stock totaling NT\$48,375 thousand (NT\$7,430 thousand after reducing capital to offset accumulated losses).
4. The Board of Directors of the Company passed a resolution on June 8, 2011 to issue privately placed new shares of common stock totaling NT\$66,750 thousand (NT\$10,253 thousand after reducing capital to offset accumulated losses).
5. The Board of Directors of the Company passed a resolution on February 26, 2013 to issue privately placed new shares of common stock totaling NT\$96,150 thousand (NT\$14,769 thousand after reducing capital to offset accumulated losses).
6. In order to improve its financial structure, the Company passed a resolution at the shareholders' meeting on June 29, 2020 to reduce its capital to offset accumulated losses by NT\$536,021 thousand, with a reduction ratio of 75.9214%.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

7. The Board of Directors of the Company passed a resolution on September 24, 2020 to issue privately placed new shares of common stock totaling NT\$100,000 thousand.
8. The Board of Directors of the Company passed a resolution on March 11, 2021 to issue privately placed new shares of common stock totaling NT\$100,000 thousand.
9. The rights and obligations of the privately placed new shares are generally the same as those of the common stock already issued by the Company. However, according to the Securities and Exchange Act, the privately placed common stock cannot be freely transferred within three years after the issuance. Except for the restrictions on transferability under the Securities and Exchange Act, and subject to completing the public issuance and waiting for three years from the delivery date, the privately placed common stock has the same rights and obligations as the common stock already issued by the Company.

(2) Capital Reserve

A.

Item	2025.12.31	2024.12.31
Issuance premium	\$101,419	\$101,419

- B. According to laws and regulations, capital reserves can only be used to offset company losses. When the company has no losses, the capital reserves generated from the premium on the issuance of shares and donations received may be allocated to increase capital up to a certain percentage of paid-in capital each year. The aforementioned capital reserves may also be distributed as cash dividends in proportion to the shareholders' original shares.

(3) Earnings Distribution and Dividend Policy

According to the Company's articles of incorporation, if there are profits in the annual financial statements, they shall be distributed in the following order:

- A. Payment of taxes and other government charges.
- B. Offset of accumulated losses.
- C. Appropriation of at least 10% of the net income for the legal reserve.
- D. Appropriation or transfer to other special reserves as required by laws and regulations.
- E. Other remaining profits shall be proposed by the Board of Directors for distribution as dividends, subject to the approval of the shareholders at the shareholders' meeting.

The Company's dividend policy takes into consideration the current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests. The Company shall allocate not less than 50% of the distributable profits for dividends to shareholders each year. Dividends may be paid in cash or shares, with the cash portion not less than 50% of the total dividend amount.

According to the Company Act, the legal reserve shall be appropriated until it reaches an amount equal to the Company's paid-in capital. The legal reserve may be used to offset losses. When there are no accumulated losses, any excess in the legal reserve over 25% of the paid-in capital may be distributed to shareholders in the form of new shares or cash, in proportion to their shareholdings.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

When the Company distributes its distributable profits, it is required by law to allocate the remaining balance of the special reserve after first-time adoption of IFRS and the net amount of other equity deduction to offset the special reserve. In the event that the net amount of other equity deduction is reversed, the Company may allocate the reversed portion to the special reserve for distribution of profits.

The board of directors and the shareholders' meeting of the Company held on March 6, 2026 and May 27, 2025, respectively, proposed and resolved the earnings appropriation and distribution plans, along with the dividends per share for the fiscal years 2025 and 2024, as listed below:

	Earnings appropriation and distribution of		Dividends per share (NT\$)	
	2025	2024	2025	2024
Legal reserve	\$77	\$525		
special reserve	691	4,401		
Cash dividends	—	—	\$—	\$—

The Company's annual general meeting of shareholders held on June 12, 2024, approved the resolution of proposal for the 2023 deficit compensation of NT\$91,841 thousand from the capital surplus.

Due to accumulated losses in 2023, the company passed a resolution at its shareholders' meeting on June 12, 2024 not to distribute any profits

For information regarding the estimation basis and recognition amount of employee and director remuneration, please refer to Note 6.17.

14. Net revenue

	2025	2024
Revenue from customer contracts		
Net revenue from sale of goods	\$45,551	\$50,713

The revenue information related to customer contracts for the Group in 2025 and 2024 are as follows:

Revenue breakdown

	2025	2024
	Semiconductor	Semiconductor
Sales of Goods	\$45,551	\$50,713

Revenue recognition timing:

At a certain time	\$45,551	\$50,713
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15. Expected credit gain(loss)

	2025	2024
Operation expense— Expected credit gain		
Accounts receivable	\$(7)	\$56

For information related to credit risk, please refer to Note 12 in the financial statements.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

The accounts receivable of the Group (including notes and accounts receivable) are measured for impairment using the lifetime expected credit loss method. The relevant explanation of the assessment of the allowance for impairment on December 31, 2025 and 2024 is as follows:

Historical credit loss experience of accounts receivable showed no significant difference in loss patterns among different customer groups. Therefore, a non-segmented approach was adopted using the provision matrix to measure the allowance for impairment. The related information is as follows:

December 31, 2025	Not Overdue (Note)	Days Past Due				Total
		Within 90 days	91-180 days	181-365 days	Over 366 days	
Total book value	\$665	\$9,708	\$606	\$—	\$—	\$ 10,979
Loss rate	0%	0.78%	0.78%	50%	100%	
Lifetime expected credit losses	—	(76)	(4)	—	—	(80)
Subtotal	\$665	\$9,632	\$602	\$—	\$—	\$10,899
Book value						<u>\$10,899</u>

December 31, 2024	Not Overdue (Note)	Days Past Due				Total
		Within 90 days	91-180 days	181-365 days	Over 366 days	
Total book value	\$319	\$8,659	\$688	\$—	\$—	\$9,666
Loss rate	0%	0.78%	0.78%	50%	100%	
Lifetime expected credit losses	—	(68)	(5)	—	—	(73)
Subtotal	\$319	\$8,591	\$683	\$—	\$—	\$9,593
Book value						<u>\$9,593</u>

Note: All notes receivable of the Group are not overdue.

The information on the changes in the loss allowance of accounts receivable for the years ended December 31, 2025 and 2024 of the Group is presented below:

	Accounts Receivable
January 1, 2025	\$73
Addition (Reversal)	7
Effect of exchange rate changes	—
December 31, 2025	<u>\$80</u>
January 1, 2024	\$126
Addition (Reversal)	(56)
Effect of exchange rate changes	3
December 31, 2024	<u>\$73</u>

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

16. Lease

(1) As a lessee

The lease term for the real estate (land) contract that the company leased is 50 years.

The effect of the lease on the financial position, financial performance, and cash flows of the Group is explained as follows:

A. The amount recognized on the balance sheet

The carrying amounts of the right-of-use asset

	<u>2025.12.31</u>	<u>2024.12.31</u>
Land	\$3,155	\$3,213

B. The amount recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	<u>2025</u>	<u>2024</u>
Land	\$67	\$70

C. Revenue and expenses related to leasing activities for the lessee

	<u>2025</u>	<u>2024</u>
Expenses related to leases of low-value assets (excluding expenses related to leases of low-value assets with a lease term of 12 months or less)	\$108	\$259

D. Cash outflows related to the lessee and leasing activities

The total cash outflows related to leasing activities for the Group were NT\$108 thousand and NT\$259 thousand for the years ended December 31, 2025 and 2024, respectively.

(2) As a lessor

The Group has entered into commercial property lease agreements for its own properties for a term of six years.

	<u>2025</u>	<u>2024</u>
Rental income from operating leases	\$224	\$—

17. Summary of Employee Benefits, Depreciation, and Amortization Expenses by Function:

By item \ By function	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employees' Benefits						
Salaries	\$3,334	\$17,581	\$20,915	\$1,041	\$18,358	\$19,399
Health and Labor Insurance	449	1,842	2,291	144	1,785	1,929
Pensions	139	1,119	1,258	69	1,164	1,233
Others	297	1,076	1,373	73	952	1,025
Depreciation(Note)	13,641	10,815	24,456	10,039	10,621	20,660
Amortization	—	—	—	—	—	—

Note : The depreciation provision for the solar power generation equipment of the Group is recorded as an expense under other expenses.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

According to the Company's regulations, if there is profit for the year, no less than 1% shall be allocated for employee remuneration and no more than 2% for director remuneration. However, if the Company has accumulated losses, the amount to make up for such losses shall be reserved in advance. The aforementioned employee remuneration may be provided in the form of stocks or cash and shall be resolved by the board of directors with the consent of at least two-thirds of the attending directors and a majority of the total number of directors, and shall be reported to the shareholders' meeting. For information on employee and director compensation approved by the board of directors, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

In accordance with its profitability of 2025, the Company estimated the remuneration to employees and directors at 1% each, and recognized NT\$8 thousand for each, which were accounted as salary expenses.

For the year ended December 31, 2024, based on the Company's profitability, remuneration to employees and directors was accrued at 1% and 1%, respectively. The recognized remuneration amounts for employees and directors amounted to NT\$54 thousand and NT\$54 thousand, respectively, which were included under salary expenses.

The actual distribution of employee remuneration for 2024 was NT\$54 thousand, which shows no material difference from the amount recognized as an expense in the 2024 financial statements.

The estimated remuneration for directors and supervisors of the Company for the year 2024 has not yet been actually distributed.

18. Non-operating income and expenses

(1) Interest Income

	2025	2024
Amortized cost financial asset - Bank deposit interest	\$889	\$3,235

(2) Other Income

	2025	2024
Other Income - Others	\$12,015	\$6,069
Dividend	705	596
Rent income	224	—
Total	\$12,944	\$6,665

(3) Other income and expenses

	2025	2024
Gain (loss) on disposal of property, plant and equipment	\$—	\$945
Net foreign exchange gain	1,803	3,699
Gain on financial assets at fair value through profit (Note)	61,094	52,095
Other expenses - Depreciation of solar power equipment	(4,058)	(4,256)
Other expenses - Others	(5,314)	(3,309)
Total	\$53,525	\$49,174

Note: This is generated by the financial assets mandatorily measured at fair value through profit or loss.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(4) Financial Cost

	2025	2024
Interest on bank loans	\$(4,481)	\$(6,500)
Total	<u>\$(4,481)</u>	<u>\$(6,500)</u>

19. Components of Other Comprehensive Income

	2025				
	Current period generated	Reclassific ation adjustment s For the Period	Other Comprehe nsive Income	Income tax benefit (expense)	After-Tax Amount
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operating entities	\$(1,576)	—	\$(1,576)	—	\$(1,576)
	2024				
	Current period generated	Reclassific ation adjustment s For the Period	Other comprehen sive Income	Income tax benefit (expense)	After-tax Amount
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operating entities	\$3,685	—	\$3,685	—	\$3,685

20. Income Tax

(1) The major components of income tax expense for 2025 and 2024 are as follows:

Income tax expense recognized in profit or loss

	2025	2024
Current income tax expense:		
Current tax expense recognized in the current year	\$(16)	\$—
Deferred income tax expense:		
The origination and reversal of temporary differences	—	—
Income tax expense recognized in profit or loss	<u>\$(16)</u>	<u>\$—</u>

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Income tax recognized in other comprehensive profit or loss

	<u>2025</u>	<u>2024</u>
Deferred income tax expense:		
Foreign exchange differences arising from the translation of financial statements of foreign operating entities	\$—	\$—
Income tax related to other components of comprehensive income	<u>\$—</u>	<u>\$—</u>

(2)The adjustments to income tax expense for the year and the amount of income tax computed at the applicable statutory tax rates are as follows:

	<u>2025</u>	<u>2024</u>
Pretax gain/loss from continuing operations	\$784	\$5,246
Income tax expense calculated at statutory tax rates	\$157	\$1,049
Tax effect of tax-exempt income	(13,360)	(10,538)
Tax effects of non-deductible expenses	2,052	3,475
Tax effects of deferred tax assets/liabilities	—	6,014
Additional 5% income tax on unappropriated earnings	16	—
Tax effects of other tax adjustments	10,151	—
Income tax expense recognized in income statement	<u>\$16</u>	<u>\$—</u>

(3)The following deferred tax assets (liabilities) balances are related to the items below:

	<u>2025</u>			
	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Temporary difference				
Unrealized holiday bonus deduction	\$202	\$—	\$—	\$202
Unrealized intercompany transactions	287	—	—	287
Unrealized exchange losses	178	—	—	178
Unrealized exchange gains	(9)	—	—	(9)
Land value increment tax reserve	(46,203)	—	—	(46,203)
Defined benefit liabilities, net	3,409	—	—	3,409
Other	(666)	—	—	(666)
Deferred tax (expense) benefit		<u>\$—</u>	<u>\$—</u>	
Deferred tax assets (liabilities), net	<u>\$ (42,802)</u>			<u>\$ (42,802)</u>
The information expressed in the balance sheet is as follows:				
Deferred tax assets	<u>\$3,410</u>			<u>\$3,410</u>
Deferred tax liabilities	<u>\$ (46,212)</u>			<u>\$ (46,212)</u>

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

	2024			Ending balance
	Beginning balance	Recognized in profit or loss	Recognized in other comprehen- sive income	
Temporary difference				
Unrealized holiday bonus deduction	\$202	\$—	\$—	\$202
Unrealized intercompany transactions	287	—	—	287
Unrealized exchange losses	178	—	—	178
Unrealized exchange gains	(9)	—	—	(9)
Land value increment tax reserve	(46,203)	—	—	(46,203)
Defined benefit liabilities, net	3,409	—	—	3,409
Other	(666)	—	—	(666)
Deferred tax (expense) benefit		\$—	\$—	
Deferred tax assets (liabilities), net	<u>\$(42,802)</u>			<u>\$(42,802)</u>
The information expressed in the balance sheet is as follows:				
Deferred tax assets	<u>\$3,410</u>			<u>\$3,410</u>
Deferred tax liabilities	<u>\$(46,212)</u>			<u>\$(46,212)</u>

(4)The information regarding the Company's unused tax losses is summarized as follows:

Occurrence Year	Loss Amount	Unused Balance		Last
		As of December 31, 2025	As of December 31, 2024	Offset Year
2016	42,651	42,651	42,651	2026
2017	80,089	80,089	80,089	2027
2018	86,733	86,733	86,733	2028
2019	81,565	81,565	81,565	2029
2020	126,450	126,450	126,450	2030
2021	36,656	36,656	36,656	2031
2022	35,259	35,259	35,259	2032
2024	38,410	38,410	38,410	2034
2025	78,744	78,744	—	2035
		<u>\$606,557</u>	<u>\$527,813</u>	

(5)Unrecognized Deferred Income Tax Assets

As of December 31, 2025 and 2024, the total amount of unrecognized deferred income tax assets of the Company amounted to NT\$230,370 thousand and NT\$224,236 thousand, respectively.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(6) Status of Income Tax Filing

As of December 31, 2025, the settlement and filing of profit-seeking enterprise income tax for the Company have been approved by the tax authorities up to the fiscal year 2023.

21. Earnings(loss) per share

The calculation of basic earnings per share is based on the net income attributable to the shareholders of the parent company for the period divided by the weighted average number of outstanding common shares during the year.

The calculation of diluted earnings per share is determined by dividing the net income attributable to the shareholders of the parent company for the period by the weighted average number of outstanding ordinary shares during the period, adjusted for the effects of all dilutive potential ordinary shares, including stock options and convertible bonds. This calculation reflects the potential dilution that could occur if all dilutive securities were exercised or converted into ordinary shares.

(1) Basic earnings per share

	As of December 31, 2025	As of December 31, 2024
Net loss attributable to common stockholders (NT\$ thousands)	\$768	\$5,246
Weighted average shares outstanding – basic (thousands of shares)	37,000	37,000
Weighted average number of common shares after adjusted by dilutive effects (thousands of shares)	37,000	37,000
Basic earnings per share(loss) (NT\$)	\$0.02	\$0.14
Diluted earnings (loss) per share (NT\$)	\$0.02	\$0.14

There were no significant changes in the number of outstanding common shares or potential common shares during the reporting period subsequent to the financial statements' issuance and before their approval for release.

7. Related party Transactions

There were no material related party transactions during the reporting period.

The Remuneration of the Major Management Personnel of the Group

	2025	2024
Short-term employee benefits	\$2,037	\$2,010

8. Pledged Assets

The Group has the following assets as collateral:

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Item	Carrying Amount		Contents of Secured Debt
	December 31, 2025	December 31, 2024	
Land、buildings and structures	\$206,000	\$120,000	long-term loans
Other current financial assets	—	59,013	short-term loans
Prepayments for Equipment	4,647	8,994	long-term loans
	<u>\$210,647</u>	<u>\$188,007</u>	

9. Significant Contingent Liabilities and Unrecognized Commitments

As of December 31, 2024, the standby L/C provided to financial institutions for subsidiaries' secured loans amounted to NT\$38,063 thousand.

10. Significant Disaster Losses

None.

11. Significant Subsequent Events

None.

12. Others

1. Categories of financial instruments

Financial assets

	2025.12.31	2024.12.31
FVTPL:		
MFVTPL	\$83,292	\$95,628
Amortized cost		
Cash and cash equivalent(not including cash on hand)	20,514	39,872
Notes and accounts receivable	10,899	9,593
Other receivables	2,922	878
Other current financial assets	—	59,013
Subtotal	<u>34,335</u>	<u>109,356</u>
Total	<u>\$117,627</u>	<u>\$204,984</u>

Financial liabilities

	2025.12.31	2024.12.31
Amortized cost:		
Short-term loans	\$60,000	\$127,085
Accounts payable	20,950	13,702
Long-term loans(including current portion)	101,276	68,779
Total	<u>\$182,226</u>	<u>\$209,566</u>

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

2. Financial risk management and policy

The primary objective of financial risk management for the Group is to manage market risk, credit risk, and liquidity risk related to the operational activities, and to identify, measure, and manage these risks according to the policies and risk preferences.

The Group has established appropriate policies, procedures, and internal controls in accordance with relevant regulations for the management of the aforementioned financial risks. Significant financial activities are subject to review by the board of directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Group must strictly comply with the relevant regulations for financial risk management that have been established.

3. Market risk

The market risk of the Group refers to the risk that the fair value or cash flows of its financial instruments may fluctuate due to market price changes. Market risks mainly include currency risk, interest rate risk, and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in various risk variables are usually interrelated. However, the sensitivity analysis of each risk variable below does not consider the interactive effects of related risk variables.

(1) Currency risk

The Group's currency risk is mainly related to its operating activities (when the currency used for income or expenses is different from the Company's functional currency) and net investments in foreign operations.

For some foreign currency receivables and payables of the Group that are denominated in the same currency, a natural hedging effect is generated for the corresponding positions. For some other foreign currency items, forward foreign exchange contracts are used to manage currency risk. However, as the natural hedging and hedging through forward foreign exchange contracts do not comply with the hedge accounting requirements, the Company does not adopt hedge accounting for these items. In addition, the net investment in foreign operations is regarded as a strategic investment, and therefore, the Group does not hedge against it.

The sensitivity analysis of the Group's currency risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and analyzes the impact of a 1% increase or decrease in the relevant foreign currency exchange rate on the Group's income and equity. The Group's currency risk is mainly affected by fluctuations in the US dollar and the Chinese yuan. The sensitivity analysis information is as follows:

- A. If the New Taiwan Dollar appreciates/depreciates by 1% against the US Dollar, it will increase of NT\$ 49 thousand and NT\$71 thousand in the net income of the Group for the fiscal year 2025 and 2024, respectively.
- B. If the New Taiwan Dollar appreciates/depreciates by 1% against the Chinese Yuan, it will result in a decrease and increase of NT\$ 9 thousand and NT\$158 thousand in the net income of the Group for the fiscal year 2025 and 2024, respectively.
- C. If the New Taiwan Dollar appreciates/depreciates by 1% against the Japanese Yuan, it will result in a increase of NT\$ 0 and NT\$ 21 thousand in the net income of the Group for the fiscal year 2025 and 2024, respectively.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(2) Interest rate risk

The market risk of the Group refers to the risk that the fair value or cash flows of its financial instruments may fluctuate due to market price changes. Market risks mainly include currency risk, interest rate risk, and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in various risk variables are usually interrelated. However, the sensitivity analysis of each risk variable below does not consider the interactive effects of related risk variables.

The sensitivity analysis of interest rate risk mainly focuses on the interest rate sensitive items as of the end of the financial reporting period, including floating rate investments and floating rate borrowings. Assuming a one-year accounting period, when the interest rate rises/falls by 10 reference points, the impact on the profit or loss of the Group for the years ended December 31, 2025 and 2024 will be a decrease of (NT\$1,408 thousand) and (NT\$970 thousand), respectively.

4. Credit Risk Management

Credit risk refers to the risk of financial loss due to the counterparty's failure to fulfill the obligations specified in the contract. The credit risk of this Group is mainly caused by business activities (mainly accounts receivable and notes) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Group follows the policies, procedures, and controls for credit risk management. All credit risk assessments consider factors such as the counterparty's financial condition, credit rating agencies' ratings, past transaction experiences, current economic environment, and internal rating standards of the Group. The Group also uses certain credit enhancement tools (such as prepayments and insurance) to reduce the credit risk of specific counterparties at appropriate times.

As of December 31, 2025 and 2024, the percentage of the top ten customers' accounts receivable to the Group's total accounts receivable was 67.07% and 78%, respectively. The credit concentration risk of other accounts receivable is relatively low.

The finance department of the Group manages the credit risk of bank deposits and other financial instruments in accordance with the Group's policy. The Group's counterparties are well-established domestic and foreign financial institutions, so there is no significant credit risk.

The Group uses IFRS 9 to evaluate expected credit losses, and the relevant information on credit risk assessment is as follows:

Category	Indicator	The method for measuring expected credit losses	Total Carrying Amount	
			2025.12.31	2024.12.31
Simplified method(Note)	—	Expected credit losses during the remaining term	\$ 10,979	\$9,666

Note: Include notes and accounts receivable.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

5. Liquidity risk management

The Group maintains financial flexibility through cash and cash equivalents, highly liquid marketable securities, bank borrowings, and financing leases. The table below summarizes the contractual maturities of non-derivative financial liabilities of the Group as of the reporting date, based on the earliest date on which the payments are due and using undiscounted cash flows, including the agreed interest. For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the implied yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
2025.12.31					
Loans	\$ 93,423	47,701	25,146	—	\$166,270
Accounts payable	\$20,950	—	—	—	\$20,950

Non-derivative financial liabilities

	Less than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
2024.12.31					
Loans	\$148,787	37,341	12,884	—	\$199,012
Accounts payable	\$13,702	—	—	—	\$13,702

The disclosure of the table above regarding derivative financial liabilities is presented using the total undiscounted cash flow.

6. Adjustment of Liabilities from Financing Activities

Adjustment information of liabilities for the year 2025 as follows:

	Short-term loans	Long-term loans	Guarantee deposit received	Total amount of liabilities from financing activities
As of January 1, 2025	\$127,085	\$68,779	\$—	\$195,864
Cash flow	(66,962)	32,497	2,000	(32,465)
Non-cash change	(123)	—	—	(123)
As of December 31, 2025	\$60,000	\$101,276	\$2,000	\$163,276

Adjustment information of liabilities for the year 2024 as follows:

	Short-term loans	Long-term loans	Total amount of liabilities from financing activities
As of January 1, 2024	\$85,260	\$36,700	\$121,960
Cash flow(Note)	38,067	32,079	70,146
Non-cash change	3,758	—	3,758
As of December 31, 2024	\$127,085	\$68,779	\$195,864

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

7. Fair Value of Financial Instruments

(1) Valuation technology and assumptions used to measure fair value of financial instruments.

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- a. Cash and cash equivalents, accounts receivable, deposits paid, accounts payable, and other current liabilities are measured at their carrying amounts, which approximate their fair values, primarily because these instruments have short maturities.
- b. Financial assets and financial liabilities that are traded in active markets and have standard terms and conditions, such as publicly traded stocks, securities, bonds, and futures, are measured using quoted market prices.
- c. Equity instruments that are not traded in active markets, such as privately placed stocks, stocks of public companies not traded in active markets, and stocks of unlisted companies, are measured using market-based methods. This involves estimating fair value using information such as prices of similar instruments that have been traded in active markets or other relevant information (such as discounts for lack of liquidity, price-to-earnings ratios of similar companies, and price-to-book ratios of similar companies).
- d. Debt instruments, investments, bank loans, corporate bonds, and other non-current liabilities that do not have quoted market prices are measured using valuation techniques that take into account the counterparty quotes or appropriate valuation techniques. Valuation techniques are based on discounted cash flow analysis, with assumptions for interest rates and discount rates obtained from similar instruments and relevant information (such as dividend yield curves from the TPEX, Reuters commercial paper rate average quotes, and credit risk).
- e. Derivative financial instruments that do not have quoted market prices are valued using counterparty quotes or using a discounted cash flow analysis based on dividend yield curves for the remaining term of the derivative. For options, counterparty quotes, appropriate option pricing models (such as Black-Scholes Model), or other valuation methods (such as Monte Carlo Simulation) are used to determine fair value.

(2) Fair Value of Financial Instruments Measured Using Amortized Cost

The carrying amount of financial assets and liabilities measured using amortized cost is considered to be a reasonable approximation of their fair values.

(3) Information on Fair Value Hierarchy of Financial Instruments

Please refer to Note 12、8 for the fair value hierarchy information for financial instruments of the Group.

8. Fair Value Hierarchy

(1) Definition of Fair Value Hierarchy

All assets and liabilities measured or disclosed at fair value are classified into their respective levels within the fair value hierarchy based on the significance of the inputs used in measuring the fair value of the asset or liability. The three levels of inputs are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability..

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

(2) Fair Value Measurement Hierarchy Information

The Company did not have any non-recurring assets measured at fair value, and the fair value hierarchy information for recurring assets and liabilities is as follows:

As of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Share	\$83,292	\$—	\$—	\$83,292

As of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Fair value measured financial assets:				
Financial assets at fair value through profit or loss				
Share	\$95,628	\$—	\$—	\$95,628

Transition between Level 1 and Level 2 of the fair value hierarchy

There were no transitions between Level 1 and Level 2 of the fair value hierarchy for the recurring fair value measurements of assets and liabilities for 2025 and 2024.

9. Information on Financial Assets and Liabilities in Foreign Currencies with Significant Effect

The significant foreign currency financial assets and liabilities information of the Group is as follows:

	As of December 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial asset</u>			
Currency:			
US dollar	\$164	31.4300	\$5,155
Chinese Yuan	\$3	4.4960	\$13
<u>Financial liability</u>			
Currency:			
US dollar	\$7	31.4300	\$220
Chinese Yuan	\$213	4.4960	\$957
	As of December 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial asset</u>			
Currency:			
US dollar	\$2,018	32.7850	\$66,160
Chinese Yuan	\$3,529	4.4780	\$15,803
Japanese Yuan	\$10,022	0.2099	\$2,104
<u>Financial liability</u>			
Currency:			
US dollar	\$1,800	32.7850	\$59,013

The above information is disclosed based on the foreign currency book amounts (converted to the functional currency).

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

Due to the wide variety of functional currencies used in foreign currency transactions by the Group, it is not feasible to disclose the impact of each significant foreign currency separately. Therefore, the gains and losses on exchange of each currency are aggregated and disclosed. In 2025 and 2024, the Group had gains of NT\$1,803 thousand and gains of NT\$3,699 thousand, respectively, on the exchange of monetary financial assets and financial liabilities.

10. Capital Management

The primary objective of capital management for the Group is to ensure a sound credit rating and favorable financing costs, in order to support business operations and maximize shareholder equity. The Group manages and adjusts its capital structure based on operating and economic conditions, and may achieve the goal of maintaining and adjusting its capital structure by adjusting dividend payments, returning capital, or issuing new shares.

13. Addition Disclosure

1. Information related to Significant Transactions

- (1)Financings provided: See Table 1 attached;
- (2)Endorsement/guarantee provided: See Table 2 attached;
- (3)Marketable securities held: See Table 3 attached;
- (4)Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- (5)Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (6)The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 4 attached.
- (7) Information on investees: See Table 5.

2. Investment information in Mainland China

- (1)Investment information in Mainland China: please refer to Table 6.
- (2)Significant transaction matters with the subsidiaries in Mainland China directly or indirectly through third-party territories, as well as their prices, payment terms, and unrealized gains or losses:
 - a.Purchased amount and percentage, as well as the year-end balance and percentage of related payables: None.
 - b.Sales amount and percentage, as well as the year-end balance and percentage of related receivables: None.
 - c.End-of-period balance and purpose of notes endorsed/guaranteed or provided with collateral: None.
 - d.Property transaction amount and the resulting gain or loss amount: None.
 - e.Maximum balance, year-end balance, interest rate range, and total interest amount for financing: None.
 - f.Other significant transaction matters that have a significant effect on current profit or financial position: None.

Mospec Semiconductor Corp. and subsidiaries

Notes to the Consolidated Financial Statements

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

14. Segments Information

1. The operational segment information is provided to the main operational decision-makers for resource allocation and performance evaluation purposes. The primary operational decision-maker of the Group considers the Group as a single operational segment and uses Group-wide information for resource allocation and performance evaluation, hence there is no need to disclose the profit or loss, assets, and liabilities information of operational segments.

2. Geographic information

(1) Revenue from external customers: Revenue is classified based on the country where the customer is located.

Nation	2025	2024
China	\$25,643	\$24,371
Korea	8,045	10,276
Hong kong	2,219	5,264
India	3,414	4,756
Taiwan	3,536	3,071
Other	2,694	2,975
Total	\$45,551	\$50,713

(2) Non-Current Assets:

Nation	As of December 31, 2025	As of December 31, 2024
China	\$175,108	\$184,612
Taiwan	362,230	315,309
Total	\$537,338	\$499,921

Non-current assets do not include financial instruments and deferred tax assets.

3. Major Customers Information

The sales amounts to a single customer, which accounted for more than 10% of the net revenue in the fiscal years 2025 and 2024, are as follows:

Customer	2025		2024	
	Amount	Percentage of sales(%)	Amount	Percentage of sales(%)
Company A	\$12,995	29%	\$10,409	21%
Company B	6,516	14%	5,501	11%

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NTS, unless otherwise indicated)
Loans to others

Table 1

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2024(Note 3)	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	The Company	H&M Semiconductor (Sichuan) Ltd.	Receivables from related parties	Y	\$188,832	\$188,832	\$164,049	—	2	—	Working capital requirement	—	—	—	\$188,582	\$188,582	(Note 7, 9)

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2025

Note 4: The column of "Nature of loan" shall fill in:

- (1) "Business transaction" is 1.
- (2) "Short-term financing" is 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The Company's operational procedures for making loans to others stipulate that the total amount of external loans provided by the Company shall not exceed 40% of the net equity. However, this limitation does not apply to foreign companies in which the Company directly or indirectly holds 100% of voting shares.

For a single company, loans shall not exceed 40% of the Company's net equity.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Guarantees and endorsements for other parties

Table 2

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount during the period (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/guarantees amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsement s/guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)
		Company name	Relationship with the endorser/guarantor (Note 2)										
0	Mospec Semiconductor Corp.	H&M Semiconductor(Sichuan) Ltd.	2	\$235,728	\$97,428	\$ -	\$ -	\$ -	0.00%	\$235,728	Y	N	Y

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Having business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) The parent company that directly or indirectly through its subsidiaries holds more than 50% of the common stock equity of the company.
- (5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the operational procedures for endorsement guarantee, when the Company directly or indirectly holds more than 90% of the ordinary voting shares, it may provide endorsement guarantee up to 10% of the Company's latest net worth in order to ensure the amount of money. However, there is no such limit for endorsement guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares. However, the amount of endorsement guarantees shall not exceed 50% of the net worth of the latest financial statements of the Company. Based on the Company's net assets of NT\$471,456 thousand as of December 31, 2025, the maximum guarantee amount for a single enterprise shall be NT\$235,728 thousand, or 50% of the Company's net assets, with the maximum limit for endorsing guarantees is also NT\$ 235,728 thousand or 50% of the net value as of December 31, 2025.

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

Note 5: The amount approved by the Board of Directors should be filled in. However, if the Chairman is authorized to decide on the matter in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount determined by the Chairman.

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

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

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

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

Table 3

Securities held by	Category of Marketable Securities (Note 1)	Name of Marketable Securities(Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As of December 31, 2025				Footnote
					Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Mospec Semiconductor Corp.	OTC stock	Taiwan Speciality Chemicals Corporation	—	Financial asset measured at fair value through profit/loss	263,583	\$83,292	0.18%	\$83,292	—

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, "Financial instruments: recognition and measurement".

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

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

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

Note 5: As it is a financial product, there is no shares or ownership percentage.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Significant inter-company transactions during the reporting periods

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction(Note 4)			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets(Note 3)
0	Mospec Semiconductor Corp.	H&M Semiconductor(Sichuan) Ltd.	1	Sale	1,268	There is no comparable transaction with unrelated parties for the sales price. Net 4 to 10 months from the end of the month upon issuance of invoice.	3%
				Purchase	14,052	There is no comparable transaction with unrelated parties for the purchase price. Net 4 to 10 months from the end of the month upon issuance of invoice.	31%
				Other receivables	164,049	Fund financing	23%

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; Fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts

Note 4: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NTS, unless otherwise indicated)
Information on investees (not including investee company of Mainland China)

Table 5

Investor	Investee (Note 1, Note 2)	Location	Main business activities	Currency	Initial investment amount (thousand dollar)		Shares held as of December 31, 2024			Net profit (loss) of the investee For the year ended December 31, 2025 (Note 2)	Investment profit (loss) recognized by the Company For the year ended December 31, 2025 (Note 3)	Footnote
					Balance as of December 31, 2025	Balance as of December 31, 2024	Number of shares	Ownership (%)	Book value			
The Company	NHM B.V.I. Holdings Ltd.	Quastishy Building P.O.Box 4389, Road Town, Tortola, British Virgin Islands.	Reinvestment activities	NTD	\$466,874	\$466,874	10,804,742	100.00%	\$46,936	\$(10,263)	\$(10,050)	(Note 4)

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

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

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

Note 3: The investment profit (loss) recognized by the Company include unrealized profit (loss) between affiliates.

Note 4: This transaction was written off when the consolidated financial statements were prepared.

Mospec Semiconductor Corp. and subsidiaries' notes to the Consolidated Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investments in Mainland China

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated outflow of investment from Taiwan as of 2024/1/1	Investment flows for the period		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Ownership held by the Company (direct of indirect) (%)	Investment income(loss) recognized by the Company for the year ended December 31, 2024(Note 2,4)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024
					Outflow	Inflow						
H&M Semiconductor (Sichuan) Ltd.	Manufacturing, processing and trading of new electronic components	\$296,190 (US\$ 10,000 thousand)	2 NHM B.V.I. Holdings Ltd.	\$296,190	\$—	\$—	\$296,190	\$(11,646)	100.00%	\$(11,653)	\$21,622	\$—
Accumulated Investment in Mainland China as of December 31, 2025					Investment Amounts Authorized by Investment Commission, MOEA					Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note 3)		
\$296,190 (US\$ 10,000 thousand)					\$296,190 (US\$ 10,000 thousand)					\$282,874 (Net worth \$471,456 thousand*60%)		

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

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company, in the third area (please specify the investing company in that third region).
- (3) Others

Note 2: The financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth.

Note 4: This transaction was written off when the consolidated financial statements were prepared.

Stock Code: 2434

Mospec Semiconductor Corp.
Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report

Address:No. 76, Zhongshan Rd., Xinshi Dist., Tainan City

Telephone:(06)599-1621

Parent Company Only Financial Statements

Table of contents

Item	Page
1.Cover	1
2.Contents	2
3.Independent Auditors' Report	3 ~ 5
4.Parent Company Only Balance Sheet	6
5. Parent Company Only Statements of Comprehensive Income	7
6. Parent Company Only Statements of Changes in Equity	8
7. Parent Company Only Statements of Cash Flows	9
8. Notes to the Parent Company Only Financial Statements	
(1) History and organization	10
(2) Date and procedures of authorization of financial statements for issue	10
(3) Newly issued or revised standards and interpretations	10 ~ 13
(4) Summary of significant accounting policies	14 ~ 29
(5) Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty	29 ~ 30
(6) Description of Significant Accounts	30 ~ 44
(7) Related Party Transaction	44 ~ 45
(8) Pledged Assets	46
(9) Significant Contingent Liabilities and Unrecognized Commitments	46
(10) Significant Disaster Losses	46
(11) Significant Subsequent Events	46
(12) Others	46 ~ 53
(13) Additional Disclosures	
A. Information on Significant Transactions	53、54 ~ 57
B. Investment information in Mainland China	53、58
9. The Statements of Major Accounting Items Accounting Items	59 ~ 73

Independent Auditors' Report

The Board of Directors and Shareholders
Mospec Semiconductor Corp.

Opinion

We have audited the accompanying parent company only financial statements of Mospec Semiconductor Corporation and its subsidiaries (the "Company"), which comprise the parent company only balance sheets as of the December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our reports. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC and we are fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified the following key audit matters to be communicated in the audit report:

Revenue Recognition

Revenue of the Company is primarily from manufacture and sales of diode and transistor products. As the contents in the order and practical items usually require judging and determining the performance obligations and the point in time that the performance obligations are satisfied, we present it as one of the key audit matters.

The auditor's procedures include (but are not limited to) evaluating the appropriateness of revenue recognition accounting policies, understanding and testing the effectiveness of the internal control established by management for revenue recognition; performing analytical procedures on gross profit margin; selecting samples to perform transaction detail testing and reviewing significant terms and conditions in contracts; performing cut-off testing and subsequent review to confirm that revenue is recognized in the correct period.

We also consider the appropriateness of disclosures on operating revenue in Note 4 and Note 6 to the consolidated financial statements.

Assessment on Impairment of Non-Financial Assets

The carrying amount of property, plant and equipment of Mospec Semiconductor Corp. was NT\$305,244 thousand as of December 31, 2025, accounting for approximately 44% of the total parent-company-only assets, and is considered material to the parent-company-only financial statements. Due to the impact of market fluctuations and the economic downturn in recent years, the operating unit has incurred losses, indicating a potential impairment of assets. Consequently, management performed an impairment test on the relevant cash-generating units (CGUs), using net fair value as the recoverable amount. Since the estimation of the recoverable amount of the relevant CGUs involves significant management judgment, we present it as one of the key audit matters.

The main audit procedures include, but are not limited to, analyzing the reasonableness of the recoverable amount adopted by management; obtaining the underlying data used by management to assess the recoverable amount, including valuation reports for property, plant and equipment and related assumptions, and discussing with management; evaluating the professional competence, capabilities, and or reputation of the valuer in the relevant field; and verifying whether the source data in the valuation report is relevant and reliable to recalculate the recoverable amount for management's impairment assessment.

We also considered the appropriateness of operation revenue disclosures in Notes 4 and 6 of the financial statements.

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

Management's responsibility is to prepare the parent company only financial statements that fairly present the financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only 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.

For and on behalf of Ernst & Young Global Limited, Taiwan
The competent authority approves the public issuance of the
company's financial report
Approved-certified No.:Jin-Guan-Certificate No. 1010045851
No.:Jin-Guan-Certificate No. 1040030902

Accountant: Li, Fang-Wen
Chiu, Wan-Ru

March 6, 2026

Mospec Semiconductor Corporation
PARENT COMPANY ONLY BALANCE SHEETS
As of December 31, 2025 and 2024

Unit: NTS 1,000

ASSETS			December 31, 2025		December 31, 2024		LIABILITIES AND EQUITY			December 31, 2025		December 31, 2024	
Code	Accounting Item	Note	Amount	%	Amount	%	Code	Accounting Item	Note	Amount	%	Amount	%
	CURRENT ASSETS							CURRENT LIABILITIES					
1100	Cash and cash equivalents	4 and 6.1	\$15,116	3	\$33,753	6	2100	Short-term loans	6.9	\$60,000	9	\$30,000	5
1110	Financial assets at fair value through profit or loss	4 and 6.2	83,292	12	95,628	15	2170	Accounts payable		970	0	-	-
1150	Notes receivable, net	4 and 6.3, 15	-	-	91	0	2180	Accounts payable - Related Parties		388	0	-	-
1170	Accounts receivable, net	4 and 6.4, 15	1,754	0	2,436	0	2200	Other payable		14,453	2	4,951	1
1200	Other accounts receivable		319	0	415	0	2220	Other payable- Related Parties		33	0	-	-
1210	Other receivables from related parties	7	164,049	23	26,872	4	2322	Current portion of longterm liabilities	4 and 6.10	31,253	5	20,240	3
1220	Current tax assets		78	0	319	0	2360	Net defined benefit liability	4 and 6.11	1,306	0	1,115	0
130x	Inventories	4 and 6.5	6,167	1	5,501	1	2399	Other current liabilities		213	0	116	0
1476	Other current financial assets	8	-	-	59,013	10	21xx	Total current liabilities		108,616	16	56,422	9
1479	Other current assets	4	8,546	1	18,717	3							
11xx	Total current assets		279,321	40	242,745	39		NON-CURRENT LIABILITIES					
	NON-CURRENT ASSETS						2540	Long-term loans	4 and 6.10 and 7	70,023	10	48,539	8
1550	Investments accounted for using equity method	4 and 6.6	46,936	7	58,562	10	2570	Deferred tax liabilities	4 and 6.20	46,212	7	46,212	7
1600	Property, plant and equipment	4 and 6.7 and 7 and 8	305,244	44	275,037	44	2600	Guarantee deposit received		2,000	0	-	-
1840	Deferred income tax assets	4 and 6.21	3,410	0	3,410	0	25xx	Total non-current liabilities		118,235	17	94,751	15
1900	Other non-current assets	6.8 and 8	63,396	9	43,683	7	2xxx	Total liabilities		226,851	33	151,173	24
15xx	Total non-current assets		418,986	60	380,692	61		EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
							3100	Capital stock	6.13				
							3110	Capital - common stock		370,000	53	370,000	60
							3200	Capital surplus	6.13	101,419	14	101,419	16
							3300	Retained earnings	6.13				
							3310	Legal reserve		525	0	-	-
							3320	Special reserve		4,401	1	-	-
							3350	Unappropriated earnings		1,088	0	5,246	1
								Total retained earnings		6,014	1	5,246	1
							3400	Other equity interest		(5,977)	(1)	(4,401)	(1)
							3xxx	Total equity		471,456	67	472,264	76
1xxx	Total assets		\$698,307	100	\$623,437	100		Total liabilities and equity		\$698,307	100	\$623,437	100

Please refer to the Notes in the consolidated financial statements

Chairman: Weng Shu Chen

Manager: Tarn Bennet Yun

Accounting Executive: Yen Yung Sen

Mospec Semiconductor Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2025 and 2024

Unit: NT\$ 1,000

Code	Accounting Item	Note	2025		2024	
			Amount	%	Amount	%
4000	OPERATING REVENUE	4 and 6.16 and 7	\$21,131	100	\$27,393	100
5000	OPERATING COSTS	4 and 6.17 and 7	(26,888)	(127)	(24,912)	(91)
5900	GROSS PROFIT FROM OPERATIONS		(5,757)	(27)	2,481	9
5910	Unrealized gain (loss) from sale		-	-	(441)	(1)
5920	Realized gain (loss) from sale		213	1	42	0
5950	Gross profit (loss) from operations		(5,544)	(26)	2,082	8
6000	OPERATING EXPENSES	4 and 6.17				
6100	Selling expenses		(5,947)	(28)	(4,336)	(16)
6200	Administrative expenses		(30,963)	(146)	(26,646)	(97)
6300	Research and development expenses	4	(5,812)	(28)	(7,134)	(26)
6450	Expected credit gain (loss)	4 and 6.15	5	0	17	0
	Total operating expenses		(42,717)	(202)	(38,099)	(139)
6900	Net operating income (loss)		(48,261)	(228)	(36,017)	(131)
7000	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6.18	884	4	3,217	12
7010	Other income	6.18	4,184	20	3,409	12
7020	Other gains and losses	6.18	56,904	269	55,297	202
7050	Finance costs	6.18 and 7	(2,664)	(13)	(2,205)	(8)
7070	Share of profits of subsidiaries and associates for using equity method	4 and 6	(10,263)	(48)	(18,455)	(67)
	Total non-operating income and expenses		49,045	232	41,263	151
7900	PROFIT(LOSS) BEFORE TAX		784	4	5,246	20
7950	Tax income	6.20	(16)	0	-	-
8000	Profit (loss) from continuing operations		768	4	5,246	20
8200	Profit (loss)		768	4	5,246	20
8300	Other comprehensive income	6.19				
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(1,576)	(7)	3,685	13
	Other comprehensive income(loss), net		(1,576)	(7)	3,685	13
8500	Total comprehensive income		(\$808)	(3)	\$8,931	33
	EARNINGS PER SHARE (NT\$)					
9750	Basic earnings (loss) per share	4 and 6.21	\$0.02		\$0.14	
9850	Diluted earnings (loss) per share	4 and 6.21	\$0.02		\$0.14	

Please refer to the Notes in the consolidated financial statements

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Mospec Semiconductor Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2025 and 2024

Unit: NT\$ 1,000

Code	Item	Capital - Common Stock	Capital Surplus	Retained Earnings			Others	Total Equity
				Legal reserve	Social reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	
		3110	3200	3310	3320	3350	3410	3xxx
A1	BALANCE, JANUARY 1, 2024	\$370,000	\$193,260	\$ –	\$ –	\$(91,841)	\$(8,086)	\$463,333
C11	Other changes in capital surplus: Capital surplus used to cover up losses	–	(91,841)	–	–	91,841	–	–
D1	Net income (loss)	–	–	–	–	5,246	–	5,246
D3	Net comprehensive income (loss)	–	–	–	–	–	3,685	3,685
D5	Total comprehensive income (loss)	–	–	–	–	5,246	3,685	8,931
Z1	4BALANCE, DECEMBER 31, 2024	\$370,000	\$101,419	\$ –	\$ –	\$5,246	\$(4,401)	\$472,264
A1	BALANCE, JANUARY 1, 2025	\$370,000	\$101,419	\$ –	\$ –	\$5,246	\$(4,401)	\$472,264
	Appropriation and distribution of retained earnings :							
B1	Legal reserve appropriated	–	–	525	–	(525)	–	–
B3	Special reserve appropriated	–	–	–	4,401	(4,401)	–	–
D1	Net income (loss)	–	–	–	–	768	–	768
D3	Net comprehensive income (loss)	–	–	–	–	–	(1,576)	(1,576)
D5	Total comprehensive income (loss)	–	–	–	–	768	(1,576)	(808)
Z1	BALANCE, DECEMBER 31, 2025	\$370,000	\$101,419	\$525	\$4,401	\$1,088	\$(5,977)	\$471,456

Please refer to the Notes in the consolidated financial statements

Chairman: Weng Shu Chen

Manager: Tarnng Bennet Yun

Accounting Executive: Yen Yung Sen

Mospec Semiconductor Corporation**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2025 and 2024

Unit: NTS 1,000

Code	Item	2025	2024	Code	Item	2025	2024
		Amount	Amount			Amount	Amount
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES			BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
A10000	Net income(loss) before tax	\$784	5,246	B00100	Acquisition of financial assets at fair value through profit or loss	(25,758)	–
A20000	Adjustments:			B00200	Proceeds from disposal of financial assets at fair value through profit or loss	99,188	8,128
A20010	Adjustments to reconcile profit (loss)			B02800	Proceeds from disposal of property, plant and equipment	–	24,041
A20100	Depreciation expense	15,453	15,271	B04300	Increase in other receivables from related parties	(137,177)	–
A20300	Expected credit loss (gain)	(5)	(17)	B04400	Decrease in other receivables from related parties	–	27,207
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(61,094)	(52,095)	B06500	Increase in other financial assets	–	(3,744)
A22500	Loss (gain) on disposal of property, plan and equipment	–	(1,009)	B06600	Decrease in other financial assets	59,013	–
A20900	Interest expense	2,664	2,205	B07100	Increase in prepayments for business facilities	(65,373)	(37,611)
A21200	Interest income	(884)	(3,217)	BBBB	Net cash flows used in investing activities	(70,107)	18,021
A21300	Dividend income	(705)	(596)				
A22300	Share of Losses of Subsidiaries Accounted for Using the Equity Method	10,263	18,455	CCCC	CASH FLOWS FROM INVESTING ACTIVITIES		
A23900	Unrealized gain (loss) from sale	–	441	C00100	Increase in short-term loans	90,000	90,000
A24000	Realized (gain) loss from sale	(213)	(42)	C00200	Decrease in short-term loans	(60,000)	(90,000)
A29900	Loss (gain) from price recovery of inventory	2,595	(487)	C01600	Proceeds from long-term loans	55,000	60,000
A20010	Total reconcile profit (loss)	(31,926)	(20,495)	C01700	Repayment of long-term loans	(22,503)	(27,921)
				C03000	Increase in guarantee deposits received	2,000	–
A30000	Changes in operating assets and liabilities			CCCC	Net cash flows from financing activities	64,497	32,079
A31000	Changes in operating assets						
A31130	Decrease (increase) in notes receivable	91	(66)	EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	(18,637)	17,875
A31150	Decrease (increase) in accounts receivable	687	2,136	E00100	Cash and cash equivalents at beginning of period	33,753	15,878
A31180	Other receivables (increase)	(30)	(208)	E00200	Cash and cash equivalents at end of period	\$15,116	\$33,753
A31200	Decrease in inventories	(3,261)	890				
A31240	Decrease (increase) in other current assets	10,171	(15,169)				
A32000	Changes in operating liabilities						
A32125	Increase (decrease) in contract liabilities	–	(31)				
A32150	Decrease in accounts payable	970	–				
A32160	Increase in accounts payable - Related Parties	388	–				
A32180	Increase (decrease) in other payable	9,454	939				
A32190	Increase in other payable- Related Parties	33	–				
A32200	Decrease in provisions	–	(6,601)				
A32230	Adjustments for increase (decrease) in other current liabilities	97	11				
A32240	Increase (decrease) in net defined benefit liability	191	99				
A30000	Total changes in operating assets and liabilities	18,791	9,207				
A33000	Cash inflow (outflow) generated from operations	(12,351)	(6,042)				
A33100	Interest received	1,010	3,211				
A33200	Dividend received	705	596				
A33300	Interest paid	(2,616)	(2,157)				
A33500	Income taxes paid	225	(30)				
AAAA	Net cash flows used in operating activities	(13,027)	(5,018)				

Please refer to the Notes in the consolidated financial statements

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and organization

- (1) Mospec Semiconductor Corp. (the “Company”) was established and approved in March, 1987 in Gangqian Village, Xinshi District, Tainan City, at No. 76 Zhongshan Road. The Company primarily engages in the manufacturing, processing, and sales of power transistors, diodes, and solar cell wafers.
- (2) The Company's shares were approved for trading on the Taipei Exchange in November, 1998 and subsequently received approval to be listed and traded on the Taiwan Stock Exchange in September, 2000.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2025 and 2024 were approved by the Board of Directors on March 6, 2025.

3. Newly issued or revised standards and interpretations

- (1) Accounting policy changes resulting from the first-time adoption of IFRS.

The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations or Interpretations (IFRIC), approved by the Financial Supervisory Commission (FSC) and applicable for accounting years beginning on or after January 1, 2025, which did not have a significant impact on the Company upon first-time application.

- (2) As of the publication date of the financial report, the Company has not yet adopted the following new standards, interpretations and amendments recognized by the FSC that have been issued by the International Accounting Standards Board:

Item	New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
1	IFRS 17, “Insurance contracts”	January 1, 2023
2	“Classification and Measurement of Financial Instruments” (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
3	Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
4	Contracts involving reliance on natural power (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

1. IFRS 17, “Insurance contracts”

The standard provides a comprehensive model for insurance contracts, including all accounting-related aspects (recognition, measurement, presentation, and disclosure principles). The core of the standard is a general model, under which the initial recognition of insurance contract groups is measured as the sum of the present value of the fulfillment cash flows and the contractual service margin. The carrying amount as of the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

In addition to the general model, specific application methods (variable fee approach) are provided for contracts with direct participation features; and a simplified approach (premium allocation approach) for short-term contracts.

The standard, which was issued in May 2017, was subsequently amended in 2020 and 2021. The effective date of the amendment was postponed by two years in the transitional provisions, from January 1, 2021, to January 1, 2023. The amendment also provided additional exemptions, simplified certain provisions to reduce adoption costs, and modified certain provisions to make them more easily interpretable in certain circumstances. The standard will supersede the transitional standard, IFRS 4, "Insurance Contracts," upon its effective date.

2. "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and government (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instrument.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments fair value through other comprehensive income.

3. Annual Improvements to IFRS Accounting Standards—Volume 11

(a) Amendments to IFRS 1

Amend the explanations on hedge accounting of first-time adoption of the standard, to improve their consistency with the requirements in IFRS 9

(b) Amendments to IFRS 7

Amend to update an obsolete cross-reference associated with gain or loss on derecognition.

(c) Amendments to Guidance on implementing IFRS 7

Amend to improve part of the wording in the Guidance on implementing, including introduction, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures.

(d) Amendments to IFRS 9

Amend to add cross-reference to clarify how a lessee accounts for the derecognition of a lease liability, and the transaction price.

(e) Amendments to IFRS 10

Amend to remove from paragraph B74 of the standard an inconsistency with paragraph B73.

(f) Amendments to IAS 7

Amended paragraph 37 of the standard to replace the term "cost method."

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

4. Contracts involving reliance on natural power (Amendments to IFRS 9 and IFRS 7)

These amendments include:

- (a) Clarifying the application of the "for self-use" requirement.
- (b) Allowing the application of hedging accounting when contracts are used as hedging instruments.
- (c) Increasing disclosure requirements in the notes to financial statements to help investors understand the impact of such contracts on the company's financial performance and cash flows.

The Company has evaluated that the application of the above-mentioned new and amended standards, effective for fiscal years beginning on January 1, 2026, will not result in any material changes to its financial statements.

- (3) As of the publication date of the financial report, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Item	New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
1	Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standard Board
2	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027(Note)
3	Disclosure Initiative – "Subsidiaries without Public Accountability" (IFRS 19)	January 1, 2027
4	Converted to monetary terms under conditions of high inflation (amendments to International Accounting Standard 21 and International Accounting Standard 29)	January 1, 2027

(Note) : The Financial Supervisory Commission issued a press release on September 25, 2025, announcing Taiwan's alignment with Financial Reporting Standard No. 18 in 2028.

1. Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"

The plan is designed to address the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" regarding the treatment of the loss of control over an associate or joint venture when using the subsidiary as the cost for the investment. IAS 28 requires the elimination of the portion of gain or loss resulting from upstream transactions when non-monetary assets are contributed to acquire interests in associates or joint ventures, while IFRS 10 requires the full gain or loss on the loss of control over a subsidiary to be recognized. This amendment restricts the provision of IAS 28, and when the assets that constitute a business are sold or contributed, as defined in IFRS 3, the resulting gain or loss should be fully recognized.

This amendment also modifies IFRS 10 to require that when an investor and its associates sell or contribute a subsidiary that does not meet the definition of a business under IFRS 3, the resulting gain or loss should only be recognized to the extent of the non-controlling interest in the subsidiary.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

2. IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” The primary changes are as follows:

(a) Increasing comparability of the income statements

Items in the statement of profit or loss will need to be classified into categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new, to improve the structure of income statements. The standard also requires entities to provide newly defined subtotals (including operating profit or loss). The standard improves the income statement’s structure and newly defined subtotals, which makes companies' financial performance easier to compare and provides a consistent starting point for investors' analysis

(b) Enhancing transparency of management performance measurement

Explanations on requiring entities to disclose specific indicators related to income statements (management-defined performance measures (MPM)).

(c) Useful summary of financial information

The standard sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. The standard also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

3. Disclosure Initiative – “Subsidiaries without Public Accountability” (IFRS 19)

The standard permits subsidiaries without public accountability to provide reduced disclosure when applying IFRS accounting standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

4. Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates and IAS 29 Financial Reporting in Hyperinflationary Economies: Translation into a Presentation Currency in a Hyperinflationary Economy

These amendments include the following:

(a) Clarify that when a reporting entity’s functional currency is not that of a hyperinflationary economy and its financial statements are translated into a presentation currency of a hyperinflationary economy, the results of operations and financial position shall be translated using the closing exchange rate at the date of the most recent statement of financial position.

(b) Specify that, in the above circumstances, when the presentation currency subsequently ceases to be that of a hyperinflationary economy, the reporting entity shall not retranslate amounts reported in prior periods.

(c) When both the functional currency and the presentation currency are those of a hyperinflationary economy, the reporting entity shall apply the requirements set out in paragraph 34 of IAS 29.

The actual applying dates of the abovementioned standards and interpretations issued by IASB not yet endorsed by FSC are subject to FSC’s regulations. The Group is assessing the potential impacts from new or amended standards or interpretations in (2), but temporarily unable to reasonably estimate the impacts from the abovementioned standards or standards.. The other new or amended standards or interpretations have no material impact on the Group.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

4. Summary of significant accounting policies

1. Compliance statement

The parent company only financial statements of the Company for the years ended December 31, 2025 and December 31, 2024 have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities as approved and issued by the FSC and effective IFRS, IAS, IFRICs and SICs.

2. Basis of preparation

The Company prepares the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In accordance with Article 21 of the Regulations, the current profit or loss and other comprehensive income in the parent company only financial statements are equivalent to the apportionment of profit or loss and other comprehensive income in the consolidated financial statements, and the equity of owners in the parent company only financial statements are equivalent to the equity of owners in the consolidated financial statements. Therefore, the investment in subsidiaries is presented in the parent company only financial statements as "investments accounted for using the equity method", with necessary valuation adjustments.

Except for financial instruments at fair value, the parent company only financial statements have been prepared under the historical cost convention, unless otherwise stated. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

3. Foreign currency transactions

The parent company only financial statements of the Company are presented in the functional currency, New Taiwan Dollars.

Foreign currency transactions are recorded using the exchange rate on the transaction date, which is converted into the functional currency. At the end of each reporting period, foreign currency monetary items are re-measured using the closing exchange rate on that day, while foreign currency non-monetary items measured at fair value are re-measured using the exchange rate on the fair value measurement date. Foreign currency non-monetary items measured at historical cost are recorded using the exchange rate on the date of the original transaction.

Except as described below, exchange differences arising from the settlement or translation of monetary items are recognized as profit or loss in the period in which they occur:

- (1) In the case of foreign currency borrowings incurred to acquire assets that meet the criteria, if the resulting exchange differences are regarded as an adjustment to interest costs, they are capitalized as part of the borrowing costs and included in the cost of the asset.
- (2) Foreign currency items falling within the scope of IFRS 9 "Financial Instruments" shall be accounted for in accordance with the accounting policies for financial instruments.
- (3) Exchange differences arising from monetary items that form part of a reporting entity's net investment in a foreign operation are initially recognized in other comprehensive income and reclassified to profit or loss on disposal of the net investment.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

When the gains or losses of non-monetary items are recognized in other comprehensive income, any exchange components of such gains or losses shall be recognized in other comprehensive income. On the other hand, the gains or losses of non-monetary items are recognized in profit or loss, any exchange components of such gains or losses shall be recognized in profit or loss.

4. Translation of foreign currency financial statements

When preparing the consolidated financial statements, the assets and liabilities of foreign operating entities are converted into New Taiwan Dollars at the closing exchange rate on the balance sheet date, while the revenue and expense items are converted at the average exchange rate for the period. The resulting exchange differences are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operating entity. In the case of partial disposals involving subsidiaries with foreign operating entities or equity investments in associates or joint ventures with foreign operating entities, the portion of the retained equity containing financial assets denominated in foreign currency is also accounted for as a disposal.

When a parent partially disposes of a subsidiary that includes a foreign operation without losing control, the entity shall reattribute the proportionate share of the cumulative exchange differences recognized in other comprehensive income to the non-controlling interests of that foreign operation, rather than recognizing it in profit or loss. However, upon partial disposal of an associate or joint arrangement that includes a foreign operation while retaining significant influence or joint control, the proportionate share of the cumulative exchange differences shall be reclassified to profit or loss.

5. The classification standards for assets and liabilities

If an asset meets any of the following conditions, it is classified as a current asset; otherwise it is a non-current asset:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within twelve months from the balance sheet date;
- (4) Cash or cash equivalents, except for those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

If a liability meets any of the following conditions, it is classified as a current liability, otherwise it is a non-current liability:

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be settled within twelve months from the balance sheet date;
- (4) The Company does not have the right at the balance sheet date to defer settlement of the liability for at least twelve months after the reporting period.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

6. Cash or cash equivalents

Cash and cash equivalents refer to cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to imprest cash and subject to an insignificant risk of changes in value (including term deposits or investments with maturities of three months or less).

7. Financial instruments

Financial assets and financial liabilities are recognized when the contract terms of the financial instrument become effective for the Company.

Financial assets and financial liabilities that fall within the scope of IFRS 9, "Financial Instruments," are initially measured at fair value and directly attributed to financial assets and financial liabilities (except for financial assets and financial liabilities measured at fair value through profit or loss), the transaction cost of acquiring or issuing such financial assets and financial liabilities is added or subtracted from the fair value of those financial assets and financial liabilities.

(1) Recognition and Measurement of Financial Assets

The recognition and derecognition of all financial assets in the Company's ordinary course of business are accounted for on the trade date basis.

The Company classified financial assets as measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on two criteria:

- A. The business model for managing the financial assets, and
- B. The contractual cash flow characteristics of the financial assets.

Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost and are presented in the balance sheet as notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

- A. Business model for managing financial assets: Holding financial assets to collect contractual cash flows.
- B. Cash flow characteristics of financial assets: Cash flows consist solely of payments of principal and interest on the principal amount outstanding

These financial assets (excluding those involved in hedge relationships) are subsequently measured at amortized cost "the original recognition amount, less principal repayments, plus or minus the cumulative amortization of the difference between the original amount and the maturity amount (using the effective interest method), and adjusted for any loss allowance". Gains or losses are recognized in profit or loss when the asset is derecognized, through the amortization process, or when an impairment gain or loss is recognized.

Interest is recognized in profit (loss) when using the effective interest method (by multiplying the effective interest rate by the total carrying amounts of the financial asset) or in the following circumstances:

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- A. For purchased or originated credit-impaired financial assets, interest is calculated using the credit-adjusted effective interest rate applied to the amortized cost of the financial asset.
- B. For those financial assets that do not belong to the former category but have become credit impaired subsequently, they are measured at amortized cost using the effective interest rate method.

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two criterias are measured at fair value through other comprehensive income and presented in the balance sheet as fair value through other comprehensive income financial assets:

- A. Business model for managing financial assets: both collecting contractual cash flows and selling financial assets
- B. Cash flow characteristics of financial assets: cash flows consisting solely of payments of principal and interest on the principal amount outstanding

The recognition of gains and losses related to these financial assets is as follows:

- A. Before derecognition or reclassification, except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss, the gains or losses are recognized in other comprehensive income.
- B. When derecognizing a financial asset that was previously measured at fair value through other comprehensive income, the accumulated gains or losses that were previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest calculated using the effective interest method (by multiplying the effective interest rate by the total carrying amounts of the financial assets) or the following is recognized in profit or loss:
 - (a) For credit-impaired financial assets acquired or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial assets.
 - (b) For financial assets that do not belong to the former category but become credit-impaired subsequently, they are measured at amortized cost using the effective interest method.

In addition, for equity instruments within the scope of IFRS 9 and not held for trading or recognized as consideration in a business combination accounted for under IFRS 3, and for which there is no irrevocable election to present subsequent changes in fair value in profit or loss, they are recognized at fair value on initial recognition with any subsequent changes in fair value reported in other comprehensive income. The amount recognized in other comprehensive income cannot subsequently be transferred to profit or loss (upon disposal of such equity instruments, the cumulative amount recognized in other equity is directly transferred to retained earnings), and such financial assets measured at fair value through other comprehensive income are presented on the balance sheet. Dividends from such investments are recognized in profit or loss, unless they clearly represent a recovery of part of the cost of the investment.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Financial assets at fair value through profit or loss

All financial assets, except those measured at amortized cost or through other comprehensive income based on specific criteria mentioned earlier, are measured at fair value through profit or loss and reported on the balance sheet as financial assets at fair value through profit or loss.

Financial assets classified as measured at fair value through profit or loss are recognized at fair value with any subsequent changes in fair value recognized in profit or loss. The gains or losses recognized in profit or loss include any dividends or interest income earned on the financial assets measured at fair value through profit or loss.

(2) Impairment of financial assets

The Company recognizes and measures the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost using expected credit losses. Investments in debt instruments measured at fair value through other comprehensive income or loss are recognized as an allowance for losses in other comprehensive income or loss and do not reduce the carrying amount of the investments.

The Company measures expected credit losses by considering the following factors:

- A. By determining an unbiased and probability-weighted amount through the evaluation of various possible outcomes.
- B. Time value of money
- C. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available without undue cost or effort as of the balance sheet date)

Methods for measuring provision for credit losses are described below:

- A. Measured based on the 12-month expected credit losses: This includes financial assets for which credit risk has not increased significantly since initial recognition or which are judged to have low credit risk at the reporting date. In addition, it also includes provision for credit losses measured based on expected credit losses over the remaining life of the financial asset for which credit risk has increased significantly since initial recognition, but which no longer meets the condition for credit risk having increased significantly since initial recognition at the reporting date.
- B. Measured based on the lifetime expected credit losses: This includes financial assets for which credit risk has increased significantly since initial recognition, or which are credit-impaired financial assets acquired or originated by the company.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, provision for credit losses is measured based on the lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, provision for credit losses is measured based on the lifetime expected credit losses.

On each balance sheet date, the Company assesses whether the credit risk of financial instruments has significantly increased since initial recognition by comparing the instruments' default risk at the balance sheet date with the default risk at initial recognition. Please refer to Note 12 for information related to credit risk.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(3)Derecognition of financial assets

The financial assets held by the Company will be derecognized under any of the following conditions:

- A. The contractual rights to receive cash flows from the financial asset have expired.
- B. The Company has transferred substantially all risks and rewards of ownership of the financial asset to another party.
- C. The Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, but has transferred control of the asset.

When a financial asset is derecognized in its entirety, any difference between its carrying amount and the total of the consideration received and receivable for the asset is recognized in profit or loss, including any cumulative gain or loss previously recognized in other comprehensive income.

(4)Liabilities and equity instruments

Classification of liabilities and equity

The classification of financial liabilities and equity instruments issued by the Company is based on the substance of the contractual agreements and the definition of financial liabilities and equity instruments.

Equity Instruments

Equity instruments refer to any contracts that represent the residual interest in the assets of the Company after deducting all liabilities. The equity instruments issued by the Company are recognized at the amount received, net of directly attributable issuance costs.

Hybrid Instruments

The Company recognizes the financial liability and equity components of its issued convertible bonds based on their contractual terms. For the issued convertible bonds, the economic characteristics and risks of the embedded call and put options are evaluated prior to separating the equity component.

The portion of the liability not involving derivatives, which has a fair value that is substantially the same and is not convertible, is classified as a financial liability measured at amortized cost until conversion or redemption. For the embedded derivatives that are not closely related to the economic characteristics and risks of the host contract (such as call and put options embedded that cannot be measured at fair value at each reporting date), they are classified as financial liability components and measured at fair value through profit or loss. The equity component is determined by deducting the financial liability component from the fair value of the convertible bond and is not remeasured subsequently. If the issued convertible bonds do not have any equity component, they are treated in accordance with IFRS 9 as hybrid instruments.

The transaction costs are allocated to the liability and equity components of the convertible bonds based on the proportion of their respective carrying amounts at initial recognition.

When the holders of the convertible bonds exercise their conversion rights before the maturity date, the carrying amount of the liability component is adjusted to its carrying amount at conversion date as the basis for recording the issuance of common stocks.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Financial liabilities

Financial liabilities that fall within the scope of IFRS 9 are initially classified as either fair value through profit or loss financial liabilities or amortized cost financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

Financial liabilities are classified as held for trading when one of the following conditions is met:

- A. Its primary objective is to sell within the short term;
- B. At the time of initial recognition, it is part of a recognizable financial instrument combination under consolidated management and there is evidence that the combination is an operational type of short-term profit in the near future; or
- C. It is a derivative instrument (excluding financial guarantee contracts or derivatives designated as effective hedging instruments).

For contracts containing one or more embedded derivative instruments, the overall mixed contract may be designated as a financial liability measured at fair value through profit or loss when either of the following factors can provide more relevant information at initial recognition:

- A. The designation eliminates or significantly reduces a measurement or recognition inconsistency;
- B. A group of financial assets, financial liabilities or both are managed on a fair value basis in accordance with a documented risk management or investment strategy and information on this investment portfolio, which is provided internally to management, is also based on fair value.

Any benefit or loss resulting from the remeasurement of such financial liabilities is recognized in profit or loss, which includes any interest paid on the financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include accounts payable and loans, which are measured using the effective interest method after initial recognition. When a financial liability is derecognized or amortized, any related gains or losses and the amortization amount are recognized in profit or loss.

The calculation of the amortized cost takes into account the discount or premium and transaction costs incurred at the time of acquisition.

Derecognition of Financial Liabilities

Financial liabilities shall be derecognized when the obligation of the financial liability is discharged, canceled or expired.

When significant modifications (whether due to financial difficulties or not) are made to the terms of the existing financial liabilities or when the Company exchanges debt instruments with creditors that have significant differences in terms, the original liability shall be derecognized and the new liability shall be recognized. When a financial liability is derecognized, the difference between the book value and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(5) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities shall only be offset and presented on a net basis in the balance sheet when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

8. Derivative financial instruments

The Company holds or issues derivative financial instruments to hedge against exchange rate and interest rate risks. Designated and effective hedging instruments are reported in the balance sheet as hedging derivative assets or liabilities, while others that do not qualify as designated and effective hedging instruments are reported in the statement of financial position as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivative financial instruments is based on their fair value on the date of the derivative contract signing, and subsequently, they are measured at fair value. A derivative financial instrument is classified as a financial asset if its fair value is positive and a financial liability if its fair value is negative. Changes in the fair value of derivative financial instruments are recognized directly in profit or loss. However, for those derivative financial instruments that involve effective hedging and belong to effective portions, the gains and losses are recognized in profit or loss or equity items depending on the type of hedging.

Embedded derivatives in non-financial assets or non-financial liabilities are treated as independent derivative financial instruments when their economic characteristics and risks are not closely related to the host contract and the host contract is not measured at fair value through profit or loss.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in either:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible by the Company to make the transaction.

The fair value measurement of assets or liabilities uses the assumptions that market participants would use when pricing the assets or liabilities, assuming that the market participants are acting in their economic best interest.

The fair value measurement of non-financial assets takes into account the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling the asset to another market participant who would use the asset in its highest and best use.

The Company employs valuation techniques that are appropriate and have sufficient data available in the relevant circumstances to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

10. Inventory

The inventory is valued at the lower of cost or net realizable value on an item-by-item basis.

Cost refers to the cost incurred to bring the inventory to its present location and condition for sale or use:

Raw materials	– valued using weighted average cost method
Finished goods and work in progress	– includes direct materials, labor, and allocated fixed manufacturing costs based on normal capacity utilization, but excludes borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision of labor services are accounted for in accordance with IFRS 15 and are not within the scope of inventory.

11. Investments accounted for using equity method

For investments in subsidiaries, the Company applies the equity method in accordance with the provisions of Article 21 of the Financial Reporting Standards for Securities Issuers. The investment is expressed as "investments using the equity method" and necessary adjustments are made to ensure that the parent company only financial statements reflect the same share of profit or loss and other comprehensive income as the consolidated financial statements attributed to the owners of the parent company. This adjustment mainly considers the treatment of the subsidiary's investment in the consolidated financial statements in accordance with IFRS 10, and the differences in the application of IFRS at the individual reporting entity level. The related accounts such as "investments using the equity method", "share of profit or loss of associates and joint ventures accounted for using the equity method", or "share of other comprehensive income of associates and joint ventures accounted for using the equity method" are debited or credited accordingly.

At the end of each reporting period, the company determines whether there is objective evidence of impairment of investments in associates in accordance with International Accounting Standard 28 "Investments in Associates and Joint Ventures". If there is objective evidence of impairment, the company then calculates the impairment loss in accordance with IAS 36 "Impairment of Assets" based on the difference between the recoverable amount and the carrying amount of the investment in the associate. The impairment loss is recognized in profit or loss attributed to the associate.

The recoverable amount of an investment in an associate is determined by the difference between its value in use and its carrying amount. Value in use is estimated based on the following criteria:

- (1) The Company's share of the estimated future cash flows of the associates, including cash flows generated by the associates' operations and the proceeds from the ultimate disposal of the investment; or
- (2) The expected future cash flows to be received by the Company from the investment in the form of dividends and the proceeds from the ultimate disposal of the investment.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

As goodwill is not recognized separately in the carrying amount of investments in associates, the impairment test for goodwill under IAS 36 is not applicable.

When there is a significant loss of influence over an associate, the Company will measure and recognize the retained investment at fair value. The difference between the carrying amount of the investment in the associate before significant loss of influence and the fair value of the retained investment plus any proceeds from the disposal will be recognized in the income statement. In addition, when an investment in an associate becomes an investment in a joint venture or vice versa, the Company will continue to apply the equity method and will not remeasure the retained interest.

12. Property, plant, and equipment

Property, plant, and equipment are recognized at cost, including the costs of dismantling, removing, and restoring the location of the asset and necessary interest incurred during the construction phase. They are then reduced by accumulated depreciation and accumulated impairment losses. If a significant component of property, plant, and equipment has a useful life and depreciation method that is different from the remainder, it is separately depreciated. When significant components of property, plant, and equipment are subject to periodic revaluation, they are treated as individual assets and are recognized using specific useful lives and depreciation methods. Any resulting carrying amount of the revalued component is derecognized in accordance with IAS 16. If significant overhaul costs meet the recognition criteria, they are recognized as part of the cost of replacing the asset, while other repairs and maintenance expenses are recognized in profit or loss.

Depreciation is provided on a straight-line method over the estimated useful lives of the following assets:

Assets	Useful life
Buildings	7-51 years
Machinery and equipment	3-10 years
Other equipment	2-15 years

After the initial recognition, if a property, plant and equipment item or any significant component is disposed of or expected to generate no future economic benefits through use or disposal, it should be derecognized and any resulting gain or loss recognized.

The residual value, useful life, and depreciation method of property, plant and equipment are evaluated at the end of each financial year. Any changes in the estimated values compared to the previous estimates are recognized as accounting estimate changes.

13. Lease

Upon the establishment of a contract, the Company assesses whether the contract constitutes or contains a lease. If the contract transfers the right to control the use of a recognized asset for a period of time in exchange for consideration, the contract is deemed to be or to contain a lease. In order to evaluate whether the contract transfers the right to control the use of a recognized asset for a period of time, the Company assesses whether it has the following over the entire period of use:

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- (1)The right to obtain substantially all of the economic benefits from the use of the identified assets;
- (2)The right to direct the use of the identified assets.

For contracts that contain a lease (or lease component), the Group treats each lease component as a separate lease and accounts for it separately from non-lease components in the contract. If a contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component based on the relative standalone price of each lease component and the aggregate standalone price of the non-lease components in the contract. The relative standalone price of the lease and non-lease components is based on the price charged by the lessor (or a similar supplier) for each component (or similar components), respectively. If the standalone price is not readily observable, the Group maximizes the use of observable information to estimate the standalone price.

As a Lessee

Except for leases of low-value assets or short-term leases, when the Company is a lessee under a lease contract, it recognizes a right-of-use asset and a lease liability for all leases.

On the commencement date, the Company measures the lease liability at the present value of the lease payments that are not yet paid on that date. If the implicit rate of interest in the lease is readily determinable, the lease payments are discounted using that rate. If the implicit rate is not readily determinable, the lessee's incremental borrowing rate is used. On the commencement date, the lease payments included in the lease liability comprise the following payments related to the right to use the underlying asset that are unpaid on that date:

- (1)Fixed payments (including any in-substance fixed payments), less any lease incentives receivable;
- (2)Variable lease payments that are based on an index or a rate (initially measured using the index or rate as at the commencement date);
- (3)The amounts expected to be payable by the lessee under residual value guarantees;
- (4)The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (5)Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, reflecting the interest expense on the lease liabilities, while the lease payments reduce the lease liabilities.

On the commencement date, the Company measures the right-of-use asset at cost, which includes:

- (1)The initial measurement of the lease liability;
- (2)Any lease payments made at or before the commencement date, less any lease incentives received;
- (3)Any initial direct costs incurred by the lessee; and

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- (4)The estimated cost of dismantling, removing and restoring the underlying asset, or of restoring the underlying asset to the condition required by the terms and conditions of the lease.

The subsequent measurement of the right-of-use asset is based on the cost model, which means it is measured at cost less accumulated depreciation and accumulated impairment losses.

If ownership of the underlying asset transfers to the Company at the end of the lease term, or if the cost of the right-of-use asset reflects that the Company is reasonably certain to exercise a purchase option, then depreciation is provided over the useful life of the asset from the commencement date until the end of the useful life of the asset. Otherwise, depreciation is provided over the useful life of the asset from the commencement date until the earlier of the end of the useful life of the asset or the end of the lease term.

The Company applies IAS 36, "Impairment of Assets," to assess whether a right-of-use asset has suffered any impairment and to recognize any impairment losses.

Except for leases of low-value assets or short-term leases, the Group recognizes right-of-use assets and lease liabilities on the balance sheet, and recognizes depreciation expense and interest expense separately in the statement of comprehensive income.

For leases of low-value assets or short-term leases, the Group may choose to recognize the lease payments as an expense under a straight-line method or another systematic basis over the lease term.

14.Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired through a business combination are measured at their fair value at the acquisition date. Subsequently, intangible assets are measured at cost less accumulated amortization and impairment losses, i.e., using the cost model. Internally generated intangible assets that do not meet the recognition criteria are expensed when incurred.

Intangible assets are classified as having either a finite or indefinite useful life.

Intangible assets with finite useful lives are amortized over their useful lives and are tested for impairment when there are indicators of impairment. The amortization period and method for intangible assets with finite useful lives are reviewed at least at the end of each financial year. If the estimated useful life of the asset differs from previous estimates or the expected pattern of consumption of future economic benefits has changed, the amortization method or period is adjusted and treated as an accounting estimate change.

Intangible assets with indefinite useful lives are not amortized, but they are subject to impairment testing at the individual asset or cash-generating unit level annually. The useful life of intangible assets with indefinite useful lives is assessed each reporting period to determine if there are any events or circumstances that continue to support their classification as indefinite. If the useful life is changed from indefinite to finite, the new accounting treatment is applied prospectively.

Any gains or losses arising from the derecognition of intangible assets are recognized as profits/losses.

MOSPEC SEMICONDUCTOR CORPORATION
 NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Summary of the accounting policies for intangible assets of the Group are as follows:

	<u>Computer Software Cost</u>
Useful life	Finite(5 years)
Amortization method	Straight-line Method
Internal or external acquisition	External

15. Non-financial asset impairment

At the end of each reporting period, the Company evaluates whether there are indicators of impairment for all assets that fall within the scope of IAS 36 "Impairment of Assets". If there are indicators of impairment or if certain assets require an annual impairment test, the Company conducts an impairment test on an individual asset or on the cash-generating unit to which the asset belongs. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the Company recognizes an impairment loss. The recoverable amount is the higher of the net fair value or value in use.

At the end of each reporting period, the Company also assesses whether there are indications that previously recognized impairment losses for assets other than goodwill may no longer exist or may have decreased. If such indications exist, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, the carrying amount after reversal cannot exceed the asset's carrying amount if no impairment loss had been recognized, net of depreciation or amortization.

Impairment losses and reversals for continuing operations are recognized as profits/losses.

16. Provisions

The recognition criteria for liability provisions is that a present obligation (legal or constructive) has arisen from past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the company expects some or all of the liability provisions to be reimbursed, it is recognized as a separate asset only when the reimbursement is virtually certain. If the time value of money is significant, liability provisions are discounted at a pre-tax rate that reflects the specific risks of the liability. The increase in the liability amount due to the passage of time during discounting is recognized as borrowing cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

Provisions for dismantling, restoration and similar costs

Provisions for dismantling, removal of property, plant and equipment and restoration of the site on which they are located are measured at the present value of the estimated cash flows required to settle the obligation, and the costs of dismantling are recognized as part of the cost of the asset. The cash flows are discounted using a rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense. Estimates of future dismantling costs are reviewed and adjusted for appropriateness at the end of each reporting period. Changes in estimates of future dismantling costs or changes in the discount rate increase or decrease the related asset cost.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

17.Revenue Recognition

The Company's revenue from contracts with customers mainly includes the sales of goods, which are accounted for as follows:

Sales of Goods

The Company manufactures and sells goods. Revenue and accounts receivable are recognized when the promised goods are delivered to the customer and the customer obtains control over them (i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the goods). The main products are power transistors and diodes, and revenue is recognized based on the contractually agreed price.

The Company's credit period for sales of goods ranges from 30 to 120 days. For most contracts, accounts receivable are recognized when control of the goods is transferred and the right to receive consideration without conditions is obtained. These accounts receivable are usually short-term and not a significant component of the Company's financial statements. For a small portion of contracts, the goods have been transferred to the customer but the right to receive consideration without conditions has not yet been obtained. In this case, contract assets are recognized, and these assets are subject to impairment losses measured based on the expected credit loss over the remaining life of the contract in accordance with IFRS 9.

18.Borrowing Costs

The borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowing funds.

19. Retirement benefits plan

The retirement policy of the Company applies to all regular employees, and the retirement benefits of the employees are fully deposited into the Labor Retirement Reserve Supervisory Committee and stored in the Retirement Fund Account. As the above-mentioned retirement benefits are deposited in the name of the Labor Retirement Reserve Supervisory Committee and are completely separated from the Company, they are not included in the aforementioned parent company only financial statements.

For defined contribution retirement benefits plans, the Company's monthly contribution rate for employee retirement benefits shall not be less than 6% of the employees' salary, and the amount contributed shall be recognized as expenses in the current period.

20. Income tax

Income tax expenses (benefits) refer to the aggregate amount included in determining the current period's income statement and related to current income tax and deferred income tax.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Current Income Tax

The current income tax liability (asset) related to the current and prior periods is measured using the tax rates or tax-related laws that have been enacted or substantially enacted as of the end of the reporting period. Income tax related to items recognized in other comprehensive income or directly recognized in equity is separately recognized in other comprehensive income or equity instead of income.

The portion of income tax payable on undistributed earnings subject to surtax on undistributed profits is recognized as income tax expense on the date of the resolution to distribute earnings at the shareholders' meeting.

Deferred Income Tax

Deferred income tax is calculated on the temporary differences between the tax base of assets and liabilities and their carrying amounts on the balance sheet date.

All taxable temporary differences, except for the following two items, are recognized as deferred income tax liabilities:

- (1) The original recognition of goodwill; or the original recognition of assets or liabilities not arising from a business combination, which, at the time of the transaction, neither impacts accounting profit nor taxable income (loss), and does not result in equal temporary differences between taxable and deductible amounts at the time of the transaction;
- (2) The temporary differences arising from investments in subsidiaries, associates and joint ventures, which can be controlled upon reversal and are likely not to be reversed in the foreseeable future.

Except for the following two situations, deferred tax assets arising from deductible temporary differences, unused tax losses and unused tax credits can be recognized within the scope of probable future taxable income:

- (1) This relates to the deductible temporary differences arising from the original recognition of assets or liabilities not resulting from business combination transactions, which, at the time of the transaction, neither affect accounting profit nor tax income (loss), and do not result in the recognition of equal taxable and deductible temporary differences at the time of the transaction;
- (2) Deductible temporary differences arising from investments in subsidiaries, associates, and joint arrangements, which are expected to be reversed and for which sufficient taxable income will be available in the foreseeable future to utilize the temporary differences.

Deferred tax assets and liabilities are measured based on the tax rates and laws that are enacted or substantively enacted at the end of the reporting period, and reflect the tax consequences of expected asset realizations or liability settlements in the current period. The measurement of deferred tax assets and liabilities reflects the tax consequences of the expected recovery of assets or the settlement of liabilities at their carrying amounts as of the end of the reporting period. Deferred tax items that are not recognized in profit or loss are recognized in other comprehensive income or directly in equity, depending on the nature of the transaction. Deferred tax assets are reviewed and recognized at the end of each reporting period.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Deferred tax assets and liabilities can only be offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax is levied by the same tax authority as the income tax levied on the same taxable entity.

According to the Amendments to IAS 12, "International Tax Reform - Pillar 2 Blueprint," temporary exceptions, therefore, prohibit the recognition of deferred tax assets and liabilities for Pillar 2 income taxes and also prohibit the disclosure of related information.

5. Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty

When preparing the parent company only financial statements, the management is required to make judgments, estimates, and assumptions as of the end of the reporting period. These judgments, estimates, and assumptions may affect the reported amounts of income, expenses, assets, liabilities and disclosure of contingent liabilities. However, the uncertainties associated with these significant assumptions and estimates may result in significant adjustments to the carrying amounts of assets and liabilities in the future periods.

Estimates and Assumptions

Information regarding the major sources of uncertainties associated with significant estimates and assumptions made about the future at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

(1) Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from active markets, the fair value will be determined using valuation techniques, including the income approach (such as discounted cash flow models) or market approach. Changes in the assumptions used in these models could affect the fair value of the reported financial instruments. Please refer to Note 12 for more details.

(2) Impairment of Non-Financial Assets

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, impairment occurs. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The calculation of fair value less costs to sell is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs directly attributable to the disposal of the asset or cash-generating unit. The value in use is based on the discounted cash flow model. The estimated cash flows are based on the budget for the next five years, excluding any restructuring that the Company has not yet committed to or any significant future investments required to enhance the asset performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used in the discounted cash flow model and the expected future cash inflows and growth rates based on extrapolation.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(3)Income Tax

The uncertainty in income tax arises from the interpretation of complex tax regulations, the amount and timing of future taxable income. The actual results from extensive international business relationships and long-term and complex contracts may differ from the assumptions made, or changes in these assumptions in the future may require adjustments to the income tax benefit or expense already recognized in the future. The provision for income tax is based on reasonable estimates made based on possible audit results of the tax authorities in the countries where the consolidated companies operate. The amount recognized is based on various factors, such as past tax audit experience and different interpretations of tax regulations by taxpayers and tax authorities. These differences may raise various issues due to the location of individual companies within the Company.

Unutilized tax losses and tax credits that can be carried forward, as well as deductible temporary differences, are recognized as deferred tax assets if it is probable that taxable income or temporary differences that can be taxed will arise in the future. The amount of deferred tax assets that can be recognized is estimated based on the timing and level of future taxable income and temporary differences, along with future tax planning strategies. As of December 31, 2025, please refer to Note 6 for information on deferred tax assets that have not been recognized by the Company.

(4)Accounts Receivable – Estimated Impairment Loss

The estimated impairment loss for doubtful accounts receivable is based on the expected credit losses during the remaining lifetime of the receivables. The credit loss is measured as the present value difference between the contractual cash flows (book value) and the expected cash flows to be collected (forward-looking information). However, the discounting effect for short-term receivables is not significant and the credit loss is measured as the difference before discounting. If the actual cash flows in the future are less than expected, a significant impairment loss may occur. Please refer to Note 6 for further details.

(5)Inventory

The estimated net realizable value of inventory is determined by considering the possibility of inventory impairment, obsolescence, or decline in selling price. The most reliable evidence of the expected realizable value of inventory at the time of estimation is used for this purpose, as described in Note 6.

6. Description of Significant Accounts

(1)Cash and cash equivalents

	As of December 31, 2025	As of December 31, 2024
Cash on hand	\$230	\$205
Check and current deposit	14,886	33,548
Total	<u>\$15,116</u>	<u>\$33,753</u>

As of December 31, 2024, the Company held time deposits with maturities of over three months amounting to NT\$59,013 thousand. These are classified under “other financial assets – current” based on their maturity dates. The interest rates for these deposits ranged from 5.20% to 5.28% as of December 31, 2024.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(2) Financial assets measured at fair value through profit or loss

	As of December 31, 2025	As of December 31, 2024
Fair value through profit or loss:		
stocks	\$83,292	\$95,628
Current assets	\$83,292	\$95,628

The Company does not provide collateral for financial assets measured at fair value through profit or loss.

(3) Notes receivable, net

	As of December 31, 2025	As of December 31, 2024
Notes receivable - generated from operations.	\$—	\$91
Less: allowance for doubtful accounts	—	—
Total	\$—	\$91

The Company does not provide any notes receivable as collateral for its loans.

The impairment and related information on allowance for doubtful accounts are evaluated in accordance with IFRS 9. Please refer to Note 6.15 for more details, and for information related to credit risk, please refer to Note 12.

(4) Accounts receivable and accounts receivable - Related parties

	As of December 31, 2025	As of December 31, 2024
Accounts Receivable	\$1,768	\$2,455
Less: Allowance for doubtful accounts	(14)	(19)
Total	\$1,754	\$2,436

The Company does not provide any accounts receivable as collateral for its loans.

The credit period provided by the Company to its customers is usually between 30 to 120 days. As of December 31, 2025 and 2024, the total carrying amount was NT\$1,768 thousand and NT\$2,546 thousand, respectively. The information on the allowance for doubtful accounts for the year 2025 and 2024 is detailed in Note 6.15, and for information related to credit risk, please refer to Note 12.

(5) Inventories

	As of December 31, 2025	As of December 31, 2024
Raw material	\$443	\$16
Work in process	5,576	5,325
Finished goods	148	160
Total	\$6,167	\$5,501

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

The inventory costs recognized as expenses for the fiscal years 2025 and 2024 amounted to NT\$26,888 thousand and NT\$24,912 thousand, respectively. This includes inventory valuation losses (reversal gains) of NT\$2,595 thousand and (NT\$487 thousand) for the respective periods. During the current period, inventory valuation reversal gains were recognized due to the disposal and sale of certain inventory items.

The Company did not provide any inventories as collateral for its loans.

(6) Investment accounted for using equity method

The details of investments accounted for using equity method are as follows:

Investee Name	As of December 31, 2025		As of December 31, 2024	
	Amount	Equity Stake	Amount	Equity Stake
Subsidiary:				
NHM (BVI) Holding Ltd.	<u>\$46,936</u>	100%	<u>\$58,562</u>	100%

The investment in the subsidiary is presented in the parent company only financial statements as "Investment accounted for using equity method", and necessary fair value adjustments are made.

The details of "Equity in net income of investees and affiliated companies accounted for using the equity method" and "Foreign currency translation adjustments on financial statements of foreign operations (pre-tax)" recognized by the Company in 2025 and 2024, and elimination of intercompany profits are presented as follows:

A. Details of "Equity in net income of investees accounted for using the equity method" and "Foreign currency translation adjustments on financial statements of foreign operations (pre-tax)":

	2025	2024
Equity in net income of investees accounted for using the equity method	<u>\$(10,263)</u>	<u>\$(18,455)</u>
Foreign currency translation adjustments on financial statements of foreign operations (pre-tax)	<u>\$(1,576)</u>	<u>\$3,685</u>

B. The Company's investment in NHM (BVI) Holding Ltd. is mainly through the reinvestments in H&M Semiconductor (Sichuan) Ltd.

(7) Property, Plant and Equipment

	As of December 31, 2025	As of December 31, 2024
Property, plant and equipment used by the Company	<u>\$305,244</u>	<u>\$275,037</u>

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost:</u>					
January 1, 2025	\$178,778	\$197,077	\$338,813	\$178,652	\$893,320
Additions	—	—	—	—	—
Disposals	—	—	(20,009)	—	(20,009)
Transfer	—	—	21,072	24,588	45,660
December 31, 2025	<u>\$178,778</u>	<u>\$197,077</u>	<u>\$339,876</u>	<u>\$203,240</u>	<u>\$918,971</u>
January 1, 2024	\$178,778	\$195,505	\$430,056	\$224,835	\$1,029,174
Additions	—	—	—	—	—
Disposals	—	(380)	(91,243)	(50,593)	(142,216)
Transfer	—	1,952	—	4,410	6,362
December 31, 2024	<u>\$178,778</u>	<u>\$197,077</u>	<u>\$338,813</u>	<u>\$178,652</u>	<u>\$893,320</u>
<u>Depreciation and impairment:</u>					
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
January 1, 2025	\$—	\$134,328	\$338,603	\$145,352	\$618,283
Depreciation	—	4,553	2,491	8,409	15,453
Disposals	—	—	(20,009)	—	(20,009)
December 31, 2025	<u>\$—</u>	<u>\$138,881</u>	<u>\$321,085</u>	<u>\$153,761</u>	<u>\$613,727</u>
January 1, 2024	\$—	\$130,218	\$404,321	\$187,657	\$722,196
Depreciation	—	4,490	2,494	8,287	15,271
Disposals	—	(380)	(68,212)	(50,592)	(119,184)
December 31, 2024	<u>\$—</u>	<u>\$134,328</u>	<u>\$338,603</u>	<u>\$145,352</u>	<u>\$618,283</u>
<u>Net carrying amount:</u>					
December 31, 2025	<u>\$178,778</u>	<u>\$58,196</u>	<u>\$18,791</u>	<u>\$49,479</u>	<u>\$305,244</u>
December 31, 2024	<u>\$178,778</u>	<u>\$62,749</u>	<u>\$210</u>	<u>\$33,300</u>	<u>\$275,037</u>

Please refer to Note 8 for information on the provision of collateral with property, plants and equipment.

(8) Other Noncurrent Asset

	As of December 31, 2025	As of December 31, 2024
Prepayments for equipment	<u>\$63,396</u>	<u>\$43,683</u>

Please refer to Note 8 for details regarding the equipment advances provided as collateral.

(9) Short-Term Loans

Nature of borrowing	As of December 31, 2025	As of December 31, 2024
Bank credit loans	\$—	\$30,000
Bank guaranteed loans	60,000	—
Total	<u>\$60,000</u>	<u>\$30,000</u>
Due date	2026/6/26~2026/11/25	2025/6/25
Interest rate range	2.525%	2.775%
Unused credit line	\$—	\$—

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(10) Long-Term Loans

The details of long-term loans as of December 31, 2025 are as follows:

Creditor	As of December 31, 2025	Interest Rate (%)	Loan Content
First Bank guaranteed loan	\$1,450	2.350%	The loan is repayable in monthly installments of principal from February 8, 2023 to February 8, 2028, with monthly interest payments.
Credit loans by First Bank	8,218	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
Credit loans by First Bank	2,055	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
First Bank guaranteed loan	14,450	2.525%	The loan is repayable in monthly installments of principal from May 6, 2024 to May 6, 2027, with monthly interest payments.
First Bank guaranteed loan	22,366	2.525%	The loan is repayable in monthly installments of principal from August 7, 2024 to August 7, 2029, with monthly interest payments.
First Bank guaranteed loan	14,489	2.525%	The loan is repayable in monthly installments of principal from June 2, 2025 to June 2, 2030, with monthly interest payments.
First Bank guaranteed loan	23,248	2.525%	The loan is repayable in monthly installments of principal from October 13, 2025 to October 13, 2030, with monthly interest payments.
First Bank guaranteed loan	15,000	2.525%	The loan is repayable in monthly installments of principal from December 24, 2025 to December 24, 2030, with monthly interest payments.
Subtotal	<u>101,276</u>		
Less: Current portion	<u>(31,253)</u>		
Total	<u>\$70,023</u>		

The details of long-term loans as of December 31, 2024 are as follows:

Creditor	As of December 31, 2024	Interest Rate (%)	Loan Content
First Bank guaranteed loan	\$2,095	2.350%	The loan is repayable in monthly installments of principal from February 8, 2023 to February 8, 2028, with monthly interest payments.
Credit loans by First Bank	11,380	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
Credit loans by First Bank	2,845	2.220%	The loan is repayable in monthly installments of principal from June 20, 2023 to June 20, 2028, with monthly interest payments.
First Bank guaranteed loan	24,343	2.525%	The loan is repayable in monthly installments of principal from May 6, 2024 to May 6, 2027, with monthly interest payments.
First Bank guaranteed loan	28,116	2.525%	The loan is repayable in monthly installments of principal from August 7, 2024 to August 7, 2029, with monthly interest payments.
Subtotal	68,779		
Less: Current portion	<u>(20,240)</u>		
Total	<u>\$48,539</u>		

Please refer to Note 8 for details on the collateral for the First Bank secured loan.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(11) Retirement Benefits Plan

Defined contribution plans

The employee retirement plan established by the Company is a defined contribution plan under the "Labor Pension Act". Pursuant to the Act, the Company is required to contribute to each employee's individual retirement account every month, and the contribution rate must be no less than 6% of the employee's monthly salary. The Company has already established an employee retirement plan in accordance with the Act and contributes 6% of each employee's monthly salary to employees' pension accounts every month.

In 2025 and 2024, the Company recognized retirement benefit plan expenses of NT\$ 829 thousand and NT\$ 749 thousand, respectively.

(12) Provision

	<u>Decommissioning, Restoration, and Remediation Costs</u>
January 1, 2025	\$—
Current use	—
December 31, 2025	\$—
January 1, 2024	\$6,601
Current use	(6,601)
December 31, 2024	\$—
Noncurrent—December 31, 2025	\$—
Noncurrent—December 31, 2024	\$—

Decommissioning, Restoration, and Remediation Costs

The provision recognizes pollution prevention and control costs related to land owned by the Company, which are estimated based on the best estimate of future possible investment amounts.

(13) Equity

1. Common stock

- i. As of December 31, 2025 and 2024, the authorized capital stock of the Company was NT\$1,800,000 thousand divided into 180,000 thousand shares with a par value of NT\$10 per share. The issued and outstanding common stock of the Company was NT\$370,000 thousand divided into 37,000 thousand shares with a par value of NT\$10 per share (including 27,489 thousand shares of privately placed common stock). Each share is entitled to one vote and to receive dividends.
- ii. The Board of Directors of the Company passed resolutions on April 8, April 15, September 7, and October 8, 2009 to issue privately placed common stock totaling NT\$276,300 thousand (NT\$42,439 thousand after reducing capital to offset accumulated losses).
- iii. The Board of Directors of the Company passed a resolution on December 28, 2010 to issue privately placed new shares of common stock totaling NT\$48,375 thousand (NT\$7,430 thousand after reducing capital to offset accumulated losses).

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- iv. The Board of Directors of the Company passed a resolution on June 8, 2011 to issue privately placed new shares of common stock totaling NT\$66,750 thousand (NT\$10,253 thousand after reducing capital to offset accumulated losses).
- v. The Board of Directors of the Company passed a resolution on February 26, 2013 to issue privately placed new shares of common stock totaling NT\$96,150 thousand (NT\$14,769 thousand after reducing capital to offset accumulated losses).
- vi. In order to improve its financial structure, the Company passed a resolution at the shareholders' meeting on June 29, 2020 to reduce its capital to offset accumulated losses by NT\$536,021 thousand, with a reduction ratio of 75.9214%.
- vii. The Board of Directors of the Company passed a resolution on September 24, 2020 to issue privately placed new shares of common stock totaling NT\$100,000 thousand.
- viii. The Board of Directors of the Company passed a resolution on March 11, 2021 to issue privately placed new shares of common stock totaling NT\$100,000 thousand
- ix. The rights and obligations of the privately placed new shares are generally the same as those of the common stock already issued by the Company. However, according to the Securities and Exchange Act, the privately placed common stock cannot be freely transferred within three years after the issuance. Except for the restrictions on transferability under the Securities and Exchange Act, and subject to completing the public issuance and waiting for three years from the delivery date, the privately placed common stock has the same rights and obligations as the common stock already issued by the Company.

2. Capital Reserve

A.

Item	As of December 31, 2025	As of December 31, 2024
Issuance premium	\$101,419	\$101,419

B. According to laws and regulations, capital reserves can only be used to offset company losses. When the company has no losses, the capital reserves generated from the premium on the issuance of shares and donations received may be allocated to increase capital up to a certain percentage of paid-in capital each year. The aforementioned capital reserves may also be distributed as cash dividends in proportion to the shareholders' original shares.

3. Earnings Distribution and Dividend Policy

According to the company's articles of association, in the event of an annual surplus, it shall be distributed in the following order:

- A. Payment of taxes and other government charges.
- B. Offset of accumulated losses.
- C. Appropriation of 10% of net income to legal reserve.
- D. Appropriation or reversal of special reserve in accordance with the regulations of the competent authority.
- E. The remaining surplus shall be distributed to shareholders in accordance with the dividend policy proposed by the board of directors and submitted to the shareholders' meeting.

The Company's dividend policy takes into consideration the current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests. The Company shall allocate not less than 50% of the distributable profits for dividends to shareholders each year. Dividends may be paid in cash or shares, with the cash portion not less than 50% of the total dividend amount.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

According to the Company Act, the legal reserve shall be appropriated until it reaches an amount equal to the Company's paid-in capital. The legal reserve may be used to offset losses. When there are no accumulated losses, any excess in the legal reserve over 25% of the paid-in capital may be distributed to shareholders in the form of new shares or cash, in proportion to their shareholdings.

When the Company distributes its distributable profits, it is required by law to allocate the remaining balance of the special reserve after first-time adoption of IFRS and the net amount of other equity deduction to offset the special reserve. In the event that the net amount of other equity deduction is reversed, the Company may allocate the reversed portion to the special reserve for distribution of profits.

The board of directors and the shareholders' meeting of the Company held on March 6, 2026 and May 27, 2025, respectively, proposed and resolved the earnings appropriation and distribution plans, along with the dividends per share for the fiscal years 2025 and 2024, as listed below:

	Earnings appropriation and distribution of		per share (NT\$)	
	2025	2024	2025	2024
Legal reserve	\$77	\$525		
special reserve	691	4,401		
Cash dividends	—	—	\$—	\$—

The Company has resolved by regular shareholders meeting on June 12, 2024 to approved the proposal of offsetting losses for the year ended December 31, 2023. The losses offset by capital surplus amounted to NT\$91,841 thousand.

For information regarding the estimation basis and recognition amount of employee and director remuneration, please refer to Note 6.17.

(14) Net revenue

	2025	2024
Revenue from customer contracts		
Net revenue from sale of goods	\$21,131	\$27,393

The revenue information related to customer contracts for the Company in 2025 and 2024 are as follows:

Revenue breakdown:

	2025	2024
	Semiconductor	Semiconductor
Sales of Goods	\$21,131	\$27,393
Revenue recognition timing:		
At a certain time	\$21,131	\$27,393

(15). Expected credit gain(loss)

	2025	2024
Operation expense— Expected credit gain(loss)		
Accounts receivable	\$5	\$17

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 12 for information related to credit risk.

The accounts receivable of the Company (including notes and accounts receivable) are measured for impairment using the lifetime expected credit loss method. The relevant explanation of the assessment of the allowance for impairment on December 31, 2025 and 2024 is as follows:

Historical credit loss experience for accounts receivable does not indicate any significant differences in loss patterns among different customer groups. Therefore, a non-segmented approach is adopted, and an expected credit loss model based on the provision matrix is used to measure the allowance for doubtful accounts. The relevant information is as follows:

December 31, 2025	Not Overdue (Note)	Days Past Due				Total
		Within 90 days	91-180 days	181-365 days	Over 366 days	
Total carrying amount	\$—	\$1,484	\$284	\$—	\$—	\$1,768
Loss rate	0%	0.78%	0.78%	—	—	
Lifetime expected credit losses	—	(12)	(2)	—	—	(14)
Subtotal	\$—	\$1,472	\$282	\$—	\$—	\$1,754
Carrying amount						<u>\$1,754</u>

December 31, 2024	Not Overdue (Note)	Days Past Due				Total
		Within 90 days	91-180 days	181-365 days	Over 366 days	
Total carrying amount	\$91	\$2,109	\$346	\$—	\$—	\$2,546
Loss rate	0%	0.78%	0.78%	—	—	
Lifetime expected credit losses	—	(16)	(3)	—	—	(19)
Subtotal	\$91	\$2,093	\$343	\$—	\$—	\$2,527
Carrying amount						<u>\$2,527</u>

Note: All notes receivable of the Group are not overdue.

The information on the changes in the allowance of accounts receivable for the years ended December 31, 2025 and 2024 of the Company is presented below:

	Accounts Receivable
January 1, 2025	\$19
Addition (reversal)	(5)
December 31, 2025	<u>\$14</u>
January 1, 2024	\$36
Addition (reversal)	(17)
December 31, 2024	<u>\$19</u>

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(16)Lease

(1)As a lessee

The effect of the lease on the financial position, financial performance, and cash flows of the Group is explained as follows:

A. Revenue and expenses related to leasing activities for the lessee

	2025	2024
Expenses related to leases of low-value assets (excluding expenses related to leases of low-value assets with a lease term of 12 months or less)	\$57	\$54

B. Cash outflows related to the lessee and leasing activities

The total cash outflows related to leasing activities for the Group were NT\$57 thousand and NT\$ 54 thousand for the years ended December 31, 2025and 2024, respectively.

(2) As a lessor

The Group has entered into commercial property lease agreements for its own properties for a term of six years.

	2025	2024
Rental income from operating leases	\$224	\$—

(17)Summary of Employee Benefits, Depreciation, and Amortization Expenses by Function:

By function By item	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employees' Benefits						
Salaries	\$3,334	\$12,724	\$16,058	\$1,041	\$11,863	\$12,904
Health and Labor Insurance	449	1,599	2,048	143	1,501	1,644
Pensions	139	690	829	69	680	749
Remuneration of Directors	—	1,524	1,524	—	1,512	1,512
Others	297	789	1,086	73	703	776
Depreciation(Note)	4,189	7,205	11,394	5,169	5,846	11,015
Amortization	—	—	—	—	—	—

Note: The depreciation provision for the solar power generation equipment of the Company is recorded as an expense under other expenses.

- 1.The number of employees in the current and previous years was 35 and 29, respectively, with 6 directors who are not part-time employed.
- 2.For companies whose stocks are listed on the stock exchange or traded on the TPEX, the following information shall be disclosed:

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- A. The average employee benefits expense for the current year was NT\$690 thousand, and for the previous year, it was NT\$699 thousand.
- B. The average employee salary expense for the current year was NT\$554 thousand, and for the previous year, it was NT\$561 thousand.
- C. The adjustment percentage of the average employee salary expense was (1)%.
- D. Employees' remuneration include monthly salary, performance bonus, and year-end bonus. The salary is mainly based on the market salary, company operations, and overall economic conditions, and takes into account the Company's competitiveness, internal fairness, and legality to establish a competitive salary system. Performance bonuses are awarded based on the company's operating performance and the individual performance of employees to reward their contributions and motivate them to continue their efforts. The year-end bonus is based on the Company's annual profitability.

According to the Company's Articles of Incorporation, the Company shall allocate no less than 1% as employee remuneration and no more than 2% as directors' remuneration. However, if the Company has accumulated losses, it shall first reserve an amount to offset such losses. The aforementioned employee remuneration, distributed in the form of stock or cash, may include employees of controlled or subsidiary companies meeting certain conditions, which shall be determined by the Board of Directors. Of the employee remuneration allocated in the first paragraph, no less than 50% shall be distributed as remuneration for grassroots employees. For information regarding employee and directors' remuneration approved by the Board of Directors, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

For the year ended 2025, based on the Company's profitability, the remuneration to employees and directors were accrued at 1% and 1%, respectively, and the amounts of remuneration to employees and directors recognized amounted to NT\$8 thousand and NT\$8 thousand, respectively, which were included under salary expense.

For the year ended 2024, based on the Company's profitability, the remuneration to employees and directors were accrued at 1% and 1%, respectively, and the amounts of remuneration to employees and directors recognized amounted to NT\$54 thousand and NT\$54 thousand, respectively, which were included under salary expense.

The actual distribution of employee remuneration for 2024 was NT\$54 thousand, which shows no material difference from the amount recognized as an expense in the 2024 financial statements.

The estimated remuneration for directors and supervisors of the Company for the year 2024 has not yet been actually distributed.

(18) Non-operating income and expenses

1. Interest Income

	2025	2024
Amortized cost financial asset - Bank deposit interest	\$884	\$3,217

2. Other Income

	2025	2024
Other Income - Others	\$3,255	\$2,813
Dividend	705	596
Rental income	224	—
Total	\$4,184	\$3,409

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

3. Other income and expenses

	2025	2024
Gain(loss) on disposal of property, plant, and equipment	\$—	\$1,009
Net foreign exchange (loss)gain	(131)	6,453
Gain on financial assets at fair value through profit or loss	61,094	52,095
Other expenses - Depreciation of solar power equipment	(4,059)	(4,256)
Other expenses - Others	—	(4)
Total	\$56,904	\$55,297

Note: Generated from financial assets measured at fair value through profit or loss.

4. Financial Cost

	2025	2024
Interest on bank loans	\$(2,664)	\$(2,205)

(19) Components of Other Comprehensive Income

The composition of other comprehensive income for the year ended December 31, 2025 is as follows:

	Current period generated	Reclassification adjustments For the Period	Other Comprehensive Income	Income tax benefit (expense)	After-Tax Amount
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operating entities	\$(1,576)	—	\$(1,576)	—	\$(1,576)

The composition of other comprehensive income for the year ended December 31, 2024 is as follows:

	Current period generated	Reclassification adjustments For the Period	Other Comprehensive Income	Income tax benefit (expense)	After-Tax Amount
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operating entities	\$3,685	—	\$3,685	—	\$3,685

(20) Income Tax

1. The major components of income tax expense for 2025 and 2024 are as follows:

Income tax expense recognized in profit or loss

	2025	2024
Current income tax expense:		
Current tax expense recognized in the current year	\$16	\$—
Deferred income tax expense:		
The origination and reversal of temporary differences	—	—
Income tax expense recognized in profit or loss	\$16	\$—

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Income tax recognized in other comprehensive profit or loss

	2025	2024
Deferred income tax expense:		
Foreign exchange differences arising from the translation of financial statements of foreign operating entities	\$—	\$—

2. The adjustments to income tax expense for the year and the amount of income tax computed at the applicable statutory tax rates are as follows:

	2025	2024
Pretax gain from continuing operations	\$784	\$5,246
Income tax expense calculated at statutory tax rates	\$157	\$1,049
Tax effect of tax-exempt income	(12,360)	(10,538)
Tax effects of non-deductible expenses	2,052	3,475
Tax effects of deferred tax assets/liabilities	—	6,014
Additional 5% income tax on unappropriated earnings	16	—
Tax effects of other tax adjustments	10,151	—
Income tax expense recognized in income statement	\$16	\$—

3. The following deferred tax assets (liabilities) balances are related to the items below:

	2025			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized holiday bonus deduction	\$202	\$—	\$—	\$202
Unrealized intercompany transactions	287	—	—	287
Unrealized exchange losses	178	—	—	178
Unrealized exchange gains	(9)	—	—	(9)
Land value increment tax reserve	(46,203)	—	—	(46,203)
Defined benefit liabilities, net	3,409	—	—	3,409
Other	(666)	—	—	(666)
Deferred tax (expense) benefit		\$—	\$—	
Deferred tax assets (liabilities) , net	\$(42,802)			\$(42,802)
The information expressed in the balance sheet is as follows:				
Deferred tax assets	\$3,410			\$3,410
Deferred tax liabilities	\$(46,212)			\$(46,212)

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	2024			Ending balance
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	
Temporary difference				
Unrealized holiday bonus deduction	\$202	\$—	\$—	\$202
Unrealized intercompany transactions	287	—	—	287
Unrealized exchange losses	178	—	—	178
Unrealized exchange gains	(9)	—	—	(9)
Land value increment tax reserve	(46,203)	—	—	(46,203)
Defined benefit liabilities, net	3,409	—	—	3,409
Other	(666)	—	—	(666)
Deferred tax (expense) benefit		\$—	\$—	
Deferred tax assets (liabilities) , net	<u>\$(42,802)</u>			<u>\$(42,802)</u>
The information expressed in the balance sheet is as follows:				
Deferred tax assets	<u>\$3,410</u>			<u>\$3,410</u>
Deferred tax liabilities	<u>\$(46,212)</u>			<u>\$(46,212)</u>

4. The information regarding the Company's unused tax losses is summarized as follows:

Occurrence Year	Loss Amount	Unused Balance		Last
		As of December 31, 2025	As of December 31, 2024	Offset Year
2016	42,651	42,651	42,651	2026
2017	80,089	80,089	80,089	2027
2018	86,733	86,733	86,733	2028
2019	81,565	81,565	81,565	2029
2020	126,450	126,450	126,450	2030
2021	36,656	36,656	36,656	2031
2022	35,259	35,259	35,259	2032
2024	38,410	38,410	38,410	2034
2025	78,744	78,744	—	2035
		<u>\$606,557</u>	<u>\$527,813</u>	

5. Unrecognized Deferred Income Tax Assets

As of December 31, 2025 and 2024 the total amount of unrecognized deferred income tax assets of the Company amounted to NT\$230,370 thousand and NT\$224,236 thousand, respectively.

6. Status of Income Tax Filing

As of December 31, 2025, the settlement and filing of profit-seeking enterprise income tax for the Company have been approved by the tax authorities up to the fiscal year 2023.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(21)Earnings per share

The calculation of basic earnings per share is based on the net income attributable to the shareholders of the parent company for the period divided by the weighted average number of outstanding common shares during the year.

The calculation of diluted earnings per share is determined by dividing the net income attributable to the shareholders of the Company for the period by the weighted average number of outstanding ordinary shares during the period, adjusted for the effects of all dilutive potential ordinary shares.

1. Basic earnings per share

	<u>2025</u>	<u>2024</u>
Net attributable to common stockholders (NT\$ thousands)	\$768	\$5,246
Weighted average shares outstanding - basic (thousands of shares)	37,000	37,000
Weighted average number of common shares after adjusted by dilutive effects (thousands of shares)	37,000	37,000
Basic earnings (loss) per share (NT\$)	\$0.02	\$0.14
Diluted earnings (loss) per share(NT\$)	\$0.02	\$0.14

No significant changes to the end-of-period outstanding common stocks or potential common stocks occurred between the reporting period and the issuance of the financial statements.

7. Related Party Transaction

The related parties who had transactions with the Group during the financial reporting period are as follows:

Name and relationship of related-party

<u>Name of related parties</u>	<u>Relationship with the Company</u>
H&M Semiconductor(Sichuan) Ltd. (H&M Sichuan)	Subsidiary of the Company

Significant related-party transactions

1. Sales

	<u>2025</u>	<u>2024</u>
H&M (Sichuan)	<u>\$1,268</u>	<u>\$1,620</u>

The subsidiary in Mainland China sells products domestically and purchases chip from the Company. The sales price is calculated based on the cost plus markup, and the payment term is 4 to 10 months after monthly settlement. The payment terms for other customers are generally 1 to 6 months after monthly settlement.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

2. Purchases

	2025	2024
H&M (Sichuan)	\$14,052	\$17,545

The Company entrusts its subsidiary to process semi-finished products and pays processing fees based on actual processing costs and related expenses. The payment period for processing fees is 4 to 10 months from the end of each month.

3. Disposal of real estate, plant and equipment

As of December 31, 2025 : None.

As of December 31, 2024:

	Asset	Sales Proceeds	Gain on Sale
H&M (Sichuan)	Machinery and equipment	\$ 24,041	\$ 1,009

4. Financing Status

(1) The related-party financing arrangements of the Company are as follow:

As of December 31, 2025:

	2025				
	Maximum amount	End-of-period balance	Interest rate	Total interest income (expense)	End-of-period accounts receivable (payable) for interest
<u>Other account receivable (financing, included in other receivables - related parties)</u>					
H&M (Sichuan)	\$188,832	\$164,049	—	\$—	\$—

As of December 31, 2024:

	2024				
	Maximum amount	End-of-period balance	Interest rate	Total interest income (expense)	End-of-period accounts receivable (payable) for interest
<u>Other account receivable (financing, included in other receivables - related parties)</u>					
H&M (Sichuan)	\$67,845	\$26,872	—	\$—	\$—

5. The Remuneration of the Major Management Personnel of the Company

	2025	2024
Short-term employee benefits	\$2,037	\$2,010

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

8. Pledged Assets

The Company has the following assets as collateral:

Item	Carrying Amount		Contents of Secured Debt
	December 31, 2025	December 31, 2024	
Land, buildings and equipment	\$206,000	\$120,000	Collateral for long-term loans
Other Financial Assets-Current	—	59,013	Short-term borrowings of subsidiaries
Prepayments for Equipment	4,647	8,994	Collateral for long-term loans
Total	<u>\$210,647</u>	<u>\$188,007</u>	

9. Significant Contingent Liabilities and Unrecognized Commitments

As of December 31, 2024, the standby L/C provided to financial institutions for subsidiaries' secured loans amounted to NT\$38,063 thousand.

10. Significant Disaster Losses

None.

11. Significant Subsequent Events

None.

12. Others

(1)Categories of financial instruments

Financial assets

	As of December 31, 2025	As of December 31, 2024
On financial assets at fair value through profit or loss		
Fair value through profit or loss:	\$83,292	\$95,628
Amortized cost		
Cash and cash equivalent (not including cash on hand)	14,886	33,548
Notes and accounts receivable (including related parties)	1,754	2,527
Other receivables (including related parties)	164,368	27,287
Other financial asset-current	—	59,013
Subtotal	<u>181,008</u>	<u>122,375</u>
Total	<u>\$264,300</u>	<u>\$218,003</u>

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Financial liabilities

	As of December 31, 2025	As of December 31, 2024
Financial liabilities measured at amortized cost:		
Short-term loans	\$60,000	\$30,000
Accounts payable and other payables (including related parties)	15,844	4,951
Long-term loans (including current portion)	101,276	68,779
Total	\$177,120	\$103,730

(2) Financial risk management and policy

The primary objective of financial risk management for the Company is to manage market risk, credit risk, and liquidity risk related to the operational activities, and to identify, measure, and manage these risks according to the policies and risk preferences.

The Company has established appropriate policies, procedures, and internal controls in accordance with relevant regulations for the management of the aforementioned financial risks. Significant financial activities are subject to review by the board of directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must strictly comply with the relevant regulations for financial risk management that have been established.

(3) Market risk

The market risk of the Company refers to the risk that the fair value or cash flows of its financial instruments may fluctuate due to market price changes. Market risks mainly include currency risk, interest rate risk, and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in various risk variables are usually interrelated. However, the sensitivity analysis of each risk variable below does not consider the interactive effects of related risk variables.

Currency risk

The Company's currency risk is mainly related to its operating activities (when the currency used for income or expenses is different from the Company's functional currency) and net investments in foreign operations.

For some foreign currency receivables and payables of the Company that are denominated in the same currency, a natural hedging effect is generated for the corresponding positions. For some other foreign currency items, forward foreign exchange contracts are used to manage currency risk. However, as the natural hedging and hedging through forward foreign exchange contracts do not comply with the hedge accounting requirements, the Company does not adopt hedge accounting for these items. In addition, the net investment in foreign operations is regarded as a strategic investment, and therefore, the Company does not hedge against it.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

The sensitivity analysis of the Company's currency risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and analyzes the impact of a 1% increase or decrease in the relevant foreign currency exchange rate on the Company's income and equity. The Company's currency risk is mainly affected by fluctuations in the US dollar and the Chinese yuan. The sensitivity analysis information is as follows:

- A. If the New Taiwan Dollar appreciates/depreciates by 1% against the US Dollar, it will result in a decrease of NT\$ 46 thousand and NT\$ 658 thousand in the net income of the Company at the end of 2025 and 2024, respectively.
- B. If the New Taiwan Dollar appreciates/depreciates by 1% against the Chinese Yuan, it will result in a decrease of NT\$ 1,629 thousand and NT\$ 427 thousand in the net income of the Company at the end of 2025 and 2024, respectively.
- C. If the New Taiwan Dollar appreciates/depreciates by 1% against the Japan Yuan, it will result in a Increase of NT\$ 0 and NT\$ 21 thousand in the net income of the Company at the end of 2025 and 2024, respectively.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in fair value or future cash flows of financial instruments caused by changes in market interest rates. The interest rate risk of the Company mainly arises from fixed-rate and floating-rate loans.

The Company manages its interest rate risk by maintaining an appropriate mix of fixed and floating rates and using interest rate swap contracts, but has not applied hedge accounting as it does not meet the criteria.

The sensitivity analysis of interest rate risk primarily focuses on the floating-rate investments and borrowings as of the end of the reporting period, assuming a holding period of one accounting year. When the interest rate rises/falls by 100 basis points, the impact on the Company's income for the years ended December 31, 2025 and 2024 would be an decrease of (NT\$ 1,464 thousand) and decrease (NT\$ 63 thousand), respectively.

(4) Credit Risk Management

Credit risk refers to the risk of financial loss due to the counterparty's failure to fulfill the obligations specified in the contract. The credit risk of the Company is mainly caused by business activities (mainly accounts receivable and notes) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Company follows the policies, procedures, and controls for credit risk management. All credit risk assessments consider factors such as the counterparty's financial condition, credit rating agencies' ratings, past transaction experiences, current economic environment, and internal rating standards of the Company.

The Company also uses certain credit enhancement tools (such as prepayments and insurance) to reduce the credit risk of specific counterparties at appropriate times.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

As of December 31, 2025 and 2024, the percentage of the top ten customers' accounts receivable to the Company's total accounts receivable was 85.08% and 92.9%, respectively. The credit concentration risk of other accounts receivable is relatively low.

The finance department of the Company manages the credit risk of bank deposits and other financial instruments in accordance with the Company's policy. The Company's counterparties are well-established domestic and foreign financial institutions, therefore there is no significant credit risk.

The Company applied IFRS 9 to evaluate expected credit losses, and the relevant information on credit risk assessment is as follows:

Category	Indicator	The method for measuring expected credit losses	Total Carrying Amount	
			As of December 31, 2025	As of December 31, 2024
Simplified method(Note)	—	Expected credit losses during the remaining lifetime	\$1,768	\$2,546

Note: Include notes and accounts receivable.

(5) Liquidity Risk Management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, highly liquid securities, and bank borrowings. The following table summarizes the maturity profile of the remaining payments for non-derivative financial liabilities with agreed repayment terms, based on the earliest possible repayment date and using undiscounted cash flows. The amounts listed include the agreed-upon interest. The undiscounted interest amounts paid in cash flow with floating interest rates are based on the yield curve derived from the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
As of December 31, 2025					
Loans	\$93,423	47,701	25,146	—	\$166,270
Accounts payable	\$15,844	—	—	—	\$15,844
As of December 31, 2024					
Loans	\$51,702	37,341	12,884	—	\$101,927
Accounts payable	\$4,951	—	—	—	\$4,951

The disclosure of the table above regarding derivative financial liabilities is presented using the total undiscounted cash flow.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(6) Adjustment of Liabilities from Financing Activities

Adjustment information of liabilities for the year 2025 as follows:

	Short-term loans	Long-term loans	Guarantee deposit received	Total amount of liabilities from financing activities
As of January 1, 2025	\$30,000	\$68,779	\$—	\$98,779
Cash flow	30,000	32,497	2,000	64,497
Non-cash change	—	—	—	—
As of December 31, 2025	<u>\$60,000</u>	<u>\$101,276</u>	<u>\$2,000</u>	<u>\$163,276</u>

Adjustment information of liabilities for the year 2024 as follows:

	Short-term loans	Long-term loans	Total amount of liabilities from financing activities
As of January 1, 2024	\$30,000	\$36,700	\$66,700
Cash flow	—	32,079	32,079
Non-cash change	—	—	—
As of December 31, 2024	<u>\$30,000</u>	<u>\$68,779</u>	<u>\$98,779</u>

(7) Fair Value of Financial Instruments

1. Valuation technology and assumptions used to measure fair value of financial instruments

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A. Cash and cash equivalents, accounts receivable, deposits paid, accounts payable, and other current liabilities are measured at their carrying amounts, which approximate their fair values, primarily because these instruments have short maturities.
- B. Financial assets and financial liabilities that are traded in active markets and have standard terms and conditions, such as publicly traded stocks, securities, bonds, and futures, are measured using quoted market prices.
- C. Equity instruments that are not traded in active markets, such as privately placed stocks, stocks of public companies not traded in active markets, and stocks of unlisted companies, are measured using market-based methods. This involves estimating fair value using information such as prices of similar instruments that have been traded in active markets or other relevant information (such as discounts for lack of liquidity, price-to-earnings ratios of similar companies, and price-to-book ratios of similar companies).

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

- D. Debt instruments, investments, bank loans, corporate bonds, and other non-current liabilities that do not have quoted market prices are measured using valuation techniques that take into account the counterparty quotes or appropriate valuation techniques. Valuation techniques are based on discounted cash flow analysis, with assumptions for interest rates and discount rates obtained from similar instruments and relevant information (such as dividend yield curves from the TPEX, Reuters commercial paper rate average quotes, and credit risk).
- E. Derivative financial instruments that do not have quoted market prices are valued using counterparty quotes or using a discounted cash flow analysis based on dividend yield curves for the remaining term of the derivative. For options, counterparty quotes, appropriate option pricing models (such as Black-Scholes Model), or other valuation methods (such as Monte Carlo Simulation) are used to determine fair value.

2. Fair Value of Financial Instruments Measured Using Amortized Cost

The carrying amount of financial assets and liabilities measured using amortized cost is considered to be a reasonable approximation of their fair values.

3. Information on Fair Value Hierarchy of Financial Instruments

Please refer to Note 12、8 for the fair value hierarchy information for financial instruments of the Company.

(8) Fair Value Hierarchy

1. Definition of Fair Value Hierarchy

All assets and liabilities measured or disclosed at fair value are classified into their respective levels within the fair value hierarchy based on the significance of the inputs used in measuring the fair value of the asset or liability. The three levels of inputs are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

2. Fair Value Measurement Hierarchy Information

The Company did not have any non-recurring assets measured at fair value, and the fair value hierarchy information for recurring assets and liabilities is as follows:

As of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss				
Share	\$83,292	\$—	\$—	\$83,292

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

As of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Fair value measured financial assets:				
Financial assets at fair value through profit or loss				
Share	\$95,628	\$—	\$—	\$95,628

Transfer between level 1 and level 2 fair value hierarchy

There were no transitions between Level 1 and Level 2 of the fair value hierarchy for the recurring fair value measurements of assets and liabilities for 2025 and 2024.

(9) Significant Information on Foreign Currency Financial Assets and Liabilities

The significant foreign currency financial assets and liabilities information of the Group is as follows:

	As of December 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial asset</u>			
Currency:			
US dollar	\$153	31.4300	\$4,805
Chinese Yuan	\$36,503	4.4960	\$164,116
Investments under the equity method:			
US dollar	\$1,684	31.4300	\$52,918
<u>Financial liabilities</u>			
US dollar	\$7	31.4300	\$212
Chinese Yuan	\$268	4.4960	\$1,204
	As of December 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial asset</u>			
Currency:			
US dollar	\$2,007	32.7850	\$65,799
Chinese Yuan	\$9,529	4.4780	\$42,670
Japanese Yuan	\$10,022	0.2099	\$2,104
Investments under the equity method:			
US dollar	\$1,975	32.7850	\$64,757

The above information is disclosed based on the foreign currency carrying amount (converted to the functional currency).

Due to the various functional currencies involved in the foreign currency transactions of the Company, it is impractical to disclose the impact of each significant currency separately. Therefore, the gains or losses on foreign currency translation are aggregated and disclosed. For the years ended December 31, 2025 and 2024, the Company had a translation loss of (NT\$ 132 thousand) and a translation gain of NT\$ 6,453 thousand respectively on its monetary financial assets and financial liabilities.

MOSPEC SEMICONDUCTOR CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(10)Capital management

The primary objective of capital management for the Group is to ensure a sound credit rating and favorable financing costs, in order to support business operations and maximize shareholder equity. The Group manages and adjusts its capital structure based on operating and economic conditions, and may achieve the goal of maintaining and adjusting its capital structure by adjusting dividend payments, returning capital, or issuing new shares.

13. Additional Disclosures

A. Information related to Significant Transactions:

- (A). Financings provided: See Table 1 attached.
- (B). Endorsement/guarantee provided: See Table 2 attached.
- (C). Holding of significant marketable securities at the end of the period: See Table 3 attached.
- (D). Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (E). Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (F). Information on investees: See Table 4.

B. Investment information in Mainland China:

- (A). Investment information in Mainland China: please refer to Table 5.
- (B). Significant transaction matters with the subsidiaries in Mainland China directly or indirectly through third-party territories, as well as their prices, payment terms, and unrealized gains or losses:
 - a. Purchased amount and percentage, as well as the year-end balance and percentage of related payables: None.
 - b. Sales amount and percentage, as well as the year-end balance and percentage of related receivables: None.
 - c. End-of-period balance and purpose of notes endorsed/guaranteed or provided with collateral: None.
 - d. Property transaction amount and the resulting gain or loss amount: None.
 - e. Maximum balance, year-end balance, interest rate range, and total interest amount for financing: None.
 - f. Other significant transaction matters that have a significant effect on current profit or financial position: None.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements
(Expressed in thousands of NTS, unless otherwise indicated)
Loans to others

Table 1

Number (Note 1)	Creditor	Borrower	General ledger Account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2025 (Note 3)	Balance at December 31, 2025	Actual amount drawn down	Interes t rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Mospec Semiconductor Corp.	H&M Semiconductor (Sichuan) Ltd.	Other receivables from related parties	Yes	\$188,832	\$188,832	\$164,049	—	2	—	Working capital requirement	Included in consolidated statements exempted from provision	—	—	\$188,582	\$188,582	(Note 7)

Note 1: The number filled in for the loans provided by the Company or subsidiaries are as follows.

(1) The company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum balance of loans to others for the period.

Note 4: The column of "Nature of loan" shall fill in:

(1) "Business transaction" is 1.

(2) "Short-term financing" is 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The Company's operational procedures for making loans to others stipulate that the total amount of external loans provided by the Company shall not exceed 40% of the net equity. However, this limitation does not apply to foreign companies in which the Company directly or indirectly holds 100% of voting For a single company, loans shall not exceed 40% of the Company's net equity.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

Guarantees and endorsements for other parties

Table 2

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount during the period (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/g uarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/g uarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China(Note 7)
		Company name	Relationship with the endorser/guarantor (Note 2)										
0	Mospec Semiconductor Corp.	H&M Semiconductor (Sichuan) Ltd.	2	\$235,728	\$97,428	\$ –	\$ –	\$ –	0.00%	\$235,728	Y	N	Y

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Having business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) The parent company that directly or indirectly through its subsidiaries holds more than 50% of the common stock equity of the company.
- (5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: In accordance with the "operational procedures for endorsement guarantee", the company may provide endorsements and guarantees for companies in which it directly or indirectly holds 90% or more of the voting shares, with the amount not exceeding 10% of the net value in the company's most recent financial statements. However, for companies in which the company directly or indirectly holds 100% of the voting shares, this limitation does not apply, but the amount should not exceed 50% of the net value in the company's most recent financial statements. Based on the Company's net assets of NT\$471,456 thousand as of December 31, 2025, the maximum guarantee amount for a single enterprise shall be NT\$235,728 thousand, or 50% of the Company's net assets, whichever is lower. Ceiling on total amount of endorsements/guarantees is also NT\$ 235,728 thousand or 50% of the net value as of December 31, 2025.

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

Note 5: The amount approved by the Board of Directors should be filled in. However, if the Chairman is authorized to decide on the matter in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount determined by the Chairman.

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

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

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements

(Expressed in thousands of NT\$, unless otherwise indicated)

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

Table 3

Securities held by	Category of Marketable Securities (Note 1)	Name of Marketable Securities(Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As of December 31, 2025				Footnote
					Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Mospec Semiconductor Corp.	OTC stock	Taiwan Speciality Chemicals Corporation	—	Financial asset measured at fair value through profit/loss	263,583	\$83,292	0.18%	\$83,292	—

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, "Financial instruments: recognition and measurement".

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

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

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

Note 5: As it is a financial product, there is no shares or ownership percentage.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investees (not including investee company of Mainland China)

Table 4

Investor	Investee (Note 1, Note 2)	Location	Main business activities	Currency	Initial investment amount (thousand dollar)		Shares held as of December 31, 2025			Net profit (loss) of the investee For the year ended December 31, 2025(Note 2)	Investment profit (loss) recognized by the Company For the year ended December 31, 2025(Note 3)	Footnote
					Balance as of December 31, 2025	Balance as of December 31, 2024	Number of shares	Ownership (%)	Book value			
The Company	NHM B.V.I. Holdings Ltd.	Quastishy Building P.O.Box 4389, Road Town, Tortola, British Virgin Islands.	Reinvestment activities	NTD	\$466,874	\$466,874	10,804,742	100.00%	\$46,936	\$ (10,263)	\$ (10,050)	

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

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

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

Note 3: The investment profit (loss) recognized by the Company include unrealized profit (loss) between affiliates.

Mospec Semiconductor Corp. Notes to the Parent Company Only Financial Statements
(Expressed in thousands of NT\$, unless otherwise indicated)
Information on investments in Mainland China

Table 5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated outflow of investment from Taiwan as of 2025/1/1	Investment flows for the period		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Ownership held by the Company (direct or indirect) (%)	Investment income(loss) recognized by the Company for the year ended December 31, 2025(Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025
					Outflow	Inflow						
H&M Semiconductor (Sichuan) Ltd.	Manufacturing and sales of cutting-edge electronic components , as well as the trading of solar cell wafers.	\$296,190 (US\$ 10,000 thousand)	2 NHM B.V.I. Holdings Ltd.	\$296,190	\$ –	\$ –	\$296,190	\$(11,646)	100.00%	\$(11,653)	\$21,622	\$ –

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note 3)
\$296,190 (US\$ 10,000 thousand)	\$296,190 (US\$ 10,000 thousand)	\$282,874 (Net worth \$471,456 thousand*60%)

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

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company, in the third area (please specify the investing company in that third region).
- (3) Others

Note 2: The financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Company's net worth.

Statements of Major Accounting Items

Table of contents

Item	Page
Statement of Cash and Cash Equivalents	60
Statement of Accounts Receivable, Net	61
Statement of Other Receivable and Payable–Related Party	62
Statement of Inventories	63
Statement of Other Current Asset	63
Statement of changes in financial assets measured at fair value through profit or loss	64
Statement of changes in investments accounted for using equity method	65
Property, plant and equipment(Note 6.7)	32~33
Statement of deferred income tax assets (Note 6.20)	41~43
Statement of other non-current assets (Note 6.8)	33
Statement of short-term loans	66
Accounts payable	67
Accounts Payable - Related Parties	67
Statement of other payables	68
Statement of other current liabilities - others	68
Statement of net defined benefit liabilities - Current	68
Guarantee deposit received	69
Statement of long-term loans	70
Statement of deferred income tax liabilities (Note 6.20)	41~43
Statement of operating Revenue	71
Statement of operating Costs	72
Statement of operating expenses	73
Statement of interest income (Note 6.18)	40
Statement of other income (Note 6.18)	40
Share of profit or loss of subsidiaries accounted for using equity method (Note 6.6)	32
Statement of labor, depreciation and amortization by function (Note 6.17)	39~40

MOSPEC SEMICONDUCTOR CO., LTD.

1. STATEMENT OF CASH AND CASH EQUAVILENTS

As of December 31, 2025

Unit: NT\$ thousand

Item	Description (Unit: Foreign Currency Cents)	Amount	Note
Petty Cash and Cash on Hand		\$230	
Bank Deposits:			
TWD Deposit		11,399	
Foreign Currency Deposits	USD 110,270.64 dollars	3,466	USD to TWD exchange rate:
	CNY 2,726.43 dollars	12	1:31.4300
	HKD 1,040.75 dollars	4	CNY to TWD exchange rate:
	JPY 21,993.00 dollars	5	1:4.4960
			HKD to TWD exchange rate:
			1:4.038
			JPY to TWD exchange rate:
			1:0.2008
Total Bank Deposits		14,886	
Total		\$15,116	

MOSPEC SEMICONDUCTOR CO., LTD.

2. STATEMENT OF ACCOUNTS RECEIVABLE, NET

As of December 31, 2025

Unit: NT\$ thousand

Client	Description	Amount	Note
GL ELECTRONICS	Trade	\$1,036	
Welcheng Technologies, Inc.	Trade	310	
POTENS SEMICONDUCTOR CORP.	Trade	126	
PREMIER	Trade	106	
Other	(Note)	190	
Less: Allowance for Losses		(14)	
Net Amount		<u>\$1,754</u>	

Note: The individual balance included does not exceed 5% of the total accounts

MOSPEC SEMICONDUCTOR CO., LTD.

3. STATEMENT OF OTHER RECEIVABLES AND OTHER RECEIVABLES-RELATED PARTY

As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
<u>Non-related Party</u>			
Accounts Receivable - Tax Refunds		\$319	Accounts receivable - tax refunds
<u>Related Party</u>			
H&M Semiconductor(Sichuan) Ltd.		164,049	Capital Financing
Total		<u>\$164,368</u>	

MOSPEC SEMICONDUCTOR CO., LTD.

4. STATEMENT OF INVENTORIES

As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Cost	Net Realizable Value	Note
Raw Materials	Mainly includes ingots, wafers, leadframes, gold wires, adhesive wafers, chemical materials and spare parts, etc.	\$29,442	\$443	Net realizable value refers to the estimated selling price under normal circumstances. The remaining balance after deducting the cost and sales expenses still required to complete the work.
Work in Process (including semi-finished products)	Mainly includes wafers, chips, power transistors, diodes, etc.	115,103	5,576	
Finished Goods	Mainly includes power transistors, diodes, etc.	20,645	148	
Total		165,190		
Less: Allowance for Inventory Obsolescence		(159,023)		Allowance for inventory obsolescence is based on the net realizable value and the possibility of inventory stagnation.
Net amount		\$6,167	\$6,167	

MOSPEC SEMICONDUCTOR CO., LTD.

5. STATEMENT OF OTHER CURRENT ASSETS

As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
Input Tax		\$3,845	
Offset Against Business Tax Payable		3,078	
Other prepaid expenses		1,190	
Others	(Note)	433	
Total		\$8,546	

Note: The individual balance included does not exceed 5% of the total other current assets balance.

MOSPEC SEMICONDUCTOR CO., LTD.

6. STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

2025 January 1 to December 31

Unit: NT\$ thousand

Financial Instrument	Beginning Balance		Accumulated Impairment Loss		Current Increase		Current Decrease		Ending Balance			Collateral or Pledged Status	Note
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Shareholding Ratio	Fair Value		
Hoku Scientific Inc.	24	\$—	—	\$—	—	\$—	—	\$—	24	—	\$—	None	
Luxtaltek Coporation	27,660	—	—	—	—	—	—	—	27,660	—	—	None	
Taiwan Speciality Chemicals Corporation	549,583	95,628	—	—	125,000	25,758	411,000	99,188	263,583	0.18%	83,292	None	
					Valuation gain	61,094							
Total		<u>\$95,628</u>		<u>\$—</u>		<u>\$25,758</u>		<u>\$99,188</u>			<u>\$83,292</u>		
						(Note1)		(Note2)					

(Note 1):The increase primarily consists of the acquisition of FVTPL financial assets and related valuation gains.

MOSPEC SEMICONDUCTOR CO., LTD.

7. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

2025 January 1 to December 31

Unit: NT\$ thousand

Investees	Beginning Balance		Current Increase		Current Decrease		Ending Balance			Market Price or Equity Net Value		Collateral or Pledge Status	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Ratio	Amount	Unit Price	Total Amount		
Subsidiary - NHM (BVI) Holding Ltd.	10,804,742	\$58,562	—	\$—	—	\$(10,050) (Note1) (1,576) (Note2)	10,804,742	100.00%	\$46,936	—	\$46,936	None	

Note 1 : Share of profit/loss of subsidiaries accounted for using the equity method and realized sales gain from downstream transactions.

Note 2: Refers to the exchange difference arising from the translation of the financial statements of foreign operating entities recognized under the equity method.

MOSPEC SEMICONDUCTOR CO., LTD.
8. STATEMENT OF SHORT-TERM LOANS
As of December 31, 2025

Unit: NT\$ thousand

Loan Type	Description	Contract Period	Interest Rate (Annual)	Ending Balance	Credit Limit	Collateral or Pledge Status	Note
Unsecured loan	First Commercial Bank - Shanhua Branch	November 25, 2025 - November 25, 2026	2.525%	\$30,000	\$30,000	None	
Unsecured loan	First Commercial Bank - Shanhua Branch	December 26, 2025 - June 26, 2026	2.525%	\$30,000	\$30,000	None	

MOSPEC SEMICONDUCTOR CO., LTD.
 9.STATEMENT OF ACCOUNTS PAYABLE
 As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
Jinan E-tech Semiconductor LTD.	Purchase payment	\$931	
Other	(Note)	39	
Total		<u>\$970</u>	

(Note) : The individual balance included does not exceed 5% of the total accounts Payable

MOSPEC SEMICONDUCTOR CO., LTD.
 10.STATEMENT OF ACCOUNTS PAYABLE - RELATED PARTIES
 As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
H&M Semiconductor(Sichuan) Ltd.	Purchase payment	\$247	
Jih Lin Technology Co., Ltd.	Purchase payment	141	
Total		<u>\$388</u>	

MOSPEC SEMICONDUCTOR CO., LTD.
11. STATEMENT OF OTHER PAYABLES
As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
<u>Non-related parties</u>			
Equipment Payable		\$7,103	
Other Payable Expenses		5,591	
Salaries Payable		1,402	
Other	(Note)	357	
SubTotal		\$14,453	
<u>Related Parties</u>			
Other payable- Related Parties - JIH LONG INDUSTRY CO., LTD	Miscellaneous purchases	\$33	
SubTotal		\$33	
Total		\$14,486	

(Note) : The individual balance included does not exceed 5% of the total other Payable

12. STATEMENT OF OTHER CURRENT LIABILITIES - OTHERS
As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
Receipts under Custody	collection on behalf of labor and health insurance, meals, etc	\$126	
Temporary credits	Payment not yet offset	87	
Total		\$213	

13. STATEMENT OF NET DEFINED BENEFIT LIABILITIES - CURRENT
As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
Net Defined Benefit Liabilities - Current		\$1,306	

MOSPEC SEMICONDUCTOR CO., LTD.

14.GUARANTEE DEPOSIT RECEIVED

As of December 31, 2025

Unit: NT\$ thousand

Item	Description	Amount	Note
Guarantee deposit received	Factory rental deposit	<u>\$2,000</u>	

MOSPEC SEMICONDUCTOR CO., LTD.
15. STATEMENT OF LONG-TERM LOANS
As of December 31, 2025

Unit: NT\$ thousand

Creditor	Description	Ending Balance	Contract Period	Interest Rate	Collateral or Pledge Status	Note
First Commercial Bank - Shanhua Branch	Secured loan	\$1,450	February 8, 2023- February 8, 2028	2.350%	Prepayment for equipment	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Unsecured loan	8,218	June 20, 2023- June 20, 2028	2.220%	None	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Unsecured loan	2,055	June 20, 2023- June 20, 2028	2.220%	None	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Secured loan	14,450	May 6, 2024- May 6, 2027	2.525%	Land and factory buildings	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Secured loan	22,366	August 7, 2024- August 7, 2029	2.525%	Land and factory buildings	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Secured loan	14,489	June 2, 2025- June 2, 2030	2.525%	Land and factory buildings	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Secured loan	23,248	October 13, 2025- October 13, 2030	2.525%	Land and factory buildings	Amortize principal and pay interest monthly
First Commercial Bank - Shanhua Branch	Secured loan	15,000	December 24, 2025- December 24, 2030	2.525%	Land and factory buildings	Amortize principal and pay interest monthly
Total		<u>\$101,276</u>				
(Less): Portion due within a year		(31,253)				
Net Amount		<u><u>\$70,023</u></u>				

MOSPEC SEMICONDUCTOR CO., LTD.

16. STATEMENT OF OPERATING REVENUE

2025 January 1 to December 31

Unit: NT\$ thousand

Item	Quantity (In thousand)	Amount	Note
Diodes and Transistors	7,500	\$19,032	
Bare Dies	1,636	1,937	
Others	1	162	Raw materials, etc.
Total		<hr/> \$21,131 <hr/>	

MOSPEC SEMICONDUCTOR CO., LTD.
17. STATEMENT OF OPERATING COSTS
2025 January 1 to December 31

Unit: NT\$ thousand

Item	Amount
Direct Materials:	
Current Period Raw Materials Purchases	\$936
Add: Beginning Inventory of Raw Materials	29,056
(Less): Ending Inventory of Raw Materials	(29,442)
Other use	(262)
Others (cost variance adjustment)	(135)
Current Period Material Consumption	153
Direct Labor	3,612
Manufacturing Expenses	3,585
Manufacturing Cost	7,350
Add: Beginning Work in Process	74,406
Current Period Purchases	780
(Less): Ending Work in Process	(56,742)
Sales scrapped	(34,960)
Other use	(48)
Others (cost variance adjustment)	119
Finished Goods Cost	(10,606)
Add: Beginning Finished Goods	17,470
Current Period Purchases	14,074
(Less): Ending Finished Goods	(3,049)
Other use	(82)
Cost of Goods Sold	17,807
Other Operating Costs:	
Sales of Raw Materials and Semi-finished Products	1,511
Inventory Valuation Loss/Reversal Gains	(32,365)
Inventory Write-off Loss	34,960
Unallocated Manufacturing Expenses	4,958
Cost Variance Adjustment	17
Total Operating Costs	\$26,888

MOSPEC SEMICONDUCTOR CO., LTD.

18. STATEMENT OF OPERATING EXPENSES

2025 January 1 to December 31

Unit: NT\$ thousand

Item	Description	Selling Expense	Note
Salary expense		\$3,952	
Insurance		490	
Commission expenses		564	
Other Expenses(Note)		941	
Total		<u>\$5,947</u>	

Item	Description	Management Expense	Note
Salary expense		\$8,100	
water/electricity/gas bill		3,339	
taxes		1,730	
Depreciation expense		7,206	
Miscellaneous costs		4,296	
Service fee		2,368	
Other(Note)		3,924	
Total		<u>\$30,963</u>	

Item	Description	R&D Expense	Note
Salary expense		\$2,885	
water/electricity/gas bill		1,726	
Insurance		364	
Other(Note)		837	
Total		<u>\$5,812</u>	

Note: The balance of each item does not exceed 5% of the total amount in this category, and they are

Company Name:
MOSPEC SEMICONDUCTOR CORP.

Company Representative:
Weng Shu Chen