

Innodisk Corporation and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report
Years Ended December 31, 2025 and 2024
(Stock Code: 5289)

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Innodisk Corporation and Subsidiaries
Consolidated Financial Report and Independent Auditor's Report for 2025 and 2024
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Innodisk Corporation

Declaration of Consolidated Financial of Affiliated Enterprises

For the year 2025 (from January 1, 2025 to December 31, 2025), pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company that is required to be included in the consolidated financial statements of affiliates is the same as the Company required to be included in the consolidated financial statements of the parent and subsidiary companies under International Financial Reporting Standard 10. As all relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Company Name: Innodisk Corporation

Responsible Person: Chuan-Sheng Chien

February 26, 2026

Independent Auditor's Report

(115) Tsai-Shen-Bao-Zi No. 25004308

To Innodisk Corporation:

Opinions

We have duly audited the consolidated balance sheet of Innodisk Corporation and subsidiaries (the “Group”) as of December 31, 2025 and 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows from January 1 to December 31, 2025 and 2024, as well as notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the consolidated financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and IFRIC Interpretations and SIC Interpretation as endorsed by the Financial Supervisory Commission, and are fairly stated in terms of the consolidated financial position of Innodisk Corporation and its subsidiaries as of December 31, 2025 and 2024, and the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2025 and 2024.

Basis for Opinion

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

Key Audit Matters

A key audit matter is one that, in our professional judgment, is material to the audit of the consolidated financial statements of Innodisk Corporation and its subsidiaries for 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.

Key audit matters for the Group's 2025 consolidated financial statements are as follows:

Inventory Valuation

Description of Key Audit Matters

With respect to the accounting policy for inventory valuation, please refer to Note 4 (13) of the consolidated financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6 (5).

Innodisk Group mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to consolidated financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

Our corresponding audit procedures performed on the above issue are described as follows:

1. Understand the inventory allowance evaluation and appropriation policy, and confirm the adoption of the appropriation policy for the inventory evaluation loss during the financial statement period.
2. Conduct period-end physical inventory count to identify whether there is any inactive, damaged or unsaleable inventory.
3. Obtain an inventory aging report to conduct inventory aging test. Randomly sample the inventory and confirm inventory transaction records to confirm the classification of aging intervals, so as to evaluate the impact on inventory valuation.
4. Obtain the net realizable value report of each inventory to confirm the calculation logic and test relevant parameters such as source data of sales files and the relevant supporting valuation documents. Recalculate loss in valuation allowance of each item number at the lower of cost and net realizable value.
5. Compare the differences in provisions of inventory allowance for the current period and the most recent year to estimate the valuation loss in inventory allowance.

Existence of Sales Income

Description of Key Audit Matters

For the accounting policy of income recognition, please refer to Note 4 (30) of the consolidated financial statements. For the description of accounting subjects of sales income, please refer to Note 6 (22).

Innodisk Group is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Because product diversification and innovation affect changes to the top ten customers' sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

How our audit addressed the matter

Our corresponding audit procedures performed on the above issue are described as follows:

1. Understand the process and basis of sales revenue recognition and cash collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control with shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Sample check the sales details of the top ten customers and verify the related vouchers and status of subsequent payment collection.
5. Obtain details of subsequent sales returns of the top ten customers and examine the status of sales returns.

Other Matters -- Parent Company Only Financial Report

We have audited and expressed an unqualified opinion on the parent company only financial report of Innodisk Corporation for the years ended 2025 and 2024.

Responsibilities of the Management and the Governance Unit for the Consolidated Financial Statements

The responsibility of management is to prepare consolidated financial statements that present fairly the financial position of the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and to maintain such internal control relevant to the preparation of consolidated financial statements as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Innodisk Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means a high level of assurance, but an audit conducted in accordance with the Generally Accepted Auditing Standards of the Republic of China does not provide assurance that material misstatements in the consolidated financial statements can be detected. Misstatements can arise from error or fraud. 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 conducted in accordance with ROC AS, we exercise professional judgment and professional skepticism throughout the audit. We also conduct the following tasks:

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 the 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 for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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

- audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including their notes, and whether the consolidated financial statements fairly represent relevant transactions.
 6. Obtain sufficient appropriate audit evidences regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the Group's audits, and for forming an opinion on the audit of the Group.

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 the governance unit, we determined the key audit matters for the audit of the Group's consolidated financial statements of 2025. We describe these matters in our auditor's 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.

PricewaterhouseCoopers, Taiwan

Tsui-Miao Yeh

Accountant

Chan-Yuan Tu

Previously Securities and Futures Bureau of Financial
Supervisory Commission under Executive Yuan
Approval Number: Jin-Guan-Zheng-Liu-Zi No.
0960058737
Financial Supervisory Commission
Approval number: Jin-Guan-Cheng-Shen-Zi No.
1120348565

February 26, 2026

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: Thousand NTD

Assets	Note	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,645,410	11	\$ 3,000,257	31
1136	Current financial assets at amortised cost	6 (3)	150,000	1	157,898	1
1150	Notes receivable, net	6 (4)	3,529	-	902	-
1170	Accounts receivable, net	6 (4)	3,292,313	23	1,184,120	12
1180	Accounts receivable -- related parties	6 (4) and 7 (2)	3	-	44	-
1200	Other receivables		23,720	-	12,378	-
1210	Other receivables -- related parties	7 (2)	31	-	32	-
1220	Current income tax assets	6 (29)	35,265	-	6,021	-
130X	Inventories	6 (5)	5,385,202	37	1,643,775	17
1410	Prepayments	6 (6)	341,181	3	91,062	1
11XX	Total Current Assets		<u>10,876,654</u>	<u>75</u>	<u>6,096,489</u>	<u>62</u>
Non-Current Assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6 (2)	29,837	-	29,071	-
1535	Financial assets measured at amortized cost - non-current	6 (3) and 8	11,206	-	11,206	-
1550	Investments accounted for using equity method	6 (7)	29,753	-	35,586	-
1600	Property, plant and equipment	6 (8) and 8	3,010,757	21	2,866,833	30
1755	Right-of-use assets	6 (9)	206,434	2	211,693	2
1760	Investment property, net	6 (11)	176,532	1	334,719	4
1780	Intangible assets	6 (12)	47,398	-	52,760	1
1840	Deferred income tax assets	6 (29)	152,325	1	106,871	1
1920	Refundable deposit		7,367	-	6,965	-
1990	Other non-current assets - others		300	-	3,800	-
15XX	Total Non-Current Assets		<u>3,671,909</u>	<u>25</u>	<u>3,659,504</u>	<u>38</u>
1XXX	Total Assets		<u>\$ 14,548,563</u>	<u>100</u>	<u>\$ 9,755,993</u>	<u>100</u>

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: Thousand NTD

Liabilities and Equity	Note	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6 (14)	\$ 1,735,790	12	\$ -	-
2130	Current contract liabilities	6 (22)	42,267	-	39,501	-
2170	Accounts payable		1,852,180	13	745,114	8
2180	Accounts payable - related parties	7 (2)	478	-	372	-
2200	Other payables	6 (13)	779,286	5	533,613	6
2230	Current income tax liabilities	6 (29)	363,599	3	100,893	1
2250	Provisions for liabilities - current	6 (18)	17,386	-	21,302	-
2280	Current lease liabilities		28,535	-	27,217	-
2320	Long-term liabilities -- current portion	6 (15)	37,280	-	17,877	-
2399	Other current liabilities - others		10,737	-	8,792	-
21XX	Total Current Liabilities		<u>4,867,538</u>	<u>33</u>	<u>1,494,681</u>	<u>15</u>
Non-current liabilities						
2540	Long-term loans	6 (15)	307,633	2	344,081	4
2550	Provision for non-current liabilities	6 (18)	53,775	1	42,972	-
2570	Deferred income tax liabilities	6 (29)	18,401	-	7,916	-
2580	Lease liabilities - Non-current		183,610	1	189,367	2
2645	Guarantee deposit received	7 (2)	4,041	-	3,821	-
25XX	Total Non-Current Liabilities		<u>567,460</u>	<u>4</u>	<u>588,157</u>	<u>6</u>
2XXX	Total liabilities		<u>5,434,998</u>	<u>37</u>	<u>2,082,838</u>	<u>21</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6 (19)	960,407	7	914,561	9
Capital surplus						
3200	Capital surplus	6 (20)	2,196,806	15	1,654,047	18
Retained earnings						
3310	Legal reserve	6 (21)	1,177,229	8	1,066,612	11
3350	Unappropriated retained earnings		4,894,942	34	3,847,894	39
Other equity interests						
3400	Other equity interests		(288,597)	(2)	8,029	-
31XX	Total equity attributable to owners of parent		<u>8,940,787</u>	<u>62</u>	<u>7,491,143</u>	<u>77</u>
36XX	Non-controlling interest		<u>172,778</u>	<u>1</u>	<u>182,012</u>	<u>2</u>
3XXX	Total equity		<u>9,113,565</u>	<u>63</u>	<u>7,673,155</u>	<u>79</u>
Material contingent liabilities and unrecognized contractual commitments						
		9				
Material Events Subsequent to the Balance Sheet Date						
		11				
3X2X	Total Liabilities and Equity		<u>\$ 14,548,563</u>	<u>100</u>	<u>\$ 9,755,993</u>	<u>100</u>

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman: Chuan-Sheng Chien

Manager: Chuan-Sheng Chien

Head of Accounting: Wen-Kui Hsiao

Innodisk Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: Thousand NTD
(Except for earnings per share)

Item	Note	2025		2024	
		Amount	%	Amount	%
4000 Operating revenue	6 (22) and 7 (2)	\$ 14,261,262	100	\$ 8,915,642	100
5000 Operating costs	6 (5) and 7 (2)	(9,829,334)	(69)	(6,090,393)	(68)
5950 Gross profit before unrealized gross profit on sales to subsidiaries		<u>4,431,928</u>	<u>31</u>	<u>2,825,249</u>	<u>32</u>
Operating expenses	6 (27) and 7 (2)				
6100 Selling expenses		(881,909)	(6)	(712,587)	(8)
6200 General and administrative expenses		(597,876)	(4)	(444,121)	(5)
6300 Research and development expenses		(562,076)	(4)	(495,548)	(6)
6450 Expected credit profit (loss)	12 (2)	(639)	-	5,503	-
6000 Total operating expenses		(2,042,500)	(14)	(1,646,753)	(19)
6900 Operating profit		<u>2,389,428</u>	<u>17</u>	<u>1,178,496</u>	<u>13</u>
Non-operating income and expenses					
7100 Interest income	6 (23)	26,446	-	37,718	1
7010 Other income	6 (24) and 7 (2)	28,827	-	28,516	-
7020 Other gains and losses	6 (25)	39,724	-	125,142	1
7050 Finance cost	6 (26)	(21,280)	-	(17,785)	-
7060 Shares of losses of associates and joint ventures accounted for using equity method	6 (7)	(5,833)	-	(2,948)	-
7000 Total non-operating income and expenses		<u>67,884</u>	<u>-</u>	<u>170,643</u>	<u>2</u>
7900 Profit before income tax		<u>2,457,312</u>	<u>17</u>	<u>1,349,139</u>	<u>15</u>
7950 Income tax expense	6 (29)	(436,050)	(3)	(244,595)	(3)
8200 Net income for the year		<u>\$ 2,021,262</u>	<u>14</u>	<u>\$ 1,104,544</u>	<u>12</u>
Other comprehensive income (net)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealized gains or losses of equity instruments measured at fair value through other comprehensive income		\$ 766	-	\$ 966	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>766</u>	<u>-</u>	<u>966</u>	<u>-</u>
Items that may be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		<u>1,712</u>	<u>-</u>	<u>(1,278)</u>	<u>-</u>
8360 Components of other comprehensive loss that will be reclassified to profit or loss		<u>1,712</u>	<u>-</u>	<u>(1,278)</u>	<u>-</u>
8300 Other comprehensive profit (loss) for the period, net of tax		<u>\$ 2,478</u>	<u>-</u>	<u>(\$ 312)</u>	<u>-</u>
Total comprehensive income for the year		<u>\$ 2,023,740</u>	<u>14</u>	<u>\$ 1,104,232</u>	<u>12</u>
Profit attributable to:					
8610 Owners of the parent		\$ 2,035,643	14	\$ 1,106,172	12
8620 Non-controlling interest		(14,381)	-	(1,628)	-
Net income for the year		<u>\$ 2,021,262</u>	<u>14</u>	<u>\$ 1,104,544</u>	<u>12</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 2,038,163	14	\$ 1,105,712	12
8720 Non-controlling interest		(14,423)	-	(1,480)	-
Total comprehensive income for the year		<u>\$ 2,023,740</u>	<u>14</u>	<u>\$ 1,104,232</u>	<u>12</u>
Basic earnings per share	6 (30)				
9750 Net income for the year		<u>\$</u>	<u>21.72</u>	<u>\$</u>	<u>11.97</u>
Diluted earnings per share	6 (30)				
9850 Net income for the year		<u>\$</u>	<u>21.57</u>	<u>\$</u>	<u>11.79</u>

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman: Chuan-Sheng Chien

Manager: Chuan-Sheng Chien

Head of Accounting: Wen-Kui Hsiao

Innodisk Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2025 and 2024

Unit: Thousand NTD

	Equity attributable to owners of parent											
	Note	Retained earnings					Other equity interests					
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive income	Employee Unearned Remuneration	Total	Non-controlling interest	Total equity
January 1 to December 31, 2024												
Balance on January 1, 2024		\$ 883,977	\$ 1,416,781	\$ 951,850	\$ 924	\$ 3,774,896	\$ 10,354	(\$ 1,865)	\$ -	\$ 7,036,917	\$ 106,368	\$ 7,143,285
Net income for the year		-	-	-	-	1,106,172	-	-	-	1,106,172	(1,628)	1,104,544
Other comprehensive profit and loss for the year		-	-	-	-	-	(1,426)	966	-	(460)	148	(312)
Total comprehensive profit and loss for the year		-	-	-	-	1,106,172	(1,426)	966	-	1,105,712	(1,480)	1,104,232
Appropriation and distribution of retained earnings for 2023	6 (21)	-	-	114,762	-	(114,762)	-	-	-	-	-	-
Legal reserve		-	-	114,762	-	(114,762)	-	-	-	-	-	-
Special reserve		-	-	-	(924)	924	-	-	-	-	-	-
Stock dividends	6 (19)	17,680	-	-	-	(17,680)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(901,656)	-	-	(901,656)	-	(901,656)	-
Share-based payment	6 (17)	-	36,468	-	-	-	-	-	-	36,468	-	36,468
Employees exercise options	6 (19)	12,904	178,788	-	-	-	-	-	-	191,692	-	191,692
Changes in shareholders' equity in subsidiaries not recognized proportionately to ownership	6 (33)	-	22,010	-	-	-	-	-	-	22,010	(22,010)	-
Subsidiary share-based payment transactions	6 (17)	-	-	-	-	-	-	-	-	-	4,342	4,342
Capital increase in cash by subsidiaries		-	-	-	-	-	-	-	-	-	94,792	94,792
Balance as of December 31, 2024		\$ 914,561	\$ 1,654,047	\$ 1,066,612	\$ -	\$ 3,847,894	\$ 8,928	(\$ 899)	\$ -	\$ 7,491,143	\$ 182,012	\$ 7,673,155
January 1 to December 31, 2025												
Balance on January 1, 2025		\$ 914,561	\$ 1,654,047	\$ 1,066,612	\$ -	\$ 3,847,894	\$ 8,928	(\$ 899)	\$ -	\$ 7,491,143	\$ 182,012	\$ 7,673,155
Net income for the year		-	-	-	-	2,035,643	-	-	-	2,035,643	(14,381)	2,021,262
Other comprehensive profit and loss for the year		-	-	-	-	-	1,754	766	-	2,520	(42)	2,478
Total comprehensive profit and loss for the year		-	-	-	-	2,035,643	1,754	766	-	2,038,163	(14,423)	2,023,740
Appropriation and distribution of retained earnings for 2024	6 (21)	-	-	110,617	-	(110,617)	-	-	-	-	-	-
Legal reserve		-	-	110,617	-	(110,617)	-	-	-	-	-	-
Stock dividends	6 (19)	18,291	-	-	-	(18,291)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(859,687)	-	-	(859,687)	-	(859,687)	-
Share-based payment	6 (17)	-	11,471	-	-	-	-	-	-	11,471	-	11,471
Employees exercise options	6 (19)	15,765	206,569	-	-	-	-	-	-	222,334	-	222,334
Proposal for the company to issue restricted employee stock awards.	6 (17)	11,790	324,719	-	-	-	-	(336,509)	-	-	-	-
Issuance Plan for New Restricted Employee Shares	6 (17)	-	-	-	-	-	-	37,363	37,363	-	-	37,363
Subsidiary share-based payment transactions	6 (17)	-	-	-	-	-	-	-	-	-	5,189	5,189
Balance as of December 31, 2025		\$ 960,407	\$ 2,196,806	\$ 1,177,229	\$ -	\$ 4,894,942	\$ 10,682	(\$ 133)	(\$ 299,146)	\$ 8,940,787	\$ 172,778	\$ 9,113,565

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman: Chuan-Sheng Chien

Manager: Chuan-Sheng Chien

Head of Accounting: Wen-Kui Hsiao

Innodisk Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2025 and 2024

Unit: Thousand NTD

	Note	January 1 to December 31, 2025	January 1 to December 31, 2024
<u>Cash flows from operating activities</u>			
Profit before income tax for the year		\$ 2,457,312	\$ 1,349,139
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6 (27)	152,223	122,694
Depreciation charges on right-of-use assets	6 (27)	32,652	29,132
Amortization charges on the intangible assets and deferred assets	6 (27)	25,177	26,905
Depreciation charges on investment property	6 (25)	3,303	3,858
Expected credit (profit) loss	12 (2)	639	(5,503)
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6 (5)	147,458	28,114
Loss on scrapping inventory	6 (5)	16,043	21,925
Gain on lease modifications	6 (9)	(8)	(17)
Interest income	6 (23)	(26,446)	(37,718)
Dividend income	6 (24)	(1,349)	(1,349)
Interest expense	6 (26)	21,280	17,785
Issuance Plan for New Restricted Employee Shares	6 (17)	37,363	-
Compensation cost of employee stock options	6 (17)	16,660	40,810
Shares of losses of associates accounted for using equity method	6 (7)	5,833	2,948
Loss (gain) on disposal of property, plant and equipment	6 (25)	(32,751)	18
Gains (losses) on disposal of investment property	6 (25)	(6,573)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(2,627)	115
Accounts receivable, net		(2,108,830)	154,858
Accounts receivable -- related parties		41	(13)
Other receivables		(12,050)	5,720
Other receivables -- related parties		1	(1)
Inventories		(3,904,928)	(534,566)
Prepayments		(250,089)	(24,578)
Changes in operating liabilities			
Current contract liabilities		2,766	11,953
Accounts payable		1,107,066	14,141
Accounts payable - related parties		106	185
Other payables		246,143	31,863
Other payables -- Related parties		-	(114)
Current provisions		(3,916)	(930)
Non-current provisions		10,803	5,635
Other current liabilities - others		1,945	1,618
Cash (outflow) inflow from operations		(2,064,753)	1,264,627
Interest received		27,154	38,072
Dividends received		1,349	1,349
Income taxes paid		(237,554)	(449,572)
Net cash (outflow) inflow from operating activities		(2,273,804)	854,476

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2025 and 2024

Unit: Thousand NTD

	<u>Note</u>	<u>January 1 to December 31, 2025</u>	<u>January 1 to December 31, 2024</u>
<u>Cash flow from investing activities</u>			
Decrease (increase) in current financial assets at amortized cost		\$ 7,898	(\$ 157,898)
Acquisition of property, plant and equipment	6 (31)	(213,855)	(314,864)
Disposal of property, plant and equipment		90,735	-
Acquisition of investment property	6 (11)	-	(220,156)
Disposal of investment property		18,092	-
Acquisition of intangible assets	6 (12)	(16,497)	(39,550)
(Increase) in refundable deposits		(1,156)	(966)
Decrease in refundable deposits		730	472
(Increase) in other non-current assets - others		(300)	(3,674)
Net cash used in investing activities		<u>(114,353)</u>	<u>(736,636)</u>
<u>Cash flow from financing activities</u>			
Proceeds from short-term borrowings	6 (32)	3,117,980	-
Repayment of short-term debt	6 (32)	(1,382,190)	-
Repayment of long-term debt	6 (32)	(17,945)	(7,600)
Increase in guarantee deposits received	6 (32)	2,264	3,308
Decrease in guarantee deposit	6 (32)	(1,680)	(2,816)
Cash dividends paid	6 (32)	(859,687)	(901,656)
Employees exercise options		222,334	191,692
Interest paid		(17,928)	(18,206)
Capital increase in cash by subsidiaries		-	94,792
Payment of lease liabilities	6 (32)	(31,655)	(27,523)
Net cash inflow (outflow) from financing activities		<u>1,031,493</u>	<u>(668,009)</u>
Effects of changes in foreign exchange rates		<u>1,817</u>	<u>(6,596)</u>
Decrease in cash and cash equivalents in the current period		(1,354,847)	(556,765)
Cash and cash equivalents at beginning of year		<u>3,000,257</u>	<u>3,557,022</u>
Ending cash and cash equivalents		<u>\$ 1,645,410</u>	<u>\$ 3,000,257</u>

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman: Chuan-Sheng Chien

Manager: Chuan-Sheng Chien

Head of Accounting: Wen-Kui Hsiao

Innodisk Corporation and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2025 and 2024

Expressed in Thousands of NTD
(unless otherwise specified)

I. Company History

- (I) Innodisk Corporation (hereinafter referred to as the "Company") was established in March 2005. The Company and its subsidiaries (hereinafter referred to as the "Group") mainly engage in the research and development, manufacturing and sales of various types of industrial embedded storage devices.
- (II) The Company passed the review by the Taipei Exchange (TPEX) in October, 2013 and became officially listed on the TPEX on November 27, 2013.

II. Date and Procedures for Approving the Financial Report

This consolidated financial report was approved and released by the Board of Directors on February 26, 2026.

III. Application of new standards, amendments, and interpretations

- (I) The impact of adopting the new and amended International Financial Reporting Standards recognized and issued by the Financial Supervisory Commission (FSC)

The following table summarizes the new, amended and revised standards and interpretations of International Financial Reporting Standards endorsed and issued by the Financial Supervisory Commission (hereinafter referred to as "FSC") applicable in 2025:

<u>New/ Amended/ Revised Standards and Interpretations</u>	<u>Effective Date issued by International Accounting Standards Board</u>
Amendment to IAS 21 -- "Lack of Exchangeability"	January 1, 2025

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the consolidated financial position and performance.

(II) Impact of new and amended IFRS recognized by the FSC but not yet adopted by the Company

The following table summarizes the new, amended and revised standards and interpretations of International Financial Reporting Standards endorsed by the FSC applicable in 2026:

<u>New/ Amended/ Revised Standards and Interpretations</u>	<u>Effective Date issued by International Accounting Standards Board</u>
Amendment to IFRS No. 9 and IFRS No. 7 "Amendment to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS No. 9 and IFRS No. 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 - "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - Comparative information"	January 1, 2023
Annual Improvements of IFRS - Volume 11	January 1, 2026

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the consolidated financial position and performance.

(III) Impact of IFRSs issued by IASB but not yet recognized by the FSC

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

<u>New/ Amended/ Revised Standards and Interpretations</u>	<u>Effective Date issued by International Accounting Standards Board</u>
Amendment to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the IASB.
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
IFRS No. 19 "Subsidiaries not with Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note: Note: The Financial Supervisory Commission (FSC) announced in its press release dated September 25, 2025 that publicly issued companies will be required to adopt International Financial Reporting Standard No. 18 (hereinafter referred to as IFRS 18) starting from fiscal year 2028. Additionally, if enterprises need to early adopt IFRS 18, they may choose to early adopt the provisions of IFRS 18 after the FSC recognizes IFRS 18.

Except for the following, the Group has assessed that the standards and interpretations above have no significant impact on the Group's financial position and financial performance, and the amount of the relevant impact will be disclosed when the assessment is completed:

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS No. 18 "Financial Statement Presentation and Disclosure" supersedes IAS No. 1 and updates the structure of the comprehensive income statement, adds the disclosure of management performance measurement, and strengthens the application in the summary and principle of subdivision of the main financial statements and notes.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

These consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers,” International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by FSC (hereinafter collectively referred to as the “IFRSs”).

(II) Basis of preparation

1. Other than financial assets measured at fair value through other comprehensive income, the consolidated financial statements are prepared based on historical cost.
2. The preparation of the financial statements conforming with IFRSs requires the use of certain critical accounting estimates, and the management is also required to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. The basis for preparation of the consolidated financial statements
 - (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) The profit and loss and the components of other comprehensive income belong to the owners of the parent company and non-controlling interest. The total comprehensive income also belong to the owners of the parent company and non-controlling interest, even if this results in a loss of the non-controlling interests.
 - (4) Changes in the parent company's ownership in a subsidiary that do not result in the parent company's loss of control of the subsidiary (transactions with non-controlling interests) are processed as equity transactions, and are considered transactions with the owner. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activity	Percentage of Equity Holdings		Remarks
			2025 December 31	2024 December 31	
Innodisk Corporation	Innodisk USA Corporation	Sales of Industrial embedded storage devices	100	100	
Innodisk Corporation	Innodisk Japan Corporation	After-sales services and support of industrial embedded storage devices	100	100	
Innodisk Corporation	Innodisk Europe B.V.	After-sales services and support of industrial embedded storage devices	100	100	
Innodisk Corporation	Innodisk Global-M Corporation	Investment holdings	100	100	
Innodisk Corporation	Aetina Corporation	Manufacturing and sales of industrial graphics cards	67.06	67.06	Note 1
Innodisk Corporation	Antzer Tech Co., Ltd.	Electronics Components Manufacturing	100	100	
Innodisk Global-M Corporation	Innodisk Shenzhen Corporation	Sales of Industrial embedded storage devices	100	100	
Innodisk Europe B.V.	Innodisk France SAS	After-sales services and support of industrial embedded storage devices	100	100	
Innodisk Europe B.V.	Innodisk Germany GmbH	After-sales services and support of industrial embedded storage devices	100	100	Note 2
Aetina Corporation	Aetina USA Corporation	After-sales service and support for industrial graphics cards	100	100	
Aetina Corporation	Aetina Europe B.V.	After-sales service and support for industrial graphics cards	100	100	
Aetina Corporation	Aetina (Shenzhen) Artificial Intelligence Co., Ltd.	After-sales service and support for industrial graphics cards	100	100	
Aetina Corporation	Aetina Japan Corporation	After-sales service and support for industrial graphics cards	100	100	

For the subsidiaries included in the consolidated financial statements on December 31, 2025 and 2024 referred to above, their financial statements as of December 31, 2025 and 2024 have all been reviewed by our CPAs.

Note 1: On May 9, 2024, the Board of Directors of Aetina Corporation approved a capital increase in cash of NT\$138,000, with the record date of the capital increase on September 5, 2024. The Company failed to increase the capital in accordance with the shareholding percentage, and the shareholding percentage fell to 67.06%.

Note 2: Innodisk Europe B.V. established a subsidiary Innodisk Germany GmbH in October 2024, and, the capital injection has been completed.

3. Subsidiaries not included in the consolidated financial report: none.
4. Adjustments for subsidiaries with different fiscal years: none.
5. Significant restrictions: none.
6. Subsidiaries with non-controlling interests that are material to the Group: none.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The functional currency of the Company is "New Taiwan dollar", and the functional currencies of subsidiaries are "New Taiwan dollar", "Renminbi", "US dollar", "Euro" and "Japanese yen." The consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using spot exchange rate on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the current period.
- (2) Monetary assets and liabilities denominated in foreign currencies at period end are re-translated using the spot exchange rate on the balance sheet date. Exchange differences arising from re-translation on the balance sheet date are recognized in profit or loss in the current period.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using the spot exchange rate on the balance sheet date, and the translation differences are recognized in profit or loss in the current period. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using the spot exchange on the balance sheet date, and their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they are measured at the historical exchange rate on the initial transaction date.
- (4) All foreign exchange gains and losses are presented in the statement of consolidated comprehensive income under "Other gains and losses."

2. Translation of foreign operations

- (1) The operating results and financial position of all the subsidiaries with a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities on each balance sheet presented are translated at the closing exchange rate on the date of the balance sheet.
 - B. Income and expenses on each statement of comprehensive income are translated at the average exchange rate of the period.

C. All exchange differences due to currency translation are recognized in other comprehensive income.

- (2) Goodwill and fair value adjustments arising from the acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(V) Classification of current and non-current items

1. Assets that meet any of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or intended to be sold or consumed within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) It expects to realize the asset within twelve months after the reporting period.
- (4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all assets that do not meet the above criteria as non-current.

2. Liabilities that meet any of the following criteria are classified as current liabilities:

- (1) It expects to settle the liability in its normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) The liability is due to be settled within twelve months after the reporting period.
- (4) Those without the right to defer the settlement of liabilities for at least twelve months after the reporting period.

The Group classifies all liabilities that do not meet the above criteria as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. They refer to an irrevocable choice at the time of initial recognition to report in other comprehensive income the fair value changes of equity investments that are not held for trading.
2. The Group adopts transaction-date accounting for financial assets measured at fair value through other comprehensive income which meet the regular transaction practice requirements.
3. The Group measures assets at the fair value plus transaction cost at the time of initial recognition, and subsequently measures them at the fair value; changes in the fair value of equity instruments are recognized in other comprehensive income. At de-recognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profits and losses but transferred to retained earnings. When the right to receive dividends is confirmed, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably; the Group recognizes dividend income in profit or loss.

(VIII) Financial assets measured at amortized cost

1. They refer to those that meet the following criteria at the same time:
 - (1) The financial assets are held under the business model of collecting contractual cash flows.
 - (2) The financial assets' contractual cash flows on specific dates are solely for payments of the principal and the interest of outstanding principal.
2. The Group adopts transaction-date accounting for financial assets measured at amortized cost which meet the regular transaction practice requirements.
3. The Group measures financial assets at fair value plus transaction costs in the initial recognition, and the financial assets are subsequently amortized by the effective interest rate during the circulation to recognize interest income and impairment loss. The profits or losses are recognized in the profit and loss when the assets are de-recognized.
4. The Group holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and they are measured at the amount of investment.

(IX) Accounts and notes receivable

1. They refer to accounts and receipts that have the unconditional right to receive the amount of consideration obtained from the transfer of goods or services based on the contract.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

Regarding the financial assets measured at amortized cost, the Group considers all reasonable and supportable information (including forward-looking ones) and measures the loss allowance based on the expected 12-month credit losses for those that do not have their credit risk increased significantly since initial recognition. For those with their credit risk increasing significantly since initial recognition, the loss allowance is measured based on the expected full lifetime credit losses. For accounts receivable that do not contain significant financial components, the loss allowance is measured based on the expected amount of credit loss during the duration.

(XI) De-recognition of financial assets

A financial asset is de-recognized when the Group's rights to receive cash flows from the financial assets have expired.

(XII) Leasing arrangements (lessor) -- operating leases

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost needed for completion and estimated cost needed to complete the sale.

(XIV) Investments accounted for under equity method -- Associates

1. Associates refer to entities over which the Group has significant influence but is not have control over. In general, the Group has more than 20% of their voting shares directly or indirectly. The Group accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
2. The Group recognizes the profit and loss as its current profit and loss upon the acquisition of an associate, and other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
3. If an associate has a change in equity not from profit or loss or other comprehensive income, and such a change does not affect the Group's shareholding in the associate, the Group will recognize the change in equity under "capital surplus" according to the shareholding percentage.
4. Unrealized gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the event that an associate issues new shares and the Group does not subscribe to or acquire the new shares in proportion, which results in a change to the Group's shareholding percentage but the Group maintains a significant influence on the associate, the increase or decrease of the Group's share of equity interest is an adjustment to "capital surplus" and "investments accounted for using the equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. When the Group loses its significant influence on an associate, the remaining investment in said associate is re-measured at fair value, and the difference between the fair value and the book value is recognized as profit or loss in the current period.
7. When the Group disposes of an associate, if it loses the significant influence on the associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified as profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses the significant influence on an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. If the Group still has significant influence over that associate, it reclassifies to profit or loss the amount previously recognized in other comprehensive income on a proportionate basis in the manner described above.
8. The Group conducts impairment tests for associates with indicators of impairment at the balance sheet date by treating the entire carrying amount of the investment (including goodwill) as a single asset, comparing its recoverable amount (the higher of value in use or fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is included in the carrying amount of the investment. Reversal of impairment losses is recognized to the extent that the recoverable amount of the investment subsequently increases.

(XV) Property, plant and equipment

1. Property, plant and equipment are initially recognized at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Other than land which is not depreciated, for other property, plant and equipment, the cost model is applied and the straight-line method is used for the depreciation based on their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.
4. The Group reviews the assets' residual values, useful lives and depreciation methods at the end of each fiscal year. If the estimates of the residual values and useful lives are different from the previous estimates or the expected pattern of consumption of future economic benefits embodied in the assets has changed significantly, then from the date of change, it shall be handled in accordance with the provisions of International Accounting Standards No. 8 "Changes and Errors in Accounting Policies and Accounting Estimates" regarding accounting estimate changes.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 years to 50 years
Machinery and equipment	1 years to 8 years
Office equipment	2 years to 6 years
Others	1 years to 6 years

(XVI) Leasing agreements (lessee) - Right-of-use assets/ lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities on the date when the leased assets are available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the present value of lease payments that have not yet been paid on the lease commencement date, discounted at the Group's incremental borrowing rate. Lease payments refer to fixed payments minus any lease incentives that can be collected.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. Right-of-use assets are recognized at cost on the commencement date, and the cost refers to the amount of initial measurement of the lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

4. Except for lease modifications that decrease the scope of the lease, for which the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes in profit or loss any difference between the reduced carrying amount and the remeasurement of the lease liability, for all other lease modifications, the

lessee adjusts the carrying amount of the right-of-use asset by the amount of the remeasurement of the lease liability.

(XVII) Investment property

Investment property is recognized at cost and subsequently measured using the cost model. Other than land, the depreciation is recognized on a straight-line basis with a service life between 18 and 41 years.

(XVIII) Intangible assets

1. Computer software

Recognized by the acquisition cost and amortized on a straight-line basis with an estimated service life of 1 to 8 years.

2. Trademarks and patent rights

Trademarks and patent rights acquired as a result of a business combination are recognized at fair value on the acquisition date. Trademarks and patent rights are assets with a finite useful life and are amortized at the estimated useful life of three years on a straight line basis.

3. Goodwill

Goodwill is measured in a business combination using the acquisition method.

(XIX) Impairment of non-financial assets

1. The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. An impairment loss is recognized when the recoverable amount is lower than the book value. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. Goodwill is regularly estimated for its recoverable amount. An impairment loss is recognized when the recoverable amount is lower than its carrying amount. The goodwill impairment loss will not be reversed in subsequent years.
3. Goodwill is allocated to cash-generating units for the purpose of conducting impairment testing. The allocation identified based on the operating segment, and the goodwill is allocated to cash-generation units or groups of cash-generation units expected to benefit from the business combination that generates goodwill.

(XX) Borrowings

Refers to long- and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes payable

1. They refer to debts incurred as a result of the purchase of raw materials, goods or services, and notes payable due to business and non-business purposes.
2. Short term accounts and notes payable with no interest paid are not significantly affected by discounting, and the Group measures them based on the original invoice amount.

(XXII) De-recognition of financial liabilities

The Group de-recognizes financial liabilities when the obligations specified in the contract are fulfilled, cancelled or expired.

(XXIII) Offset between financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis when there is a legally enforceable right to offset the amount of the recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(XXIV) Provision for liabilities

Liability reserve (which is for warranty) is a present statutory or deferred obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Future operating losses shall not be recognized as liability reserves.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as assets to the extent of a cash refund or a reduction in future payments.

3. Remuneration for employees and directors

Remunerations for employees and directors are recognized as expenses and liabilities, provided that they have legal or constructive obligation and the amounts can be reasonably estimated. Any difference between the resolved amounts and the subsequent actually distributed amounts shall be treated as accounting estimate changes. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXVI) Employee share-based payments

1. The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

2. Restricted Stock Awards for Employees:

(1) On the grant date, compensation cost is recognized over the vesting period based on the fair value of the equity instruments granted.

(2) If the right to participate in dividend distribution is not restricted and employees are not required to return dividends already received upon resignation during the vesting period, compensation cost is recognized at the fair value of dividends on the dividend

declaration date for the portion of dividends attributable to employees who are expected to leave during the vesting period.

- (3) Employees are not required to pay any amount to acquire restricted stock awards. If an employee resigns during the vesting period, the Company will repurchase and cancel the shares without paying any consideration. On the grant date, in accordance with the terms and conditions of the issuance plan, the repurchased shares are recognized as a deduction from share capital and capital surplus.

(XXVII) Income tax

1. Income tax expense includes current and deferred income taxes for the current period. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted on the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized using the balance sheet liability method, and the temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet are recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. When there is a legal enforcement right to offset the recognized amount of current income tax assets and liabilities against each other, and there is an intention to settle or simultaneously realize the assets and liabilities on a net basis, the current income tax assets and current income tax liabilities shall offset each other. When there is a legal enforcement right to offset current income tax assets and current income tax liabilities, and deferred income tax assets and liabilities are generated by the same taxpayer or a different taxpayer with the income tax levied by the same tax authority, but each entity intends to settle the assets and liabilities on a net basis or simultaneously realize the assets and liabilities, deferred income tax assets and liabilities are offset against each other.

(XXVIII) Share capital

Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(XXIX) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks on the record date of issuance of new shares.

(XXX) Revenue recognition

1. The Group develops, manufactures and sells various products related to industrial storage devices and memory modules. The sales revenue is recognized when the control of products is transferred to customers. That is, once products are delivered to customers, the customers have discretion on the channel and price of product sales, and the Group has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.
2. The payment terms of sales transactions are usually payment in advance or net 30 to 90. With respect to the contracts signed between the Group and customers, the time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Group has not adjusted the transaction price to reflect the time value of money.
3. Sales revenue is recognized as the net after subtracting sales discounts from the contract price. The Group estimates possible sales discounts based on past experience and different contract conditions, and recognizes the refund liabilities accordingly.
4. The Group provides warranty for products sold, and has the obligation to repair product defects which are recognized as liability provisions when goods are sold.
5. Accounts receivable are recognized when the products are delivered to the customer, because the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

(XXXI) Operation Department

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(XXXII) Government subsidies

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that the grant will be received. If the nature of government subsidies is to compensate the Group for expenses incurred, the government subsidies are recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

V. Critical accounting judgments and key sources of estimation and uncertainty

In the Group's preparation of the consolidated financial statements, the management has used its judgment to determine the accounting policies to be adopted, and based on the current situation on the balance sheet date, has made accounting estimates and assumptions based on reasonable expectations for future events. Significant accounting estimates and assumptions may differ from the actual results, and continuous evaluation and adjustment will be made based on historical experience and other factors. Such estimates and assumptions have a risk of causing an adjustment to the carrying amounts of assets and liabilities in the next financial year. Please see the following explanation of Critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

The critical judgments adopted in the Group's accounting policies have been assessed to be free from significant uncertainty.

(II) Important accounting estimates and assumptions

Inventory Valuation

During the inventory valuation, the Group needs to use judgment to evaluate the wear and tear, obsolescence and market sales value of the inventory to estimate the net realizable value, and write down the inventory cost to the net realizable value. Technological changes, environmental changes and sales conditions will change the inventory value, further affecting its valuation.

The book value of the Group's inventories on December 31, 2025 is detailed in Note 6(5).

VI. Contents of significant accounts

(I) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand and working capital	\$ 897	\$ 1,296
Checking accounts and demand deposits	1,624,513	1,893,461
Cash equivalents:		
Time deposits	20,000	1,105,500
	<u>\$ 1,645,410</u>	<u>\$ 3,000,257</u>

1. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so the probability of counterparty default is remote.
2. The Group has transferred restricted bank deposits to financial assets measured at amortized cost - non-current. Please refer to Note 8 for details.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Equity instruments		
Domestic listed stocks - Preferred stocks	\$ 29,970	\$ 29,970
Valuation adjustment	(133)	(899)
	<u>\$ 29,837</u>	<u>\$ 29,071</u>

1. The Group chooses to classify equity instruments of strategic investment nature as financial assets measured at fair value through other comprehensive income.
2. Please refer to the consolidated statement of comprehensive income for the details of the financial assets measured at fair value through other comprehensive income which are recognized in the comprehensive profit and loss of the Group.

3. The Group has not pledged financial assets measured at fair value through other comprehensive income as collateral.
4. Please refer to Note 12 (3) for relevant fair value information.

(III) Financial assets measured at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Time deposits due in three months to one year	\$ <u>150,000</u>	\$ <u>157,898</u>
Non-current items:		
Pledged time deposits	\$ <u>11,206</u>	\$ <u>11,206</u>

1. Interest income recognized on financial assets measured at amortized cost is described in Note 6 (23).
2. Please refer to Note 8 for the Group's pledge of financial assets at amortized cost as collateral.

(IV) Notes and accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ 3,529	\$ 902
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 3,529</u>	<u>\$ 902</u>
Accounts receivable	\$ 3,293,585	\$ 1,184,755
Account receivable - Related parties	<u>3</u>	<u>44</u>
	3,293,588	1,184,799
Less: Loss allowance	(<u>1,272</u>)	(<u>635</u>)
	<u>\$ 3,292,316</u>	<u>\$ 1,184,164</u>

1. For the aging analysis and the related credit risk information on notes and accounts receivable, please refer to Note 12 (2).
2. On December 31, 2025 and 2024, the balances of notes and accounts receivable were both from customer contracts, and both the balances of notes and accounts receivable on January 1, 2024 were NT\$1,340,661.
3. The Group does not hold any collateral for the aforementioned notes and accounts receivable.

(V) Inventories

	<u>December 31, 2025</u>		
	Cost	Loss allowance for falling prices	Book value
Raw materials	\$ 3,958,835	(\$ 284,775)	\$ 3,674,060
Work in process	1,078,524	(39,647)	1,038,877
Finished goods	612,176	(45,512)	566,664
Merchandise	122,778	(17,177)	105,601
	<u>\$ 5,772,313</u>	<u>(\$ 387,111)</u>	<u>\$ 5,385,202</u>
	<u>December 31, 2024</u>		
	Cost	Loss allowance for falling prices	Book value
Raw materials	\$ 1,172,585	(\$ 174,336)	\$ 998,249
Work in process	321,811	(25,561)	296,250
Finished goods	278,921	(30,516)	248,405
Merchandise	110,111	(9,240)	100,871
	<u>\$ 1,883,428</u>	<u>(\$ 239,653)</u>	<u>\$ 1,643,775</u>

1. None of the above inventories are provided with pledged collaterals.

2. The Group recognizes them as current losses of inventory cost.

	2025	2024
Cost of inventory sold	\$ 9,623,058	\$ 6,016,785
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	147,458	28,114
Loss on scrapping of inventory	16,043	21,925
Others	42,775	23,569
	<u>\$ 9,829,334</u>	<u>\$ 6,090,393</u>

(VI) Prepayments

	December 31, 2025	December 31, 2024
Tax refund receivable	\$ 188,696	\$ 43,794
Prepayments for goods	112,440	452
Others	40,045	46,816
	<u>\$ 341,181</u>	<u>\$ 91,062</u>

(VII) Investments accounted for using equity method

	December 31, 2025		December 31, 2024	
	Amount	Shareholding percentage	Amount	Shareholding percentage
Affiliates:				
Millitronic Co., Ltd.	\$ 19,981	32.16%	\$ 23,931	32.16%
Sysinno Technology Inc.	9,772	42.95%	11,655	42.95%
	<u>\$ 29,753</u>		<u>\$ 35,586</u>	

In 2025 and 2024, the Group's share of profits (losses) from affiliates recognized by the equity method was (NT\$5,833) and (NT\$2,948), respectively, as recognized in the financial statements audited by the Company's independent auditors.

As of December 31, 2025 and 2024, the Group had no significant affiliates, and the consolidated book values of individual non-significant affiliates were NT\$29,753 and NT\$35,586 respectively. Their operating results are summarized as follows:

	2025	2024
Profit (loss) from continuing operations	(\$ 5,833)	(\$ 2,948)
Other comprehensive income or loss (net)	-	-
Total comprehensive profit and loss for the year	<u>(\$ 5,833)</u>	<u>(\$ 2,948)</u>

(VIII) Property, plant and equipment

2025

	Land		Buildings and structures			Machinery and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total	
	For self use	For lease	Subtotal	For self use	For lease	Subtotal	For self use	For self use	For self use		
January 1											
Cost	\$ 819,763	\$ 213,475	\$ 1,033,238	\$ 1,683,536	\$ 109,359	\$ 1,792,895	\$ 372,494	\$ 112,425	\$ 32,849	\$ 149,900	\$ 3,493,801
Accumulated depreciation and impairments	-	-	-	(204,776)	(4,067)	(208,843)	(269,708)	(59,988)	-	(88,429)	(626,968)
	<u>\$ 819,763</u>	<u>\$ 213,475</u>	<u>\$ 1,033,238</u>	<u>\$ 1,478,760</u>	<u>\$ 105,292</u>	<u>\$ 1,584,052</u>	<u>\$ 102,786</u>	<u>\$ 52,437</u>	<u>\$ 32,849</u>	<u>\$ 61,471</u>	<u>\$ 2,866,833</u>
January 1	\$ 819,763	\$ 213,475	\$ 1,033,238	\$ 1,478,760	\$ 105,292	\$ 1,584,052	\$ 102,786	\$ 52,437	\$ 32,849	\$ 61,471	\$ 2,866,833
Addition	-	-	-	21,095	-	21,095	104,718	39,940	19,913	24,367	210,033
Reclassification	286,028	(213,475)	72,553	204,095	(105,292)	98,803	(4,151)	135	(30,708)	7,694	144,326
Disposal	(38,865)	-	(38,865)	(18,954)	-	(18,954)	-	(165)	-	-	(57,984)
Depreciation expense	-	-	-	(58,709)	-	(58,709)	(41,575)	(31,041)	-	(20,898)	(152,223)
Net exchange difference	(261)	-	(261)	182	-	182	(2)	39	-	(186)	(228)
December 31	<u>\$ 1,066,665</u>	<u>\$ -</u>	<u>\$ 1,066,665</u>	<u>\$ 1,626,469</u>	<u>\$ -</u>	<u>\$ 1,626,469</u>	<u>\$ 161,776</u>	<u>\$ 61,345</u>	<u>\$ 22,054</u>	<u>\$ 72,448</u>	<u>\$ 3,010,757</u>
December 31											
Cost	\$ 1,066,665	\$ -	\$ 1,066,665	\$ 1,878,115	\$ -	\$ 1,878,115	\$ 473,035	\$ 116,979	\$ 22,054	\$ 180,650	\$ 3,737,498
Accumulated depreciation and impairments	-	-	-	(251,646)	-	(251,646)	(311,259)	(55,634)	-	(108,202)	(726,741)
	<u>\$ 1,066,665</u>	<u>\$ -</u>	<u>\$ 1,066,665</u>	<u>\$ 1,626,469</u>	<u>\$ -</u>	<u>\$ 1,626,469</u>	<u>\$ 161,776</u>	<u>\$ 61,345</u>	<u>\$ 22,054</u>	<u>\$ 72,448</u>	<u>\$ 3,010,757</u>

	Land		Buildings and structures			Machinery and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total	
	For self use	For lease	Subtotal	For self use	For lease	Subtotal	For self use	For self use	For self use	For self use	
<u>January 1</u>											
Cost	\$ 818,813	\$ 213,475	\$ 1,032,288	\$ 1,059,117	\$ 109,359	\$ 1,168,476	\$ 342,453	\$ 78,969	\$ 446,960	\$ 129,926	\$ 3,199,072
Accumulated depreciation and impairments	-	-	-	(164,279)	(1,356)	(165,635)	(232,068)	(49,363)	-	(74,126)	(521,192)
	<u>\$ 818,813</u>	<u>\$ 213,475</u>	<u>\$ 1,032,288</u>	<u>\$ 894,838</u>	<u>\$ 108,003</u>	<u>\$ 1,002,841</u>	<u>\$ 110,385</u>	<u>\$ 29,606</u>	<u>\$ 446,960</u>	<u>\$ 55,800</u>	<u>\$ 2,677,880</u>
<u>January 1</u>	\$ 818,813	\$ 213,475	\$ 1,032,288	\$ 894,838	\$ 108,003	\$ 1,002,841	\$ 110,385	\$ 29,606	\$ 446,960	\$ 55,800	\$ 2,677,880
Addition	-	-	-	186,543	-	186,543	23,998	42,486	32,849	22,242	308,118
Reclassification	-	-	-	436,186	-	436,186	6,024	3,044	(446,960)	1,288	(418)
Disposal	-	-	-	-	-	-	(9)	(9)	-	-	(18)
Depreciation expense	-	-	(41,546)	(2,711)	(44,257)	(37,623)	(22,782)	-	(18,032)	(122,694)	
Net exchange difference	950	-	950	2,739	-	2,739	11	92	-	173	3,965
<u>December 31</u>	<u>\$ 819,763</u>	<u>\$ 213,475</u>	<u>\$ 1,033,238</u>	<u>\$ 1,478,760</u>	<u>\$ 105,292</u>	<u>\$ 1,584,052</u>	<u>\$ 102,786</u>	<u>\$ 52,437</u>	<u>\$ 32,849</u>	<u>\$ 61,471</u>	<u>\$ 2,866,833</u>
<u>December 31</u>											
Cost	\$ 819,763	\$ 213,475	\$ 1,033,238	\$ 1,683,536	\$ 109,359	\$ 1,792,895	\$ 372,494	\$ 112,425	\$ 32,849	\$ 149,900	\$ 3,493,801
Accumulated depreciation and impairments	-	-	-	(204,776)	(4,067)	(208,843)	(269,708)	(59,988)	-	(88,429)	(626,968)
	<u>\$ 819,763</u>	<u>\$ 213,475</u>	<u>\$ 1,033,238</u>	<u>\$ 1,478,760</u>	<u>\$ 105,292</u>	<u>\$ 1,584,052</u>	<u>\$ 102,786</u>	<u>\$ 52,437</u>	<u>\$ 32,849</u>	<u>\$ 61,471</u>	<u>\$ 2,866,833</u>

1. Please refer to Note 8 for the information on the collateral provided by the Group with its property, plant and equipment.
2. The Group had no capitalization of interest from property, plant and equipment in 2025 and 2024.

(IX) Leasing arrangements - lessee

1. The underlying assets leased by the Group include land, buildings and company vehicles, with the lease contract periods for buildings and company vehicles from 1 to 9 years. The land for the plant site in Taiwan is leased from Hsinchu Science Park; the lease contract has a term of 20 years, and the Company enjoys the priority of lease, with the lease period expected to be 50 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The information on the book value and recognized depreciation expenses of right-of-use assets are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Company vehicles</u>	<u>Total</u>
January 1, 2025	\$ 165,543	\$ 40,995	\$ 5,155	\$ 211,693
Addition	-	26,226	1,233	27,459
Early termination of leases	-	(235)	-	(235)
Depreciation expense	(6,794)	(22,818)	(3,040)	(32,652)
Net exchange difference	-	37	132	169
December 31, 2025	<u>\$ 158,749</u>	<u>\$ 44,205</u>	<u>\$ 3,480</u>	<u>\$ 206,434</u>

	<u>Land</u>	<u>Buildings</u>	<u>Company vehicles</u>	<u>Total</u>
January 1, 2024	\$ 168,613	\$ 41,715	\$ 4,250	\$ 214,578
Addition	3,687	20,455	4,264	28,406
Early termination of leases	-	(2,806)	-	(2,806)
Depreciation expense	(6,757)	(18,956)	(3,419)	(29,132)
Net exchange difference	-	587	60	647
December 31, 2024	<u>\$ 165,543</u>	<u>\$ 40,995</u>	<u>\$ 5,155</u>	<u>\$ 211,693</u>

3. The information on profit and loss items related to lease contracts is as follows:

<u>Items affecting current profit and loss</u>	<u>2025</u>	<u>2024</u>
Interest expenses on lease liabilities	\$ 2,588	\$ 2,631
Lease modification loss (gain)	(8)	(17)

4. In 2025 and 2024, other than the cash outflow from lease-related expenses mentioned in Note 6(9)3 above, please refer to Note 6(32) for details of the amount of cash outflow arising from the repayment of the principal of lease liabilities.

(X) Leasing arrangements - lessor

1. The Group leases out assets such as land and buildings. The terms of the lease contracts are from 1 to 6 years, and the terms and conditions of the lease contracts are negotiated separately. To protect the usage condition of leased assets, lessees are typically required to comply with restrictions and agreements such as not subleasing, subletting, or pledging all or part of the leased property.
2. Rental income recognized by the Group under operating lease contracts is described in Note 6(24).

3. The maturity analysis of the lease payments for operating leases is as follows:

	December 31, 2025	December 31, 2024
2025	\$ -	\$ 15,949
2026	9,369	1,284
2027	340	-
	<u>\$ 9,709</u>	<u>\$ 17,233</u>

(XI) Investment property

	2025		
	Land	Buildings and structures	Total
<u>January 1</u>			
Cost	\$ 197,587	\$ 154,014	\$ 351,601
Accumulated depreciation and impairments	-	(16,882)	(16,882)
	<u>\$ 197,587</u>	<u>\$ 137,132</u>	<u>\$ 334,719</u>
January 1	\$ 197,587	\$ 137,132	\$ 334,719
Reclassification	(72,553)	(71,803)	(144,356)
Disposal	(7,773)	(3,746)	(11,519)
Depreciation expense	-	(3,303)	(3,303)
Net exchange difference	483	508	991
December 31	<u>\$ 117,744</u>	<u>\$ 58,788</u>	<u>\$ 176,532</u>
<u>December 31</u>			
Cost	\$ 117,744	\$ 76,798	\$ 194,542
Accumulated depreciation and impairments	-	(18,010)	(18,010)
	<u>\$ 117,744</u>	<u>\$ 58,788</u>	<u>\$ 176,532</u>
	2024		
	Land	Buildings and structures	Total
<u>January 1</u>			
Cost	\$ 86,909	\$ 44,468	\$ 131,377
Accumulated depreciation and impairments	-	(13,022)	(13,022)
	<u>\$ 86,909</u>	<u>\$ 31,446</u>	<u>\$ 118,355</u>
January 1	\$ 86,909	\$ 31,446	\$ 118,355
Addition	110,650	109,506	220,156
Depreciation expense	-	(3,858)	(3,858)
Net exchange difference	28	38	66
December 31	<u>\$ 197,587</u>	<u>\$ 137,132</u>	<u>\$ 334,719</u>
<u>December 31</u>			
Cost	\$ 197,587	\$ 154,014	\$ 351,601
Accumulated depreciation and impairments	-	(16,882)	(16,882)
	<u>\$ 197,587</u>	<u>\$ 137,132</u>	<u>\$ 334,719</u>

1. Rental income and direct operating expenses of investment property.

	2025	2024
Rental income from investment property	\$ 10,950	\$ 8,890
Direct operating expenses incurred by investment property that generates rental income for the period	\$ 4,474	\$ 4,523

2. The fair values of the investment property held by the Group on December 31, 2025 and 2024 were NT\$224,367 and NT\$365,703, respectively. The above-mentioned fair value is obtained from the market price assessments and actual transaction prices of similar properties in the vicinity of the relevant assets, and belongs to Level 3.

3. Please refer to Note 8 for the information on the collateral provided by the Group with its property, plant and equipment.

4. The Group had no capitalization of interest from investment property in 2025 and 2024.

(XII) Intangible assets

	2025				
	Patent	Computer software	Trademark rights	Goodwill	Total
<u>January 1</u>					
Cost	\$ 6,000	\$ 158,587	\$ 3,000	\$ 13,204	\$ 180,791
Accumulated amortization and impairments	(6,000)	(119,031)	(3,000)	-	(128,031)
	<u>\$ -</u>	<u>\$ 39,556</u>	<u>\$ -</u>	<u>\$ 13,204</u>	<u>\$ 52,760</u>
January 1	\$ -	\$ 39,556	\$ -	\$ 13,204	\$ 52,760
Additions - from separate acquisition	-	16,497	-	-	16,497
Reclassification	-	3,800	-	-	3,800
Amortization expenses	-	(25,177)	-	-	(25,177)
Net exchange difference	-	-	-	(482)	(482)
December 31	<u>\$ -</u>	<u>\$ 34,676</u>	<u>\$ -</u>	<u>\$ 12,722</u>	<u>\$ 47,398</u>
<u>December 31</u>					
Cost	\$ 6,000	\$ 178,883	\$ 3,000	\$ 12,722	\$ 200,605
Accumulated amortization and impairments	(6,000)	(144,207)	(3,000)	-	(153,207)
	<u>\$ -</u>	<u>\$ 34,676</u>	<u>\$ -</u>	<u>\$ 12,722</u>	<u>\$ 47,398</u>

	2024				
	Patent	Computer software	Trademark rights	Goodwill	Total
<u>January 1</u>					
Cost	\$ 6,000	\$ 119,037	\$ 3,000	\$ 12,464	\$ 140,501
Accumulated amortization and impairments	(5,333)	(93,126)	(2,667)	-	(101,126)
	<u>\$ 667</u>	<u>\$ 25,911</u>	<u>\$ 333</u>	<u>\$ 12,464</u>	<u>\$ 39,375</u>
<u>January 1</u>					
Cost	\$ 667	\$ 25,911	\$ 333	\$ 12,464	\$ 39,375
Additions - from separate acquisition	-	39,550	-	-	39,550
Amortization expenses	(667)	(25,905)	(333)	-	(26,905)
Net exchange difference	-	-	-	740	740
December 31	<u>\$ -</u>	<u>\$ 39,556</u>	<u>\$ -</u>	<u>\$ 13,204</u>	<u>\$ 52,760</u>
<u>December 31</u>					
Cost	\$ 6,000	\$ 158,587	\$ 3,000	\$ 13,204	\$ 180,791
Accumulated amortization and impairments	(6,000)	(119,031)	(3,000)	-	(128,031)
	<u>\$ -</u>	<u>\$ 39,556</u>	<u>\$ -</u>	<u>\$ 13,204</u>	<u>\$ 52,760</u>

1. Details of intangible asset amortization:

	2025	2024
Operating costs	\$ 1,292	\$ 1,305
Selling expenses	1,293	312
General and administrative expenses	7,881	9,148
Research and development expenses	14,711	16,140
	<u>\$ 25,177</u>	<u>\$ 26,905</u>

2. Goodwill is allocated to cash-generating units of the Group:

	December 31, 2025	December 31, 2024
Innodisk USA Corporation	\$ 11,191	\$ 11,673
Others	1,531	1,531
	<u>\$ 12,722</u>	<u>\$ 13,204</u>

3. Goodwill is allocated to cash-generating units identified by the Group. The recoverable amount is evaluated based on the value in use which is calculated based on the estimated cash flow before tax.

The Group calculated that the recoverable amount exceeds the carrying amount based on the value in use, so there is no impairment of goodwill. The calculation of value in use mainly considers gross margin, growth rate and discount rate.

The management determines the budgeted gross margin based on past performance and the expectations for market development. The weighted average growth rate used is consistent with the industry's reported forecast. The adopted discount rate is a pre-tax rate and reflects the specific risks of the related operating units.

4. The Group had not pledged any intangible assets as collaterals on December 31, 2025 and 2024.

(XIII) Other payables

	December 31, 2025	December 31, 2024
Payroll and bonus payable	\$ 444,991	\$ 325,279
Remunerations payable to employees and directors	173,002	93,002
Accrued expenses	127,803	85,924
Payable on machinery and equipment	6,198	10,020
Others	27,292	19,388
	<u>\$ 779,286</u>	<u>\$ 533,613</u>

(XIV) Short-term borrowings

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2025
Bank borrowings				
Innodisk Corporation				
E.Sun Commercial Bank Credit loan	From December 24, 2025 to February 26, 2026, principal and interest due at maturity for lump sum repayment.	4.545%	None	\$ 131,943
E.Sun Commercial Bank Credit loan	From December 24, 2025 to March 24, 2026, principal and interest due at maturity for lump sum repayment.	4.545%	None	88,067
E.Sun Commercial Bank Credit loan	From December 29, 2025 to January 29, 2026, principal and interest due at maturity for lump sum repayment.	2.100%	None	70,000
Chinatrust Commercial Bank Credit loan	From November 27, 2025 to January 27, 2026, principal and interest due at maturity for lump sum repayment.	4.600%	None	125,720
Chinatrust Commercial Bank Credit loan	From November 28, 2025 to January 27, 2026, principal and interest due at maturity for lump sum repayment.	4.600%	None	62,860
Chinatrust Commercial Bank Credit loan	From December 15, 2025 to February 13, 2026, principal and interest due at maturity for lump sum repayment.	4.450%	None	94,290
HSBC Commercial Bank Credit loan	From November 19, 2025 to January 16, 2026, principal and interest due at maturity for lump sum repayment.	4.600%	None	157,150
HSBC Commercial Bank Credit loan	From December 18, 2025 to March 12, 2026, principal and interest due at maturity for lump sum repayment.	4.420%	None	157,150
Citibank Taiwan Credit loan	From December 16, 2025 to February 13, 2026, principal and interest due at maturity for lump sum repayment.	4.350%	None	94,290
Citibank Taiwan Credit loan	From December 17, 2025 to February 13, 2026, principal and interest due at maturity for lump sum repayment.	4.350%	None	125,720
Cathay United Commercial Bank Credit loan	From December 24, 2025 to March 23, 2026, principal and interest due at maturity for lump sum repayment.	4.320%	None	628,600
				<u>\$ 1,735,790</u>

December 31, 2024

Interest expense recognized in profit or loss by the Group is detailed in Note 6 (26).

(XV) Long-term borrowings

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2025
Borrowing with installment repayments				
Innodisk Corporation				
E.Sun Commercial Bank Credit loan	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.375%	None	\$ 219,458
Innodisk Europe B.V.				
Chinatrust Commercial Bank Credit loan	The borrowing period is from December 8, 2023 to December 8, 2028; the principal is amortized annually and the interest is paid quarterly.	3.40%	None	7,381
Chinatrust Commercial Bank Credit loan	From March 15, 2019 to February 28, 2029, principal repaid annually, interest paid quarterly.	3.45%	None	3,690
Aetina Corporation				
Chinatrust Commercial Bank Secured borrowings	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	2.1500%	Please see Note 8 for details.	81,232
Chinatrust Commercial Bank Credit loan	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	2.3000%	None	33,152
				344,913
Less: Long-term borrowings, current portion				(37,280)
				<u>\$ 307,633</u>

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2024
Borrowing with installment repayments				
Innodisk Corporation				
E.Sun Commercial Bank Credit loan	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.375%	None	\$ 229,000
Innodisk Europe B.V.				
Chinatrust Commercial Bank Credit loan	The borrowing period is from December 8, 2023 to December 8, 2028; the principal is amortized annually and the interest is paid quarterly.	4.55%	None	8,535
Chinatrust Commercial Bank Credit loan	March 15, 2019 to March 15, 2024 The extension period for this application is from March 15, 2024 to February 28, 2029, principal repaid annually, interest paid quarterly.	4.45%	None	4,097
Aetina Corporation				
Chinatrust Commercial Bank Secured borrowings	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	2.1458%	Please see Note 8 for details.	85,468
Chinatrust Commercial Bank Credit loan	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	2.2958%	None	34,858
				361,958
Less: Long-term borrowings, current portion				(17,877)
				<u>\$ 344,081</u>

Interest expense recognized in profit or loss by the Group is detailed in Note 6 (26).

(XVI) Pensions

1. The Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
2. The overseas subsidiary Innodisk Global-M Corporation has not stipulated any employee pension regulations, and there is no mandatory requirement by local laws and regulations. Innodisk USA Corporation, Innodisk Europe BV, Innodisk Japan Corporation, and Aetina Japan Co., Ltd. adopt the defined contribution pension plan, and appropriate a certain percentage of the total salary of local employees on a monthly basis as pension. The Company has no further obligation other than the monthly appropriation.
3. Innodisk Memory Technology (Shenzhen) Co., Ltd. and Aetina (Shenzhen) Artificial Intelligence contribute monthly to the endowment insurance fund based on a certain percentage of the total salary of the local employees in accordance with the endowment insurance system stipulated by the government of the People's Republic of China. The pension of each employee is coordinated and arranged by the government. Other than the monthly contributions, the Group has no further obligations.
4. In 2025 and 2024, the pension cost recognized by the Group in accordance with the above regulations was NT\$61,707 and NT\$53,288, respectively.

(XVII) Share-based payment

1. The Company's share-based payment arrangements
 - (1) The board resolution on July 6, 2022 determined the first employee stock option plan of 2022 and established the stock option method. A total of 3,500,000 units of employee stock options was to be issued, and each unit of stock option subscribed to 1 share, and measures became effective on July 26, 2022. The Company has processed the issuance of employee stock options on August 5, 2022.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - B	2022.8.5	3,500 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 or more years of service are entitled to 50%; those with 3 or more years of service are entitled to 100%.

- (2) The Company's Board of Directors resolved on February 26, 2025 and the shareholders' meeting on May 26, 2025 to issue restricted stock awards for employees. The plan is to issue 1,200,000 units of restricted stock awards, with a par value of NT\$10 per unit. These restricted stock awards are issued without consideration and became effective upon filing with the competent authority on July 15, 2025. The Board of Directors resolved on August 6, 2025 to issue 1,179,000 shares at a subscription price of NT\$0 per share, with the capital increase record date set as September 26, 2025.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Restricted Stock Awards for Employees	2025.9.26	1,179 thousand shares	3 years	Achievement of performance conditions (Note)	Equity delivery

Note: After both individual performance conditions and company performance conditions are met, the maximum percentage of shares that employees may vest in each year based on service conditions is as follows:

- A. After 2 years of service from the date of grant: up to 50% of the maximum allocated shares;
- B. After 3 years of service from the date of grant: up to 50% of the maximum allocated shares.

The above restricted stock awards cannot be transferred during the vesting period; however, voting rights are not restricted. Employees who resign during the vesting period must return the shares.

- (3) On November 16, 2023, the board of directors of Aetina Corporation, the Company's subsidiary, resolved to issue the first employee stock options in 2023 and stipulated the measures for issuing employee stock options. It is planned to issue employee stock options of 1,700,000 units, and the number of shares to be subscribed per unit is 1 share. The Company issued the employee stock option options on December 22, 2023, July 26, 2024, and November 15, 2024, respectively.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - Aetina	2023.12.22	1,383 thousand shares	4 years	Note	Equity delivery
Employee stock option plan - Aetina	2024.7.26	89 thousand shares	4 years	Note	Equity delivery
Employee stock option plan - Aetina	2024.11.15	228 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 or more years of service are entitled to 50%; those with 3 or more years of service are entitled to 100%.

- (4) On May 9, 2024, the board of directors of Aetina Corporation, the Company's subsidiary, resolved to issue 2024 employee stock options reserved from capital increase in cash.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Capital increase in cash reserved for employee stock options - Aetina	2024.7.26	900 thousand shares	-	Immediate acquisition	Equity delivery

2. Detailed information of the share-based payment arrangement above

(1) Employee stock option plan

	2025			
	Innodisk		Aetina	
	Employee stock option plan - B		Employee stock option plan	
	Number of stock options (thousand shares)	Weighted average strike price (NT\$)	Number of stock options (thousand shares)	Weighted average strike price (NT\$)
Options outstanding as of January 1	2,006	148.54	1,700	16.04
Share options granted this period	-	-	-	-
Share options foregone this period	(21)	148.54	(164)	16.04
Share options exercised this period	(1,576)	141.03	-	-
Share options expired this period	-	-	-	-
Options outstanding as of December 31	409	139.80	1,536	16.04
Options exercisable as of December 31	396		605	-

	2024			
	Innodisk		Actina	
	Employee stock option plan - B		Employee stock option plan	
	Number of stock options (thousand shares)	Weighted average strike price (NT\$)	Number of stock options (thousand shares)	Weighted average strike price (NT\$)
Options outstanding as of January 1	3,362	156.84	1,383	16.04
Share options granted this period	-	-	317	16.04
Share options foregone this period	(65)	156.84	-	-
Share options exercised this period	(1,291)	148.54	-	-
Share options expired this period	-	-	-	-
Options outstanding as of December 31	<u>2,006</u>	148.54	<u>1,700</u>	16.04
Options exercisable as of December 31	<u>362</u>		<u>-</u>	-

(2) Restricted Stock Awards for Employees

	2025		2024	
	Number of stock options (thousand shares)	Weighted average strike price (NT\$)	Number of stock options (thousand shares)	Weighted average strike price (NT\$)
Outstanding restricted stock awards at beginning of period (January 1)	-	-	-	-
Restricted stock awards granted during the period	<u>1,179</u>	-	<u>-</u>	-
Outstanding restricted stock awards at end of period (December 31)	<u>1,179</u>	-	<u>-</u>	-

(3) Capital increase in cash reserved for employee stock options

The Company's subsidiary, Aetina Corporation, made a capital increase in cash in the third quarter of 2024, and reserved 900,000 shares for employee stock options at a strike price of NT\$23 per share.

- The Company's weighted average stock price based on which the stock options were exercised in 2025 and 2024 on the exercise date was NT\$304.92 and NT\$284.20, respectively.
- The expiration date and exercise price of stock options outstanding as of the balance sheet date are as follows:

(1) The Company

		December 31, 2025	
Approved issue date	Expiration date	Number of shares (thousand)	Exercise price (NT\$)
August 5, 2022	August 5, 2026	409	139.80
		December 31, 2024	
Approved issue date	Expiration date	Number of shares (thousand)	Exercise price (NT\$)
August 5, 2022	August 5, 2026	2,006	148.54

(2) The Company's subsidiary, Aetina Corporation

		December 31, 2025	
Approved issue date	Expiration date	Number of shares (thousand)	Exercise price (NT\$)
December 22, 2023	December 21, 2027	1,296	16.04
July 26, 2024	July 25, 2028	64	16.04
November 15, 2024	November 14, 2028	176	16.04

		December 31, 2024	
Approved issue date	Expiration date	Number of shares (thousand)	Exercise price (NT\$)
December 22, 2023	December 21, 2027	1,383	16.04
July 26, 2024	July 25, 2028	89	16.04
November 15, 2024	November 14, 2028	228	16.04

5. For the share-based payment transactions of the Company and the subsidiary Aetina Corporation on the grant date, the binomial evaluation model and the Black-Scholes option evaluation model are used to estimate the fair value of the stock option. The information is as follows:

Type of arrangement	Grant date	Stock price (NT\$)	Strike price (NT\$)	Expected volatility	Expected duration	Expected dividend	Risk-free rate	Weighted average fair value per unit (NT\$)
<u>Innodisk</u>								
Employee stock option plan - B	2022.8.5	168.00	168.00	30.62%	3.25 years	NA	0.95%	38.5462
Restricted Stock Awards for Employees	2025.9.26	310.00	-	Not applicable	Not applicable	Not applicable	Not applicable	310.00
<u>Aetina</u>								
Employee stock options plan	2023.12.22	22.00	16.04	36.77%	3.25 years	NA	1.13%	8.7668
Employee stock options plan	2024.7.26	19.92	16.04	38.83%	3.25 years	NA	1.45%	7.4469
Employee stock options plan	2024.11.15	19.92	16.04	39.68%	3.25 years	NA	1.42%	7.5313
Capital increase in cash reserved for employee stock options	2024.7.26	19.92	23.00	46.28%	0.05 years	NA	1.22%	0.0726

6. The related effects arising from share-based payment transactions are as follows:

Payroll expenses

Salary expenses arising from the above transactions by the Group are as follows:

	2025	2024
Employee stock option plan - the Company	\$ 11,471	\$ 36,468
Employee stock option plan - subsidiaries	5,189	4,342
Restricted stock awards for employees - the Company	37,363	-
	<u>\$ 54,023</u>	<u>\$ 40,810</u>

(XVIII) Provision for liabilities

	2025	2024
Balance on January 1	\$ 64,274	\$ 59,569
Provisions used for the period	(22,073)	(13,227)
Provision added this period	28,960	17,932
Balance on December 31	\$ 71,161	\$ 64,274

The analysis of provisions is as follows:

	December 31, 2025	December 31, 2024
Current	\$ 17,386	\$ 21,302
Non-current	53,775	42,972
	\$ 71,161	\$ 64,274

The Company's provisions for warranty liabilities are mainly related to sales of industrial storage devices and memory modules. The provisions for warranty liabilities are estimated based on the historical warranty information of the products.

(XIX) Share capital

1. As of December 31, 2025, the Company's authorized capital was NT\$1,200,000 divided into 120,000 thousand shares (including 10,000 thousand shares of employee share options), and the paid-in capital was NT\$960,407 with a par value of NT\$10 per share. All proceeds from shares issued have been collected. Reconciliation of the Company's outstanding ordinary shares at the beginning and end of the period is as follows: (Unit: shares)

	2025	2024
January 1	91,456,095	88,397,642
Stock dividends	1,829,122	1,767,953
Employees exercise options	1,576,500	1,290,500
Proposal for the company to issue restricted employee stock awards.	1,179,000	-
December 31	96,040,717	91,456,095

2. The shareholders' meeting on May 26, 2025 resolved to increase the Company's capital by issuing new shares with the 2024 unappropriated retained earnings of NT\$18,291. The record date for the capital increase was September 3, 2025.
3. The shareholders' meeting on May 31, 2024 resolved to increase the Company's capital by issuing new shares with the 2023 unappropriated retained earnings of NT\$17,680. The record date for the capital increase was July 21, 2024.
4. The ordinary shares issued due to the exercise of employee stock options in 2025 were 1,576,500 shares. As of December 31, 2025, there were 1,391,500 shares not yet registered for share capital change.
5. The ordinary shares issued due to the exercise of employee stock options in 2024 were 1,290,500 shares, and all of them had been registered for share capital change.
6. The Company issued 1,179,000 restricted stock awards in 2025, with the new share issuance record date of September 26, 2025, at a subscription price of \$0 per share. The rights and obligations of these ordinary shares are the same as other issued ordinary shares, except that the right to transfer shares is restricted until employees meet the vesting conditions.

(XX) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surplus should not be used to cover accumulated capital deficit unless the legal reserve is insufficient.

		2025							
		Issue of shares at premium	Difference between acquisition or disposal price and carrying value of equity in subsidiaries	Changes in ownership interests in subsidiaries recognized	Change in net assets of the associates and joint ventures accounted for using equity method	Employee stock options	Restricted Stock Awards for Employees	Others	Total
January 1		\$ 1,540,125	\$ 802	\$ 47,396	\$ 2,994	\$ 51,510	\$ -	\$ 11,220	\$ 1,654,047
Share-based payment		-	-	-	-	11,471	-	-	11,471
Employees exercise options		255,799	-	-	- (49,230)	-	-	-	206,569
Lapsed options		-	-	-	- (275)	-	-	275	-
Proposal for the company to issue restricted employee stock awards.		-	-	-	-	-	324,719	-	324,719
December 31		\$ 1,795,924	\$ 802	\$ 47,396	\$ 2,994	\$ 13,476	\$ 324,719	\$ 11,495	\$ 2,196,806

		2024						
		Issue of shares at premium	Difference between acquisition or disposal price and carrying value of equity in subsidiaries	Changes in ownership interests in subsidiaries recognized	Change in net assets of the associates and joint ventures accounted for using equity method	Employee stock options	Others	Total
January 1		\$ 1,315,986	\$ 802	\$ 25,386	\$ 2,994	\$ 62,674	\$ 8,939	\$ 1,416,781
Share-based payment		-	-	-	-	36,468	-	36,468
Changes in shareholders' equity in subsidiaries not recognized proportionately to ownership		-	-	22,010	-	-	-	22,010
Employees exercise options		224,139	-	-	- (45,351)	-	-	178,788
Lapsed options		-	-	-	- (2,281)	-	2,281	-
December 31		\$ 1,540,125	\$ 802	\$ 47,396	\$ 2,994	\$ 51,510	\$ 11,220	\$ 1,654,047

(XXI) Retained earnings

1. According to the Company's Articles of Incorporation, the income surplus from the general final accounts is distributed in the following order:

- (1) Tax appropriation.
- (2) Compensation for past losses.
- (3) Allocation of 10% as legal reserve. However, this shall not apply when the legal reserve has reached the amount of the

Company's paid-in capital. A special reserve is also allocated or reversed in accordance with laws and regulations or the competent authority's requirements.

- (4) With respect to the balance and the accumulated unappropriated retained earnings of previous years, the board will propose a surplus distribution to the shareholders' meeting for resolution.

Dividend policy: The Company considers future needs for business operations, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total of cash and stock dividends. The Company's total earnings distribution to shareholders shall not be less than 30% of the current year's earnings.

2. Except for compensating losses or issuing new stocks or paying cash to shareholders in proportion to their shareholdings, the legal reserve shall not be used for any other purposes. The use of the legal reserve for the issuance of stocks or cash payment to shareholders in proportion to their shareholdings is limited to the portion in excess of 25% of the Company's paid-in capital.

3. In accordance with the regulations, the Company shall set aside a special reserve from the debit balance of other equity items on the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount can be included in distributable earnings.

4. The Company's distribution of profits

- (1) The Company resolved at the shareholders' meetings on May 26, 2025 and May 31, 2024 to distribute earnings for 2024 and 2023 as follows:

	2024		2023	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve allocated	\$ 110,617		\$ 114,762	
Appropriation to (reversal of) special reserve	-		(924)	
Stock dividends	18,291	0.20	17,680	0.20
Cash dividends	859,687	9.40	901,656	10.20
	<u>\$ 988,595</u>		<u>\$ 1,033,174</u>	

- (2) The distribution of 2025 earnings was resolved by the Board of Directors on February 26, 2026, with the details summarized below:

	2025	
	Amount	Dividend per share (NT\$)
Legal reserve allocated	\$ 203,564	
Stock dividends	19,208	0.20
Cash dividends	1,623,088	16.90
	<u>\$ 1,845,860</u>	

(XXII) Operating revenue

1. Segmentation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods at a point in time in the following product categories and geographical regions:

	Industrial storage devices and memory modules					
2025	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	\$ 3,736,432	\$ 5,350,021	\$ 2,663,407	\$ 2,368,895	\$ 142,507	\$ 14,261,262

	Industrial storage devices and memory modules					
2024	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	\$ 2,697,012	\$ 2,619,253	\$ 1,659,298	\$ 1,834,615	\$ 105,464	\$ 8,915,642

2. Contract liabilities

- (1) Contract liabilities related to contracts with customers recognized by the Group:

	December 31,		
	2025	December 31, 2024	January 1, 2024
Product sales contracts	\$ 42,267	\$ 39,501	\$ 27,548

- (2) Contract liabilities at the beginning of the period recognized as revenue of the period

	2025	2024
Product sales contracts	\$ 34,439	\$ 25,440

(XXIII) Interest income

	2025	2024
Interest on bank deposits	\$ 19,278	\$ 36,821
Interest income from financial assets measured at amortized cost	7,144	874
Others	24	23
	<u>\$ 26,446</u>	<u>\$ 37,718</u>

(XXVI) Other income

	2025	2024
Government grants	\$ -	\$ 56
Rental income	19,481	19,011
Dividend income	1,349	1,349
Others	7,997	8,100
	<u>\$ 28,827</u>	<u>\$ 28,516</u>

(XXV) Other gains and (losses)

	2025		2024
Losses on financial assets (liabilities) measured at fair value through profit or loss	(\$ 982)	\$	-
Net currency exchange gain (loss)	4,740		131,883
Gain (loss) on disposal of property, plant and equipment	32,751	(18)
Gains (losses) on disposal of investment property	6,573		-
Depreciation charges on investment property	(3,303)	(3,858)
Others	(55)	(2,865)
	<u>\$ 39,724</u>	\$	<u>125,142</u>

(XXVI) Financial costs

	2025		2024
Interest expense on bank borrowings	\$ 18,640	\$	6,424
Interest expenses on lease liabilities	2,588		2,631
Others	52		8,730
	<u>\$ 21,280</u>	\$	<u>17,785</u>

(XXVII) Additional information on the nature of expenses

	2025		2024
Employee benefit expenses	\$ 1,944,035	\$	1,559,091
Depreciation charges on property, plant and equipment	\$ 152,223	\$	122,694
Depreciation charges on right-of-use assets	\$ 32,652	\$	29,132
Amortization expense on intangible assets	\$ 25,177	\$	26,905

(XXVIII) Employee benefit expenses

	2025		2024
Payroll expenses	\$ 1,615,813	\$	1,284,707
Share-based payment	54,023		40,810
Labor and health insurance fees	121,705		107,537
Pension expense	61,707		53,288
Directors' remuneration	27,830		16,867
Other employee benefit expenses	62,957		55,882
	<u>\$ 1,944,035</u>	\$	<u>1,559,091</u>

1. If there is still a balance in the income before tax after compensation for losses, the Company shall allocate the following amounts as employees' and directors' remunerations:

- (1) More than 3% as employees' remuneration.
- (2) Less than 2% as directors' remuneration.

The employee remuneration may be made in the form of shares or cash, subject to the special resolution by the board of directors which shall reported to a shareholders' meeting. The recipients include the employees of subordinate companies in which the Company holds more than half of the shares with voting power or the total capital of the subordinate companies.

2. The estimated amount of employees' remuneration for 2025 and 2024 is NT\$149,100 and NT\$80,000, respectively; the estimated amount of directors' remuneration is NT\$23,700 and NT\$12,800, respectively. These amounts are recorded as salary expenses.

The employees' remuneration and directors' and supervisors' remuneration were estimated and respectively accrued based on 5.65% and 0.90% of the Company's profit of 2025.

The Company's employee compensation and directors' remuneration for fiscal year 2024 approved by the Board of Directors were \$80,000 and \$12,800, respectively, which are consistent with the amounts recognized in the consolidated financial statements for fiscal year 2024. As of December 31, 2025, cash payments of \$80,000 and \$12,800 have been made, respectively.

3. Information about employees' and directors' remuneration of the Company as resolved by the board meeting is available on the Market Observation Post System.

(XXIX) Income tax

1. Income tax expense

- (1) Components of income tax expense

	<u>2025</u>	<u>2024</u>
Current tax:		
Income tax arising from income of the current period	\$ 345,116	\$ 94,019
Tax underestimate (overestimate) in the previous year	(39,803)	9,440
Withholding and provisional tax	165,703	156,968
Additional tax on unappropriated retained earnings	(5,879)	(5,722)
Total current tax	<u>465,137</u>	<u>254,705</u>
Deferred income tax:		
Origination and reversal of temporary differences	(34,969)	(15,884)
Others:		
Additional tax on unappropriated retained earnings	5,879	5,722
Effects of changes in foreign exchange rates	3	52
Income tax expense	<u>\$ 436,050</u>	<u>\$ 244,595</u>

- (2) For 2025 and 2024, the Group had no income tax related to other comprehensive income and direct debits or credits to equity.

2. Relationship between income tax expense and accounting profit

	<u>2025</u>	<u>2024</u>
Income tax of pre-tax profit based on statutory tax rate (note)	\$ 499,421	\$ 269,465
Investment deductible tax effect	(50,000)	(35,000)
Unrealized investment gain/ loss of domestic operations	6,799	(339)
Impact that cannot be recognized according to laws and regulations	2,184	1,148
Tax underestimate (overestimate) in the previous year	(39,803)	9,440
Additional tax on unappropriated retained earnings	5,879	5,722
Others	11,570	(5,841)
Income tax expense	<u>\$ 436,050</u>	<u>\$ 244,595</u>

Note: The applicable tax rates are based on the rates applicable in the countries of operation.

3. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2025		
	January 1	Recognized in profit or loss	December 31
Deferred income tax assets:			
Temporary difference			
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	\$ 46,269	\$ 28,020	\$ 74,289
Deferred unrealized gain on sales	3,779	12,463	16,242
Provisions for after-sales services	12,855	1,377	14,232
Attendance bonus	3,785	449	4,234
Exchange difference arising on translation of foreign operations			
Unrealized investment losses	17,245	(14,052)	3,193
Unrealized sales discounts	6,107	3,302	9,409
Lease liabilities	2,930	1,744	4,674
Others	202	(71)	131
Tax loss	13,699	12,222	25,921
Subtotal	<u>106,871</u>	<u>45,454</u>	<u>152,325</u>
Deferred income tax liabilities:			
Temporary difference			
Exchange difference arising on translation of foreign operations			
Unrealized investment gains	(527)	(414)	(941)
Unrealized investment gains	(4,033)	(6,661)	(10,694)
Unrealized purchase discounts	(426)	(1,666)	(2,092)
Right-of-use assets	(2,930)	(1,744)	(4,674)
Subtotal	<u>(7,916)</u>	<u>(10,485)</u>	<u>(18,401)</u>
Total	<u>\$ 98,955</u>	<u>\$ 34,969</u>	<u>\$ 133,924</u>

	2024		
	January 1	Recognized in profit or loss	December 31
Deferred income tax assets:			
Temporary difference			
Loss on decline in (gain from reversal of) market value and obsolete and slow- moving inventories	\$ 41,281	\$ 4,988	\$ 46,269
Deferred unrealized gain on sales	3,123	656	3,779
Provisions for after-sales services	11,914	941	12,855
Attendance bonus	3,209	576	3,785
Exchange difference arising on translation of foreign operations			
Unrealized investment losses	5,052	12,193	17,245
Unrealized exchange loss	6,966	(6,966)	-
Unrealized sales discounts	-	6,107	6,107
Lease liabilities	3,548	(618)	2,930
Others	273	(71)	202
Tax loss	11,495	2,204	13,699
Subtotal	<u>86,861</u>	<u>20,010</u>	<u>106,871</u>
Deferred income tax liabilities:			
Temporary difference			
Exchange difference arising on translation of foreign operations			
Unrealized investment gains	(242)	(285)	(527)
Unrealized investment gains	-	(4,033)	(4,033)
Unrealized purchase discounts	-	(426)	(426)
Right-of-use assets	(3,548)	618	(2,930)
Subtotal	<u>(3,790)</u>	<u>(4,126)</u>	<u>(7,916)</u>
Total	<u>\$ 83,071</u>	<u>\$ 15,884</u>	<u>\$ 98,955</u>

4. The effective period of the Group's unused tax losses and the income from unrecognized deferred income tax assets are as follows:

December 31, 2025					
	Occurring year	Declared amount/ approved amount	Amount not yet deducted	Income from unrecognized deferred income tax assets	Last deduction year
Aetina	2023 (approved amount)	17,363	17,363	-	2033
	2024 (declared amount)	21,776	21,776	-	2034
	2025 (declared amount)	62,516	62,516	-	2035
		<u>\$ 101,655</u>	<u>\$ 101,655</u>	<u>\$ -</u>	

December 31, 2025					
	Occurring year	Declared amount/ approved amount	Amount not yet deducted	Income from unrecognized deferred income tax assets	Last deduction year
Antzer Tech Co., Ltd.	2017 (approved amount)	\$ 19,055	\$ 7,990	\$ -	2027
	2018 (approved amount)	21,381	21,381	1,425	2028
	2019 (approved amount)	16,927	16,927	16,927	2029
	2020 (approved amount)	14,317	14,317	14,317	2030
	2021 (approved amount)	3,283	3,283	3,283	2031
		<u>\$ 74,963</u>	<u>\$ 63,898</u>	<u>\$ 35,952</u>	

December 31, 2024					
	Occurring year	Declared amount/ approved amount	Amount not yet deducted	Income from unrecognized deferred income tax assets	Last deduction year
Aetina	2023 (approved amount)	17,363	17,363	-	2033
	2024 (declared amount)	21,776	21,776	-	2034
		<u>\$ 39,139</u>	<u>\$ 39,139</u>	<u>\$ -</u>	

December 31, 2024

	Occurring year	Declared amount/ approved amount	Amount not yet deducted	Income from unrecognized deferred income tax assets	Last deduction year
Antzer Tech Co., Ltd.	2017 (approved amount)	\$ 19,055	\$ 9,381	\$ -	2027
	2018 (approved amount)	21,381	21,381	1,425	2028
	2019 (approved amount)	16,927	16,927	16,927	2029
	2020 (approved amount)	14,317	14,317	14,317	2030
	2021 (approved amount)	3,283	3,283	3,283	2031
		<u>\$ 74,963</u>	<u>\$ 65,289</u>	<u>\$ 35,952</u>	

5. The Company's income tax returns through 2023 have been assessed and approved by the tax authority.

The Group's domestic consolidated subsidiary Aetina Corporation's profit-seeking enterprise income tax has been assessed and approved by the tax collection authority through 2023.

The Group's domestic consolidated subsidiary Antzer Tech Co., Ltd.'s profit-seeking enterprise income tax has been assessed and approved by the tax collection authority through 2023.

(XXX) Earnings per share

	2025		
	Amount after tax	Weighted average shares outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net profit attributable to ordinary shareholders of the parent company	\$ 2,035,643	93,724	21.72
<u>Diluted earnings per share</u>			
Current net profit attributable to ordinary shareholders of the parent company	\$ 2,035,643	93,724	
Impact of conversion of all dilutive potential ordinary shares			
- Employees' remuneration	-	306	
- Employee stock options	-	221	
- Restricted stock awards for employees	-	132	
Current net profit attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares from conversion	<u>\$ 2,035,643</u>	<u>94,383</u>	<u>21.57</u>

	2024		
	Amount after tax	Weighted average shares outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net profit attributable to ordinary shareholders of the parent company	\$ 1,106,172	92,448	11.97
<u>Diluted earnings per share</u>			
Current net profit attributable to ordinary shareholders of the parent company	\$ 1,106,172	92,448	
Impact of conversion of all dilutive potential ordinary shares			
- Employees' remuneration	-	406	
- Employee stock options	-	958	
Current net profit attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares from conversion	\$ 1,106,172	93,812	11.79

The aforesaid weighted average number of outstanding shares in 2025 and 2024 has been retroactively adjusted according to the ratio of capital increase from earnings in 2025.

(XXXI) Supplemental cash flow information

1. Investing activities with partial cash payments:

	2025	2024
Purchase of property, plant and equipment	\$ 210,033	\$ 308,118
Add: Opening balance of payable on equipment	10,020	16,766
Less: Ending balance of payable on equipment	(6,198)	(10,020)
Cash paid during the year	\$ 213,855	\$ 314,864

2. Financing activities with no cash flow effects

	2025	2024
Capitalization of earnings	\$ 18,291	\$ 17,680

(XXXII) Changes in liabilities arising from financing activities

	2025				
	Other payables - Cash dividends payable	Short-term borrowings	Long-term loans (including the current portion)	Lease liabilities (current/ non- current)	Guarantee deposit received
January 1	\$ -	\$ -	\$ 361,958	\$ 216,584	\$ 3,821
Increase in borrowings	-	3,117,980	-	-	-
Repayment of borrowings	-	(1,382,190)	(17,945)	-	-
Declared cash dividends	859,687	-	-	-	-
Cash dividends paid	(859,687)	-	-	-	-
Increase in principal of lease liabilities	-	-	-	27,459	-
Payment of lease liabilities	-	-	-	(31,655)	-
Other non-cash transactions	-	-	-	(243)	-
Increase in guarantee deposits received	-	-	-	-	2,264
Decrease in guarantee deposits received	-	-	-	-	(1,680)
Impact of changes in foreign exchange rates	-	-	900	-	(364)
December 31	<u>\$ -</u>	<u>\$ 1,735,790</u>	<u>\$ 344,913</u>	<u>\$ 212,145</u>	<u>\$ 4,041</u>

	2024				
	Other payables - Cash dividends payable	Long-term loans (including the current portion)	Lease liabilities (current/ non- current)	Guarantee deposit received	
January 1	\$ -	\$ 369,460	\$ 218,524	\$ 3,310	
Repayment of borrowings	-	(7,600)	-	-	
Declared cash dividends	901,656	-	-	-	
Cash dividends paid	(901,656)	-	-	-	
Increase in principal of lease liabilities	-	-	28,406	-	
Payment of lease liabilities	-	-	(27,523)	-	
Other non-cash transactions	-	-	(2,823)	-	
Increase in guarantee deposits received	-	-	-	3,308	
Decrease in guarantee deposits received	-	-	-	(2,816)	
Impact of changes in foreign exchange rates	-	98	-	19	
December 31	<u>\$ -</u>	<u>\$ 361,958</u>	<u>\$ 216,584</u>	<u>\$ 3,821</u>	

(XXXIII) Non-controlling interests

Capital increased in cash by a subsidiary, but the Group did not subscribe the shares in proportion to its shareholding

The Company's subsidiary, Aetina Corporation issued new shares for cash increase on September 5, 2024. The Company did not subscribe according to the shareholding ratio, so the shareholding was reduced by 6.61%. The transaction increased the non-controlling interests by NT\$72,782, and the equity attributable to owners of the parent decreased by NT\$72,782. The effect of the change in equity of Aetina Corporation in 2024 on the equity attributable to owners of the parent is as follows:

	2024	
Cash	\$	94,792
Increase in book value of non-controlling interests	(72,782)
Capital surplus - recognition of changes in ownership interests in subsidiaries	\$	22,010

VII. Related-party transactions

(I) Related parties' names and relationships

<u>Name of the related party</u>	<u>Relationship with the Group</u>
<u>Affiliates:</u>	
Millitronic Co., Ltd.	An entity over which the Group has significant influence
Sysinno Technology Inc.	An entity over which the Group has significant influence
<u>Other related parties:</u>	
I-Media Tech Co., Ltd.	The director of that company and one of the Company's directors are the same person.
Innodisk Foundation	The amount donated by the Company and the directors is more than one-third of the total fund received by the foundation.
All directors, the general manager and key executives.	The Group's key executives and governance units

(II) Significant transactions with the related parties

1. Sales of goods

(1) Operating revenue

The Group's revenue from sales of goods and services to the related parties is shown as follows:

	2025	2024
An entity over which the Group has significant influence	\$ 172	\$ 187

The prices of products sold and services provided to the related parties from the Group are based on the agreements between the parties. The payment terms are net 25 to net 35. There are no significant differences with the non-related parties. The payment terms for non-related parties are payment in advance and net 30 to 90 days.

(2) Accounts receivable

The Group's accounts receivable from the above transactions with related parties is shown as follows:

	December 31, 2025	December 31, 2024
An entity over which the Group has significant influence	\$ 3	\$ 44

2. Purchase transactions

(1) Operating costs

Details on the Group's purchase transactions with related parties are as follows:

	2025	2024
An entity over which the Group has significant influence	\$ 1,556	\$ 1,268
Other related parties	213	316
	<u>\$ 1,769</u>	<u>\$ 1,584</u>

The prices of the Group's purchase transactions with related parties are based on the agreements with such parties. The payment term is monthly settlement, net 30 to 90 days, which is not significantly different from those of non-related parties. The payment term for non-related parties is payment in advance, 7 days after shipment and monthly settlement, net 30 to 90 days.

(2) Accounts payable

The Group's accounts payment from the above transactions with related parties is shown as follows:

	December 31, 2025	December 31, 2024
An entity over which the Group has significant influence	\$ 476	\$ 233
Other related parties	2	139
	<u>\$ 478</u>	<u>\$ 372</u>

3. Donations/ operating expenses

The operating expenses arising from supporting education development, fulfilling corporate social responsibility and donations to related parties are detailed as follows:

	2025	2024
Innodisk Foundation	\$ 4,000	\$ 4,000

4. Manufacturing overhead/ operating expenses

Details of miscellaneous purchases from related parties by the Group are as follows:

	2025	2024
An entity over which the Group has significant influence	<u>\$ 18</u>	<u>\$ 36</u>

The Group's other accounts payable arising from the above-mentioned related party transactions on December 31, 2025 and 2024 were NT\$0 for both years.

5. Leases and services

(1) Other income

The Group's income from leasing assets to related parties and providing administrative support and other services is detailed as follows:

	2025		2024	
	Rental income	Other income	Rental income	Other income
An entity over which the Group has significant influence	\$ 966	\$ 360	\$ 974	\$ 362

The Group's rental income from leasing out offices is negotiated with the related parties and is collected on a monthly basis.

(2) Other receivables

The Group's other accounts receivable from the above transactions with related parties is shown as follows:

	December 31, 2025	December 31, 2024
An entity over which the Group has significant influence	\$ 31	\$ 32

(3) Guarantee deposits received

The Group's deposits received from the above transactions with related parties are shown as follows:

	December 31, 2025	December 31, 2024
An entity over which the Group has significant influence	\$ 169	\$ 169

(III) Compensation of key management personnel

	2025	2024
Short-term employee benefits	\$ 104,296	\$ 91,910
Post-employment benefits	1,182	1,023
Share-based payment	10,163	8,467
	<u>\$ 115,641</u>	<u>\$ 101,400</u>

VIII. Pledged assets

Assets pledged by the Group as collateral are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2025	December 31, 2024	
Financial assets measured at amortized cost			
-- Non-current			Provide pledged time deposits for lease and customs tax guarantee
- Pledged time deposits	\$ 11,206	\$ 11,206	
Land and buildings	161,450	166,661	Long-term loans
	<u>\$ 172,656</u>	<u>\$ 177,867</u>	

IX. Material contingent liabilities and unrecognized contractual commitments

(I) Material contingent liabilities

The Company and its subsidiary, Innodisk USA Corporation, received a notice from the U.S. government in 2025 that it may be required to repay COVID-19 expense subsidies received from the local government in 2020 and 2021 due to defects in its application qualifications. Local counsel has been engaged to handle the matter.

(II) Material unrecognized contractual commitments

As of December 31, 2025 and 2024, the amount of endorsements and guarantees for individual entities in the Group was NT\$15,498 and NT\$19,414, respectively, and the amount used was NT\$11,070 and NT\$12,632, respectively.

X. Losses Due to Major Disasters

None.

XI. Material Events Subsequent to the Balance Sheet Date

The distribution of 2025 earnings was resolved by the Board of Directors on February 26, 2026. The details are summarized in Note 6 (21).

XII. Others

(I) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. The total debt is the total liabilities reported in the Consolidated Balance Sheet. Total capital is calculated as "equity" as shown in the Consolidated Balance Sheet, plus net debt.

The Group's strategy for 2025 remains the same as 2024. Please refer to the consolidated balance sheet for the Group's debt-to-capital ratio on December 31, 2025 and 2024.

(II) Financial instruments

1. Types of financial instruments

The Group's financial assets (cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets at fair value through other comprehensive income - non-current, financial assets measured at amortized cost - non-current, and refundable deposits) and financial liabilities (short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion), deposits received, lease liabilities (current and non-current)) are detailed in the consolidated balance sheet and related information in Note 6.

2. Risk management policy

(1) The Group's operations are exposed to a variety of financial risks, including the market risk (exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and performance.

(2) Risk management is carried out by the Group Treasury Department in compliance with the policy approved by the management. The Group's treasury department primarily identifies, evaluates and hedges financial risks.

3. Nature and degree of significant financial risks

(1) Market risk

A. Foreign exchange risk

- (A) The Group has a multinational operation and is therefore subject to the exchange rate risk arising from transactions among the different currencies used by the Company and its subsidiaries which are mainly USD, RMB, JPY and Euro. The related exchange risk from future business transactions have been recognized in assets and liabilities.
- (B) The Group's management has set up policies to require companies within the Group to manage the exchange rate risk of their functional currencies. Each company hedges its overall exchange rate risk through its treasury department. Exchange rate risk arises when future business transactions and recognized assets or liabilities are denominated in foreign currencies that are not the entity's function currency.
- (C) The Group's operations involve certain non-functional currencies (the Company's functional currency is NTD, and for some subsidiaries, the functional currencies are Euro, USD, JPY and RMB), so it is subject to the impact of exchange rate fluctuations. The information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

December 31, 2025			
(foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	124,331	31.4300	\$ 3,907,723
RMB : NTD	27,158	4.4960	122,102
JPY : NTD	326,819	0.2008	65,625
EUR : NTD	132	36.9000	4,871
GBP : NTD	3	42.3300	127
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	54,181	31.4300	\$ 1,702,909
JPY : NTD	2,971	0.2008	597
December 31, 2024			
(foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	66,037	32.7850	\$ 2,165,023
RMB : NTD	18,284	4.4780	81,876
JPY : NTD	149,707	0.2099	31,423
EUR : NTD	440	34.1400	15,022
GBP : NTD	5	41.1900	206
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	20,139	32.7850	\$ 660,257
RMB : NTD	166	4.4780	743
JPY : NTD	8,013	0.2099	1,682

(D) Please refer to Note 6(25) for the total exchange gain (loss) (realized and unrealized) due to significant foreign exchange rate fluctuations on monetary items held by the Group in 2025 and 2024.

(E) The analysis of the Group's foreign currency risk due to significant exchange rate fluctuation is as follows:

		2025		
		Sensitivity Analysis		
		Fluctuation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial Assets</u>				
<u>Monetary items</u>				
	USD : NTD	1%	\$ 39,077	\$ -
	RMB : NTD	1%	1,221	-
	JPY : NTD	1%	656	-
	EUR : NTD	1%	49	-
	GBP : NTD	1%	1	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD : NTD	1%	(17,029)	-
	JPY : NTD	1%	(6)	-
		2024		
		Sensitivity Analysis		
		Fluctuation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial Assets</u>				
<u>Monetary items</u>				
	USD : NTD	1%	\$ 21,650	\$ -
	RMB : NTD	1%	819	-
	JPY : NTD	1%	314	-
	EUR : NTD	1%	150	-
	GBP : NTD	1%	2	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD : NTD	1%	(6,603)	-
	RMB : NTD	1%	(7)	-
	JPY : NTD	1%	(17)	-

B. Price risk

- (A) The Group's equity instruments exposed to the price risk are financial assets held and recognized at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Group dispersed its investment portfolio in accordance with the limits set by the Group.
- (B) The Group mainly invests in equity instruments issued by domestic companies, and the prices of such equity instruments will be affected by the uncertainty in the future values of such investment objects. If the price of such instruments rises or falls by 1% while all other factors remain unchanged, the other comprehensive income classified as equity investments measured at fair value through other comprehensive income in 2025 and 2024 will increase or decrease by NT\$298 and NT\$291, respectively.

C. Cash flow and fair value interest rate risk

- (A) The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings at floating rates expose the Group to a cash flow interest rate risk, which is partially offset by cash and cash equivalents held at floating rates. The Group's borrowings at floating rates in 2025 and 2024 were denominated in NTD, USD, and EUR.
- (B) On December 31, 2025 and 2024, if the borrowing rate increased by 1% with all other reasons remained unchanged, the net profit before tax in 2025 and 2024 would decrease by NT\$20,807 and NT\$3,620 respectively, mainly due to the increase of borrowing interest caused by floating interest rates.

(2) Credit risk

- A. The credit risk of the Group is the risk of financial loss due to the inability of customers or counterparties of financial instruments to perform their contractual obligations, mainly due to the inability of counterparties to pay off the notes and accounts receivable according to the terms of collection, and the contractual cash flow classified as debt instrument investment measured at amortized cost.
- B. The management of credit risk is conducted with a Group perspective. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.
- C. The credit risk of the Group's investment in debt instrument measured at amortized cost refers to counterparty default on contractual obligations, leading to the Group's financial losses. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- D. According to the Group's past experience, if the contract payment in accordance with the agreed payment terms is overdue for more than 30 days, the credit risk of the financial asset significantly increases since the original recognition.

- E. According to the Group's past experience in payment collection, if a contract payment in accordance with the agreed payment terms is overdue for more than 180 days, it is considered a breach of contract.
- F. The Group categorizes accounts receivable from customers based on customer ratings, and a simplified method is used to estimate the expected credit loss based on a preparation matrix.
- G. The Group has included the business indicator query system of the National Development Council and Basel Committee on Banking Supervision's forward-looking considerations to adjust the loss rate based on historical and current information for specific periods.
- H. The Group uses the following indicators to determine the status of credit impairment of debt instruments:
- (A) The issuer suffers from significant financial difficulties or is likely to go bankrupt or undergo financial restructuring.
- (B) The issuer's financial difficulties have caused the disappearance of the active market for the financial asset
- (C) The issuer delays or does not pay for the interest or principal.
- (D) Adverse changes in national or regional economic conditions leading to the issuer's default.
- I. The Group will continue to pursue legal proceedings against financial assets that have already defaulted in order to protect the rights of creditors. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse.
- J. The Group has incorporated forward-looking considerations to adjust the loss rate built upon historic and current data, in order to estimate the loss allowance of notes and accounts receivables. The preparation matrix is as follows:

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
<u>December 31, 2025</u>						
Expected loss rate	0.05%~0.20%	0.05%~0.76%	0.05%~1.51%	0.05%~100%	100%	
Notes receivable	\$ 3,529	\$ -	\$ -	\$ -	\$ -	\$ 3,529
Accounts receivable	3,093,510	198,332	1,738	8	-	3,293,588
Total book value	<u>\$ 3,097,039</u>	<u>\$ 198,332</u>	<u>\$ 1,738</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 3,297,117</u>
Loss allowance	<u>(\$ 1,091)</u>	<u>(\$ 178)</u>	<u>(\$ 3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,272)</u>

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
<u>December 31, 2024</u>						
Expected loss rate	0.03%~0.20%	0.03%~0.74%	0.03%~1.47%	0.03%~61.22%	100%	
Notes receivable	\$ 902	\$ -	\$ -	\$ -	\$ -	\$ 902
Accounts receivable	1,113,531	67,496	3,515	37	220	1,184,799
Total book value	<u>\$ 1,114,433</u>	<u>\$ 67,496</u>	<u>\$ 3,515</u>	<u>\$ 37</u>	<u>\$ 220</u>	<u>\$ 1,185,701</u>
Loss allowance	<u>(\$ 385)</u>	<u>(\$ 28)</u>	<u>(\$ 2)</u>	<u>\$ -</u>	<u>(\$ 220)</u>	<u>(\$ 635)</u>

The above is an aging report based on the number of days past due.

K. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown below:

	<u>2025</u>	<u>2024</u>
	Accounts receivable	Accounts receivable
January 1	\$ 635	\$ 5,986
Expected credit (profit) loss	639 (5,503)
Effects of changes in foreign exchange rates	(2)	152
December 31	<u>\$ 1,272</u>	<u>\$ 635</u>

(3) Liquidity risk

- A. Cash flow forecasts are performed by the operating entities within the Group and summarized by the Group's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs.
- B. The Group's finance department invests the remaining funds in interest-bearing demand deposits and equity securities; the instruments chosen have appropriate maturities or sufficient liquidity to correspond to the forecasts above and provide sufficient funds required. As of December 31, 2025 and 2024, the Group's positions in the currency and securities markets are expected to generate immediate cash flow for the management of liquidity risk.
- C. The Group's unused credit facilities are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate		
Maturing within one year	\$ 356,005	\$ 1,163,738
Maturing after one year	231,000	451,000
	<u>\$ 587,005</u>	<u>\$ 1,614,738</u>

- D. The Group has no derivative financial liabilities; non-derivative financial liabilities are grouped by relevant maturity dates and analyzed based on the remaining period from the balance sheet date to contractual maturity date. Except for those listed in the table below, all mature within one year, and their undiscounted contractual cash flow amounts are comparable to the amounts listed in the consolidated balance sheet. The undiscounted contractual cash flows of other non-derivative financial liabilities are as follows:

<u>December 31, 2025</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>					
Lease liabilities (current/ non-current)	\$ 30,915	\$ 23,325	\$ 34,490	\$ 157,200	\$ 245,930
Long-term borrowings (including current portion)	43,126	42,696	122,817	170,792	379,431
<u>December 31, 2024</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>					
Lease liabilities (current/ non-current)	\$ 29,658	\$ 20,174	\$ 36,216	\$ 166,415	\$ 252,463
Long-term borrowings (including current portion)	24,240	42,912	126,278	209,014	402,444

(III) Fair value information

1. The different levels of valuation techniques used to measure the fair values of financial and non-financial instruments are defined as follows:

Level 1 : The quoted price (unadjusted) of the same assets or liabilities that the enterprise may acquire on the measurement date in the active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in TWSE and TPEX listed stocks belongs to this category.

Level 2 : The directly or indirectly observable input values of assets or liabilities, except for the quotations included in level 1.

Level 3 : Unobservable input values for assets or liabilities.

2. Fair value information of investment property measured at cost is described in Note 6 (11).

3. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets measured at amortized cost - non-current, refundable deposits, short-term borrowings, accounts payable (including related parties), other payables (including related parties), lease liabilities (current and non-current), long-term borrowings (including current portion), and deposits received, reasonably approximate their fair values.

4. Financial and non-financial instruments measured at fair value are classified by the Group based on the nature, characteristics and risks of assets and liabilities and the level of fair value, and the relevant information is as follows:

- (1) For those classified by the Group based on the nature of assets and liabilities, the relevant information is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 29,837	\$ -	\$ -	\$ 29,837
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ 29,071	\$ -	\$ -	\$ 29,071

- (2) The methods and assumptions used by the Group to measure fair value are as follows:

- A. If the Group adopts market quotations as the fair value input (i.e. Level 1), the closing prices of TWSE/ TPEX listed stocks shall be adopted on the balance sheet date.

- B. The Group includes the adjustment of credit risk evaluation into the calculation of fair value of financial instruments and non-financial instruments to reflect the credit risk of counterparties and the credit quality of the Group.
5. The Group did not have any transfer between Level 1 and Level 2, and there was no change in Level 3 and no transfer into and out of Level 3 in 2025 and 2024.

XIII. Additional disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements/ guarantees to others: Please refer to Schedule 1.
3. Significant securities held at period end (excluding investments in subsidiaries, associates, and joint ventures): Please refer to Schedule 2.
4. Amount of goods purchased or sold with related parties reaching NT\$100 million or 20% of the Company's paid-in capital: Please refer to Schedule 3.
5. Receivables from related parties reaching NT\$100 million or 20% of the Company's paid-in capital: Please refer to Schedule 4.
6. Business relationships and significant transactions between parent and subsidiary companies: Please refer to Schedule 5.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Schedule 6.

(III) Information on investments in China

1. Basic information: Please refer to Schedule 7.
2. Significant transactions either directly or indirectly through a third area with investee companies in China: Please refer to Schedule 8.

XIV. Operating segments information

(I) General information

The Group is involved in only one industry. The main business is the research, development, manufacturing and sales of industrial memory storage devices. The Group's operating decision maker evaluates the performance and allocates resources of the Group as a whole, and has identified that the Company has only one reportable operating segment.

(II) Measurement of segmental information

The accounting policies of the operating segments of the Group are the same as those of the Company. The Company's operating decision maker assesses the performance of each operating segments based on the operating net profit.

(III) Information on segmental profit and loss, assets and liabilities

The Group has only one reportable segment and is not required to disclose information on segment profit or loss, assets and liabilities. In addition, the accounting policies and estimates of the Company's reportable segments are the same as the significant accounting policies summary, significant estimates and assumptions in Notes 4 and 5.

(IV) Information on adjustments to segmental profit and loss, assets and liabilities

1. Sales between segments are conducted according to the principle of transactions at fair value. The operating revenue from external customers reported to the operating decision maker is measured in a manner consistent with that in the comprehensive income statement. Adjustments to reportable segmental profit and loss, and pre-tax profit from continuing operations are as follows:

	2025	2024
Profit (loss) of reportable segments	\$ 2,389,428	\$ 1,178,496
Interest income	26,446	37,718
Other income	28,827	28,516
Other gains and losses	39,724	125,142
Finance cost	(21,280)	(17,785)
Shares of losses of associates accounted for using equity method	(5,833)	(2,948)
Profit (loss) before tax from continuing operations	<u>\$ 2,457,312</u>	<u>\$ 1,349,139</u>

2. The amount of total assets provided to the chief operating decision-makers is measured in a manner consistent with the assets on the balance sheet, and the Group's reportable segmental assets are equal to total assets with no adjustment required.

(V) Information on products and services

The Group is in the business of various industrial memory storage devices, and the details on revenue balance are shown as follows:

	2025	2024
Industrial embedded storage devices	\$ 5,300,393	\$ 4,573,999
Industrial dynamic random-access memory module	7,877,784	3,461,821
Others	1,083,085	879,822
	<u>\$ 14,261,262</u>	<u>\$ 8,915,642</u>

(VI) Geographical information

The information of the Group's income from external customers by country and non-current assets by asset location is as follows:

	2025		2024	
	Revenue	Non-current assets (note)	Revenue	Non-current assets (note)
Taiwan	\$ 3,736,432	\$ 3,299,741	\$ 2,697,012	\$ 3,329,136
United States	2,440,823	70,750	1,495,435	74,367
Japan	781,386	7,704	707,804	7,632
Germany	611,792	-	509,191	-
China	3,167,190	6,574	1,331,083	8,066
Others	3,523,639	56,652	2,175,117	50,604
	<u>\$ 14,261,262</u>	<u>\$ 3,441,421</u>	<u>\$ 8,915,642</u>	<u>\$ 3,469,805</u>

Note: Non-current assets do not include financial assets and deferred income tax assets:

(VII) Major customer information

The Group did not have a single customer accounting for more than 10% of its operating revenue in 2025 and 2024.

Innodisk Corporation and Subsidiaries
Provision of endorsements and guarantees to others
January 1 to December 31, 2025

Schedule 1

Unit: Thousand NTD
(unless otherwise specified)

Number (Note 1)	Endorser / guarantor	Party being endorsed/ guaranteed		Endorsement/ guarantee limit for a single enterprise (Note 3)	Maximum outstanding endorsement/ guarantee amount for the period (Note 4)	Outstanding endorsement/ guarantee amount for the period	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Percentage of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Maximum amount of endorsements/ guarantees (Note 3)	Provision of endorsements/ guarantees by the parent company to the subsidiary	Provision of endorsements/ guarantees by the subsidiary to the parent company	Provision of endorsements/ guarantees to the party in China	Remarks
		Company name	Relationship (Note 2)											
0	Innodisk Corporation	Innodisk Europe B.V.	2	\$ 1,778,157	\$ 15,498	\$ 15,498	\$ 11,070	-	0.17%	\$ 4,470,394	Y	N	N	
1	Innodisk Europe B.V.	Innodisk France SAS	4	13,511	5,486	-	-	-	-	33,777	N	N	N	

Note 1: The numbers to be filled in the number column is explained as follows:

- (1). Fill in 0 for the issuer.
- (2). The invested companies are numbered in order starting from 1.

Note 2: Relationships between the endorser/ guarantor and the party being endorsed/ guaranteed are classified into the following seven categories; fill in the number of the category:

- (1). A company with business dealings.
- (2). A company in which the Company directly or indirectly holds more than 50% of its voting shares.
- (3). A company which directly or indirectly holds more than 50% of the voting shares of the Company.
- (4). A company in which the Company directly or indirectly holds more than 90% of its voting shares.
- (5). A company with mutual guarantees in accordance with the contract which is in the same industry or a joint constructor for the purpose of contracting the project.
- (6). A company jointly endorsed/ guaranteed by all its shareholders in proportion to their ownerships due to joint venture.
- (7). Performance guarantee and joint guarantee by industry peers engaging in a house pre-sale contract in accordance with the Consumer Protection Act.

Note 3: The total amount of endorsements and guarantees of the Company shall not exceed 50% of the Company's net worth, and the total amount to a single enterprise shall not exceed 20% of the Company's net worth.

Note 4: The total amount of endorsements and guarantees by a subsidiary shall not exceed 50% of the subsidiary's net worth, and the total amount to a single enterprise shall not exceed 20% of the subsidiary's net worth.

Note 5: Maximum outstanding balance of endorsements/ guarantees in the current year.

Innodisk Corporation and Subsidiaries
 Significant securities held at period end (excluding investments in subsidiaries, associates, and joint ventures)
 December 31, 2025

Schedule 2

Unit: Thousand NTD
 (unless otherwise specified)

Holding company	Type and name of securities	Relationship with the issuer of securities	Account of recognition	Period end				Remarks
				Number of Shares	Book value	Shareholding percentage	Fair value	
Innodisk Corporation	Domestic listed stocks - Preferred stocks - Supreme Electronics Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	666,000	\$ 29,837	2.22%	\$ 29,837	

Note: The shareholding ratio is calculated based on the total number of shares of the same type issued by the investee company; the stocks of TWSE and TPEX listed companies are expressed at the closing price at the end of the period, and the stocks of non-TWSE or non-TPEX listed companies are expressed at the estimated fair value.

Innodisk Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
January 1 to December 31, 2025

Schedule 3

Unit: Thousand NTD
(unless otherwise specified)

Purchaser/ seller	Counterparty name	Relationship	Transaction				Differences in transaction terms compared with third party transactions		Notes/ accounts receivable (payable)		Remarks
			Purchase/ Sales	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/ accounts receivable (payable)	
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	(Sales)	(\$ 1,871,330)	(14%)	Net 60	None	None	\$ 513,104	15%	
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	(Sales)	(882,025)	(7%)	Net 60	None	None	274,984	8%	
Innodisk USA Corporation	Innodisk Corporation	Parent company	Purchase	1,871,330	15%	Net 60	None	None	(513,104)	(29%)	
Innodisk Shenzhen Corporation	Innodisk Corporation	Parent company	Purchase	882,025	7%	Net 60	None	None	(274,984)	(15%)	

Innodisk Corporation and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 January 1 to December 31, 2025

Schedule 4

Unit: Thousand NTD
 (unless otherwise specified)

Companies with accounts receivable	Counterparty name	Relationship	Balance of account receivable from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Amount of recognized allowance for bad debts
					Amount	Action taken		
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	\$ 513,104	4.56	\$ -	Not applicable	\$ 150,389	\$ -
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	274,984	3.68	-	Not applicable	144,966	-

Innodisk Corporation and Subsidiaries
Business relationships and significant transactions between parent and subsidiary companies
January 1 to December 31, 2025

Schedule 5

Unit: Thousand NTD

Individual transactions less than NT\$10 million will not be disclosed. Transactions which are disclosed as part of the parent company's transactions will not be disclosed again.

(unless otherwise specified)

Number (Note 1)	Name of the trader	Counterparty of transaction	Relationship with the trader	Status of transaction			Percentage of consolidated total operating revenues or total assets (note 2)
				General ledger account	Amount	Transaction terms	
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Sales	\$ 1,871,330	Same with other customers	13%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to subsidiary	Sales	882,025	Same with other customers	6%
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Accounts receivable	513,104	Same with other customers	4%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to subsidiary	Accounts receivable	274,984	Same with other customers	2%
0	Innodisk Corporation	Innodisk Japan Corporation	Parent company to subsidiary	Operating expenses	44,084	Same with other customers	0%
0	Innodisk Corporation	Innodisk Europe B.V.	Parent company to subsidiary	Operating expenses	121,596	Same with other customers	1%

Note 1: The business dealing information between the parent company and its subsidiaries shall be indicated in the number field respectively. The filling method of the number is as follows:

(1). Fill in 0 for the parent company.

(2). The subsidiaries are numbered in order starting from "1".

Note 2: 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 account.

Note 3: For details of endorsements and guarantees between the parent and subsidiaries, please refer to Statement (1) for the description of endorsements and guarantees for others.

Innodisk Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
January 1 to December 31, 2025

Schedule 6

Unit: Thousand NTD
(unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Remarks
				Balance at the end of period	End of the previous year	Number of Shares	Percentage	Book value			
Innodisk Corporation	Innodisk USA Corporation	United States	Sales of Industrial embedded storage devices	\$ 140,499	\$ 140,499	2,046,511	100.00	\$ 81,565	\$ 64,525	\$ 69,001	
Innodisk Corporation	Innodisk Japan Corporation	Japan	After-sales services and support of industrial embedded storage devices	3,533	3,533	196	100.00	13,520	1,783	1,785	
Innodisk Corporation	Innodisk Europe B.V.	Netherlands	After-sales services and support of industrial embedded storage devices	17,802	17,802	50,000,100	100.00	67,554	4,174	4,174	
Innodisk Corporation	Innodisk Global-M Corporation	Mauritius	Investment holdings	20,154	20,154	665,000	100.00	(38,739)	(4,970)	(4,696)	
Innodisk Corporation	Aetina Corporation	Taiwan	Manufacturing and sales of industrial graphics cards	67,300	67,300	25,762,726	67.06	331,949	(43,653)	(29,288)	Note 2
Innodisk Corporation	Antzer Tech Co., Ltd.	Taiwan	Electronics Components Manufacturing	57,133	57,133	58,400,000	100.00	38,093	1,125	1,124	
Innodisk Corporation	Millitronic Co., Ltd.	Taiwan	Electronics Components Manufacturing	73,518	73,518	6,798,664	32.16	19,981	(12,284)	(3,950)	
Innodisk Corporation	Sysinno Technology Inc.	Taiwan	Electronics Components Manufacturing	20,400	20,400	945,000	42.95	9,772	(4,384)	(1,883)	
Innodisk Europe B.V.	Innodisk France SAS	France	After-sales services and support of industrial embedded storage devices	175	175	5,000	100.00	7,642	1,882	1,882	
Innodisk Europe B.V.	Innodisk Germany GmbH	Germany	After-sales services and support of industrial embedded storage devices	868	868	250	100.00	2,197	1,317	1,317	Note 3
Aetina Corporation	Aetina USA Corporation	United States	After-sales service and support for industrial graphics cards	6,098	6,098	200,000	100.00	7,165	222	222	
Aetina Corporation	Aetina Europe B.V.	Netherlands	After-sales service and support for industrial graphics cards	-	-	100	100.00	3,529	1,205	1,205	
Aetina Corporation	Aetina Japan Corporation	Japan	After-sales service and support for industrial graphics cards	1,087	1,087	500	100.00	1,529	453	453	

Note 1: Disclosed at the historical exchange rate

Note 2: The Company made an additional investment of \$43,208 in Aetina Corporation in September 2024, acquiring an additional 1,879 thousand shares.

Note 3: Innodisk Europe B.V. established a subsidiary Innodisk Germany GmbH in October 2024, and, the capital injection has been completed.

Innodisk Corporation and Subsidiaries
Information on investments in China - Basic data
January 1 to December 31, 2025

Schedule 7

Unit: Thousand NTD
(unless otherwise specified)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China as of the beginning of current period	Amount remitted from Taiwan to China/ Amount remitted back to Taiwan for the year		Accumulated amount of remittance from Taiwan to China as of the end of current period	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income(loss) recognized by the Company for the current period (Note 2)	Net profit (loss) of the investee for the year	Accumulated amount of investment income remitted back to Taiwan	Remarks
					Remitted to	Remitted back							
Innodisk Shenzhen Corporation	Sales of Industrial embedded storage devices	\$18,168 (US\$600 thousands) (Note 3)	2. Innodisk Global-M Corporation	\$18,168 (US\$600 thousands) (Note 3)	\$ -	\$ -	\$18,168 (US\$600 thousands) (Note 3)	(\$ 4,970)	100	(\$ 4,970)	(\$ 34,517)	\$ -	
Aetina (Shenzhen) Artificial Intelligence Co., Ltd.	After-sales service and support for industrial graphics cards	\$1,360 (US\$42 thousand) (Note 5)	1. Aetina Corporation	\$1,360 (US\$42 thousand) (Note 5)	-	-	\$1,360 (US\$42 thousand) (Note 5)	185	100	185	1,431	-	

Note 1: Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

- (1). Directly invest in a company in China.
- (2). Reinvestment in Mainland China through a company in a third region (please specify the investment company in the third region)
- (3). Other methods

Note 2: The investment income (loss) recognized in the current period is based on the company's financial statements for the same period audited by the Taiwan parent company's independent accountants.

Note 3: Disclosed at the historical exchange rate

Company name	Accumulated amount of investment remitted from Taiwan to China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in China imposed by the Investment Commission of MOEA (Note 4)
Innodisk Corporation	\$18,168 (US\$600 thousands) (Note 3)	\$18,168 (US\$600 thousands) (Note 3)	\$ 5,468,139
Aetina Corporation	\$1,360 (US\$42 thousand) (Note 5)	\$1,360 (US\$42 thousand) (Note 5)	\$ 302,843

Note 4: The cap is 60% of the net worth in accordance with the provisions of the (90) Tai-Cai-Zheng (I) #006130 announced by the Securities and Futures Commission, Ministry of Finance on November 16, 2001.

Note 5: Investment amount in Aetina Corporation approved by the Investment Commission of the Ministry of Economic Affairs is USD 42 thousand.

Innodisk Corporation and Subsidiaries
Information on investment in China - Significant transactions, either directly or indirectly through a third area, with investee companies in China
January 1 to December 31, 2025

Schedule 8

Unit: Thousand NTD
(unless otherwise specified)

Investee in China	Sales (Purchases)		Property transactions		Accounts receivable / payable		Notes endorsement and guarantee or provision of collateral		Financial intermediation				
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Highest balance	Ending balance	Range of interest rate	Current interest rate	Others
Innodisk Shenzhen Corporation	\$ 882,025	7%	\$ -	-	\$ 274,984	8%	\$ -	-	\$ -	\$ -	-	\$ -	-

Membership Seal Certificate of Taipei CPA Association

Taipei Tsai-Cheng No. 1150442

Member Name (1) Tsui-Miao Yeh
 (2) Chan-Yuan Tu

CPA firm: PricewaterhouseCoopers, Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City




Unified number: 03932533

Telephone: (02)27296666

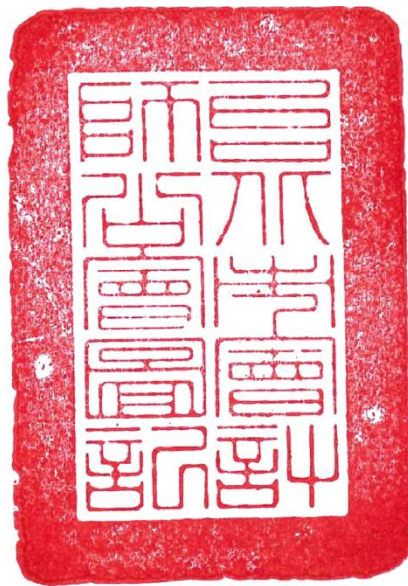
Appointer's unified number: 27565769

Membership certificate number: (1) Taipei Kuai-Cheng No. 2890
 (2) Taipei Kuai-Cheng No. 4538

Purpose of the membership seal certificate: For the audit and certification of the financial statements of Innodisk Corporation for 2024 (from January 1, 2025 to December 31, 2025).

Signature specimen (1)		Seal specimen (1)	
Signature specimen (2)		Seal specimen (2)	

Director:



Checker:



January 19, 2026