

**EGALAX\_EMPIA TECHNOLOGY INC. AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024**

Address: 11F, No. 302, Rueiguang Rd., Neihu District, Taipei City, Taiwan  
Telephone: (02)8751-5191

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of material accounting policies	11~25
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25
(6) Explanation of significant accounts	26~49
(7) Related-party transactions	49~50
(8) Pledged assets	50
(9) Commitments and contingencies	51
(10) Losses Due to Major Disasters	51
(11) Subsequent Events	51
(12) Other	51
(13) Other disclosures	
(a) Information on significant transactions	52
(b) Information on investees	53
(c) Information on investment in mainland China	53
(14) Segment information	54~55

## **Representation Letter**

The entities that are required to be included in the consolidated financial statements of eGalax\_eMPIA Technology Inc. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, eGalax\_eMPIA Technology Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: eGalax\_eMPIA Technology Inc.

Chairman: Tang, Jing-Rong

Date: March 3, 2026



安侯建業聯合會計師事務所

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KPMG

台北市 110615 信義路5段7號68樓 (台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel +886 2 8101 6666  
傳真 Fax +886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of eGalax\_eMPIA Technology Inc.:

### Opinion

We have audited the consolidated financial statements of eGalax\_eMPIA Technology Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2025 and 2024, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Please refer to Note 4(m) “Revenue recognition” to the consolidated financial statements for accounting policy related to recognition of revenue.

Description of key audit matter:

Sales revenue is a main indicator that shows whether the Group, have achieved their operating, financial objectives and investors' expectations. Therefore, revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures in relation to the above key audit matter included:

- Understanding the accounting policies for revenue recognition and evaluating whether such policies are appropriate and consistently applied.
- Testing whether internal controls related to the timing of revenue recognition are effectively implemented.
- Sampling customer orders, customer acceptance documents, and other relevant supporting documents, to assess whether the timing of revenue recognition is appropriate.
- Performing sales cut-off of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether revenue has been recognized in the proper period.

## 2. Inventory valuation

Please refer to Note 4(h) “Inventories” to the consolidated financial statements for accounting policy related to valuation of inventories.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, the market changes rapidly, it might result that inventories don't meet the needs of the market. The carrying value of inventories might have a risk to exceed its net realized value. Therefore, inventory valuation has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures in relation to the above key audit matter included:

- Viewing inventory aging reports, examining the accuracy of aging of inventories by sampling, and analyzing the changes of the aging of inventories.
- Assessing whether valuation policy for inventory loss or obsolescence and inventory valuation were performed in accordance with the Group's policy.
- Assessing the adequacy of the Group's disclosure for inventories.

## Other Matter

eGalax\_eMPIA Technology Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Fu, Hung-Wen and Chen, Pei-Chi.

KPMG

Taipei, Taiwan (Republic of China)

March 3, 2026

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 698,143	48	642,660	43	2130	Current contract liabilities (note 6(m))	\$ 8,250	1	7,891	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	124,213	8	79,937	5	2170	Accounts payable	64,494	4	71,173	5
1150	Notes receivable, net (notes 6(c)(m))	328	-	1,887	-	2219	Other payables-other	98,646	7	99,891	7
1170	Accounts receivable, net (notes 6(c)(m))	86,711	6	84,100	6	2230	Current tax liabilities	3,829	-	6,844	-
1180	Accounts receivable-related parties, net (notes 6(c)(m) and 7)	66,024	4	60,769	4	2251	Current provisions for employee benefits (note 6(i))	8,088	1	7,610	1
1200	Other receivables	1,217	-	1,642	-	2280	Current lease liabilities (note 6(h))	18,183	1	17,582	1
1220	Current tax assets	9,651	1	10,384	1	2399	Other current liabilities, others	3,509	-	3,206	-
130X	Inventories (note 6(d))	342,321	23	456,185	30		<b>Total current liabilities</b>	<u>204,999</u>	<u>14</u>	<u>214,197</u>	<u>15</u>
1410	Prepayments	12,466	1	11,487	1		<b>Non-Current liabilities:</b>				
1470	Other current assets (note 8)	1,510	-	1,228	-	2570	Deferred tax liabilities (note 6(j))	691	-	775	-
	<b>Total current assets</b>	<u>1,342,584</u>	<u>91</u>	<u>1,350,279</u>	<u>90</u>	2580	Non-current lease liabilities (note 6(h))	39,465	3	49,540	3
	<b>Non-current assets:</b>					2640	Net defined benefit liability, non-current (note 6(i))	2,739	-	3,331	-
1600	Property, plant and equipment (note 6(e))	2,161	-	3,063	-		<b>Total non-current liabilities</b>	<u>42,895</u>	<u>3</u>	<u>53,646</u>	<u>3</u>
1755	Right-of-use assets (note 6(f))	56,959	4	66,619	4		<b>Total liabilities</b>	<u>247,894</u>	<u>17</u>	<u>267,843</u>	<u>18</u>
1780	Intangible assets (note 6(g))	5,946	-	5,857	-		<b>Equity attributable to owners of parent (note 6(k)):</b>				
1840	Deferred tax assets (note 6(j))	46,146	3	55,628	4	3110	Ordinary share	637,029	43	637,029	42
1920	Refundable deposits (note 9)	8,701	1	12,329	1	3200	Capital surplus	19,842	1	19,842	1
1990	Other non-current assets, others	9,020	1	9,390	1		Retained earnings:				
	<b>Total non-current assets</b>	<u>128,933</u>	<u>9</u>	<u>152,886</u>	<u>10</u>	3310	Legal reserve	383,302	26	368,625	25
						3320	Special reserve	-	-	387	-
						3350	Unappropriated retained earnings	139,030	10	149,015	10
								<u>522,332</u>	<u>36</u>	<u>518,027</u>	<u>35</u>
						3410	Exchange differences on translation of foreign financial statements	70	-	619	-
							Total equity attributable to owners of parent	<u>1,179,273</u>	<u>80</u>	<u>1,175,517</u>	<u>78</u>
						36XX	Non-controlling interests	44,350	3	59,805	4
							<b>Total equity</b>	<u>1,223,623</u>	<u>83</u>	<u>1,235,322</u>	<u>82</u>
							<b>Total liabilities and equity</b>	<u>\$ 1,471,517</u>	<u>100</u>	<u>\$ 1,503,165</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 1,471,517</u>	<u>100</u>	<u>1,503,165</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2025		2024	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(m) and 7)</b>	\$ 967,468	100	955,594	100
5000 <b>Operating costs (notes 6(d)(e)(f)(h)(i)(n) and 12)</b>	<u>506,947</u>	<u>52</u>	<u>495,226</u>	<u>52</u>
<b>Gross profit from operations</b>	<u>460,521</u>	<u>48</u>	<u>460,368</u>	<u>48</u>
<b>Operating expenses (notes 6(e)(f)(g)(h)(i)(n) and 12):</b>				
6100 Selling expenses	63,531	6	60,200	6
6200 Administrative expenses	46,529	5	44,869	5
6300 Research and development expenses	<u>238,739</u>	<u>25</u>	<u>228,989</u>	<u>24</u>
<b>Total operating expenses</b>	<u>348,799</u>	<u>36</u>	<u>334,058</u>	<u>35</u>
<b>Net operating income</b>	<u>111,722</u>	<u>12</u>	<u>126,310</u>	<u>13</u>
<b>Non-operating income and expenses:</b>				
7100 Interest income	9,477	1	10,073	1
7010 Other income	4,747	-	3,242	-
7020 Other gains and losses, net (note 6(o))	18,712	2	24,391	3
7050 Finance costs (Note 6(h))	<u>(736)</u>	<u>-</u>	<u>(781)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>32,200</u>	<u>3</u>	<u>36,925</u>	<u>4</u>
7900 <b>Profit before tax</b>	143,922	15	163,235	17
7950 <b>Less: Income tax expenses (note 6(j))</b>	<u>22,407</u>	<u>3</u>	<u>25,265</u>	<u>2</u>
<b>Profit</b>	<u>121,515</u>	<u>12</u>	<u>137,970</u>	<u>15</u>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311 Gains on remeasurements of defined benefit plans (note 6(i))	124	-	1,617	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that will not be reclassified to profit or loss	<u>124</u>	<u>-</u>	<u>1,617</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss:</b>				
8361 Exchange differences on translation of foreign financial statements (note 6(k))	(836)	-	1,578	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that will be reclassified to profit or loss	<u>(836)</u>	<u>-</u>	<u>1,578</u>	<u>-</u>
8300 <b>Other comprehensive income (net of tax)</b>	<u>(712)</u>	<u>-</u>	<u>3,195</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 120,803</u>	<u>12</u>	<u>141,165</u>	<u>15</u>
<b>Profit attributable to:</b>				
8610 Owners of parent	\$ 136,683	14	145,151	15
8620 Non-controlling interests	<u>(15,168)</u>	<u>(2)</u>	<u>(7,181)</u>	<u>-</u>
	<u>\$ 121,515</u>	<u>12</u>	<u>137,970</u>	<u>15</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 136,258	14	147,774	15
8720 Non-controlling interests	<u>(15,455)</u>	<u>(2)</u>	<u>(6,609)</u>	<u>-</u>
	<u>\$ 120,803</u>	<u>12</u>	<u>141,165</u>	<u>15</u>
<b>Earnings per share (note 6(l))</b>				
9750 <b>Basic earnings per share(NT Dollar)</b>	<u>\$ 2.15</u>		<u>2.28</u>	
9850 <b>Diluted earnings per share(NT Dollar)</b>	<u>\$ 2.13</u>		<u>2.26</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
<b>Balance at January 1, 2024</b>	\$ 637,029	19,842	362,446	419	65,727	(387)	1,085,076	66,414	1,151,490
Profit	-	-	-	-	145,151	-	145,151	(7,181)	137,970
Other comprehensive income	-	-	-	-	1,617	1,006	2,623	572	3,195
Total comprehensive income	-	-	-	-	146,768	1,006	147,774	(6,609)	141,165
Appropriation and distribution of retained earnings :									
Legal reserve	-	-	6,179	-	(6,179)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(57,333)	-	(57,333)	-	(57,333)
Reversal of special reserve	-	-	-	(32)	32	-	-	-	-
Balance at December 31, 2024	637,029	19,842	368,625	387	149,015	619	1,175,517	59,805	1,235,322
Profit	-	-	-	-	136,683	-	136,683	(15,168)	121,515
Other comprehensive income	-	-	-	-	124	(549)	(425)	(287)	(712)
Total comprehensive income	-	-	-	-	136,807	(549)	136,258	(15,455)	120,803
Appropriation and distribution of retained earnings :									
Legal reserve	-	-	14,677	-	(14,677)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(132,502)	-	(132,502)	-	(132,502)
Reversal of special reserve	-	-	-	(387)	387	-	-	-	-
<b>Balance at December 31, 2025</b>	\$ 637,029	19,842	383,302	-	139,030	70	1,179,273	44,350	1,223,623

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows  
For the years ended December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 143,922	163,235
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	20,329	20,965
Amortization expense	13,939	18,772
Net gain on financial assets at fair value through profit or loss	(27,634)	(15,147)
Interest expense	736	781
Interest income	(9,477)	(10,073)
Dividend income	(884)	(588)
<b>Total adjustments to reconcile profit (loss)</b>	(2,991)	14,710
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	(16,642)	(15,591)
Notes receivable	1,559	(477)
Accounts receivable	(2,611)	32,919
Accounts receivable-related parties	(5,255)	(30,536)
Other receivable	(28)	775
Inventories	113,864	174,749
Prepayments	(979)	(241)
Other current assets	(282)	(7)
Current contract liabilities	359	2,908
Accounts payable	(6,679)	(43,090)
Other payable-other	(2,259)	5,917
Current provisions for employee benefits	478	48
Other current liabilities, other	303	(32)
Net defined benefit liability, non-current	(468)	(457)
<b>Total changes in operating assets and liabilities</b>	81,360	126,885
<b>Total adjustments</b>	78,369	141,595
Cash inflow generated from operations	222,291	304,830
Interest received	9,930	10,240
Dividends received	884	588
Interest paid	(736)	(781)
Income taxes paid	(15,291)	(43,588)
<b>Net cash flows from operating activities</b>	217,078	271,289
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(280)	(322)
Refundable deposits	3,628	(19)
Acquisition of intangible assets	(4,890)	(8,139)
Other non-current assets, others	(7,754)	(8,926)
<b>Net cash flows used in investing activities</b>	(9,296)	(17,406)
<b>Cash flows used in financing activities:</b>		
Payment of lease liabilities	(18,960)	(18,881)
Cash dividends paid	(132,502)	(57,333)
<b>Net cash flows used in financing activities</b>	(151,462)	(76,214)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(837)	1,577
<b>Net increase in cash and cash equivalents</b>	55,483	179,246
<b>Cash and cash equivalents at beginning of period</b>	642,660	463,414
<b>Cash and cash equivalents at end of period</b>	\$ 698,143	642,660

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

EGALAX\_EMPIA TECHNOLOGY INC. was established on September 12, 2002. The major business activities are designing, processing and manufacturing of electronic products such as IC (integrated circuits), wholesale and retail of electronic components.

In line with the government's incentive policy about business merger, to reduce management costs and promote reasonable operation, eGalax\_eMPIA Technology Inc. was resolved by the Board of Directors and shareholders' meetings on October 30, 2006 and November 15, 2006 respectively to merge with eGalax Inc.. The consolidation base date was November 30, 2006.

In April 2007, the Company was listed on the emerging stock board of Taipei Exchange, and was approved to trade in December 2007. In the same year, the Company's application to be listed on the main board of Taipei Exchange was approved and starting to be listed on since April 15, 2008.

A resolution was approved during the Board of Directors meeting and the shareholders' meeting held on April 16 and June 6, 2012, respectively, to enhance competitiveness and business performance, the Company carried out a restructuring of the organization and spin-off its specialized divisions. The Company Spun off the relevant business and related long-term equity investment (including assets, liabilities and operations) of its USB video/audio control chip/module department to the newly established company, eMPIA Technology Corp. (hereinafter referred to as "eMPIA"). The effective date of the demerger was August 1, 2012.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on March 3, 2026.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards ("IFRS Accounting Standards") endorsed by the Financial Supervisory Commission ("FSC"), R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Annual Improvements to IFRS Accounting Standards—Volume 11
  - Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”
- (c) The impact of IFRS Accounting Standards issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> </ul>	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027  note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.(altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(n).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the eGalax\_eMPIA Technology Inc. and subsidiaries.

The consolidated financial statements are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2025	December 31, 2024	
eGalax_eMPIA Technology Inc.	eMPIA Technology Corp.	IC chip design and development	64.94 %	64.94 %	
eGalax_eMPIA Technology Inc.	MOS Co., Ltd.	Touch chip and module development	51.19 %	51.19 %	(Note 1)
eMPIA Technology Corp.	Tiger Glory Limited	Holding and investment	100.00 %	100.00 %	
eMPIA Technology Corp.	HAV Co., Ltd.	Holding and investment	100.00 %	100.00 %	
Tiger Glory Limited	Empia Technology, Inc.	IC chip design and development	100.00 %	100.00 %	
HAV Co., Ltd.	Aveo Technology Corp.	IC chip design and development	100.00 %	100.00 %	

Note 1: In December 2019, Mos Co., Ltd. applied for suspension of its business to the local competent authority because of consideration of production technologies, and the application was approved

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) 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 the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Business model assessment

The Group holds a portfolio of listed equity securities for the purposes of trading.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), and contract assets.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 150 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 150 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after 150 days.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Office equipment	3 years
2) Machinery and equipment	2~3 years
3) Leasehold improvements	2~4 years
4) Transportation equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Leases

Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- |                           |           |
|---------------------------|-----------|
| 1) Trademarks and patents | 1~3 years |
| 2) Computer software      | 1~3 years |

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group Designs and sells IC (integrated circuits) to customer. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(o) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The Group's dilutive potential ordinary shares comprise employee compensation.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. For the estimation of the valuation of inventories, please refer to Note 6(d).

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand, checks deposits and demand deposits	\$ 53,022	66,868
Repurchase agreement	73,000	63,000
Time deposits	<u>572,121</u>	<u>512,792</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><b>\$ 698,143</b></u>	<u><b>642,660</b></u>

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Financial assets designated at fair value through profit or loss:		
Fund beneficiary certificate	\$ 48,423	47,687
Stocks listed on domestic markets	<u>75,790</u>	<u>32,250</u>
Total	<u><b>\$ 124,213</b></u>	<u><b>79,937</b></u>

(c) Notes and accounts receivable

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Notes receivable from operating activities	\$ 328	1,887
Accounts receivable	86,711	84,100
Accounts receivable-related parties	66,024	60,769
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u><b>\$ 153,063</b></u>	<u><b>146,756</b></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. Includes macroeconomics and related industry information. The ECL analysis of notes receivable and accounts receivable of the Group was as follows:

	<b>December 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 152,995	0%	-
Past due within 60 days	<u>68</u>	0%	<u>-</u>
	<u><b>\$ 153,063</b></u>		<u><b>-</b></u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 145,341	0%	-
Past due within 60 days	1,415	0%	-
	<b>\$ 146,756</b>		<b>-</b>

The movements in the allowance for notes and accounts receivable were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Balance at December 31 (e.g. Balance at January 1)	\$ -	-

As of December 31, 2025 and 2024, the notes and accounts receivable of the Group were not pledged as collateral.

(d) Inventories

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Finished good	\$ 26,937	26,345
Work in progress	14,869	14,875
Raw materials	299,081	413,645
Merchandise	1,434	1,320
	<b>\$ 342,321</b>	<b>456,185</b>

For the years ended December 31, 2025 and 2024, the cost of inventory recognized as the cost of goods sold and expenses amounted to \$519,912 and \$514,431, respectively. In 2025 and 2024, the factors led to the net realizable value of inventories lower than the cost has been gone, the reversal of write-downs amounted to \$12,965 and \$22,908, respectively .

None of the inventories held by the Group was pledged collateral as of December 31, 2025 and 2024.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Property, plant and equipment

	<u>Office equipment</u>	<u>Machinery and Equipment</u>	<u>Leasehold improvements</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
<b>Costs:</b>						
Balance at January 1, 2025	\$ 4,628	13,376	2,316	2,457	22	22,799
Additions	280	-	-	-	-	280
Disposal	(1,821)	(2,801)	-	-	-	(4,622)
Effects of changes in foreign exchange rates	(2)	(29)	-	-	-	(31)
Balance at December 31, 2025	<u>\$ 3,085</u>	<u>10,546</u>	<u>2,316</u>	<u>2,457</u>	<u>22</u>	<u>18,426</u>
Balance at January 1, 2024	\$ 4,281	13,333	2,316	2,457	22	22,409
Additions	322	-	-	-	-	322
Effects of changes in foreign exchange rates	25	43	-	-	-	68
Balance at December 31, 2024	<u>\$ 4,628</u>	<u>13,376</u>	<u>2,316</u>	<u>2,457</u>	<u>22</u>	<u>22,799</u>
<b>Depreciation:</b>						
Balance at January 1, 2025	\$ 4,049	12,740	2,209	716	22	19,736
Depreciation for the year	284	397	92	410	-	1,183
Disposal	(1,821)	(2,801)	-	-	-	(4,622)
Effects of changes in foreign exchange rates	(2)	(30)	-	-	-	(32)
Balance at December 31, 2025	<u>\$ 2,510</u>	<u>10,306</u>	<u>2,301</u>	<u>1,126</u>	<u>22</u>	<u>16,265</u>
Balance at January 1, 2024	\$ 3,488	11,958	2,085	307	22	17,860
Depreciation for the year	537	740	123	409	-	1,809
Effects of changes in foreign exchange rates	24	42	1	-	-	67
Balance at December 31, 2024	<u>\$ 4,049</u>	<u>12,740</u>	<u>2,209</u>	<u>716</u>	<u>22</u>	<u>19,736</u>
<b>Carrying amounts:</b>						
Balance at December 31, 2025	<u>\$ 575</u>	<u>240</u>	<u>15</u>	<u>1,331</u>	<u>-</u>	<u>2,161</u>
Balance at December 31, 2024	<u>\$ 579</u>	<u>636</u>	<u>107</u>	<u>1,741</u>	<u>-</u>	<u>3,063</u>
Balance at January 1, 2024	<u>\$ 793</u>	<u>1,375</u>	<u>231</u>	<u>2,150</u>	<u>-</u>	<u>4,549</u>

As of December 31, 2025 and 2024 the aforesaid property, plant and equipment of the Group were not pledged as collateral.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Right-of-use assets

The cost and depreciation of leased buildings and transportation equipment of the Group were as follows:

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
<b>Costs:</b>			
Balance at January 1, 2025	\$ 167,258	2,862	170,120
Additions	<u>9,486</u>	<u>-</u>	<u>9,486</u>
Balance at December 31, 2025	<u><b>\$ 176,744</b></u>	<u><b>2,862</b></u>	<u><b>179,606</b></u>
Balance at January 1, 2024	\$ 127,553	2,862	130,415
Additions	<u>39,705</u>	<u>-</u>	<u>39,705</u>
Balance at December 31, 2024	<u><b>\$ 167,258</b></u>	<u><b>2,862</b></u>	<u><b>170,120</b></u>
<b>Depreciation:</b>			
Balance at January 1, 2025	\$ 101,831	1,670	103,501
Depreciation	<u>18,192</u>	<u>954</u>	<u>19,146</u>
Balance at December 31, 2025	<u><b>\$ 120,023</b></u>	<u><b>2,624</b></u>	<u><b>122,647</b></u>
Balance at January 1, 2024	\$ 83,630	715	84,345
Depreciation	<u>18,201</u>	<u>955</u>	<u>19,156</u>
Balance at December 31, 2024	<u><b>\$ 101,831</b></u>	<u><b>1,670</b></u>	<u><b>103,501</b></u>
<b>Carrying amounts:</b>			
Balance at December 31, 2025	<u><b>\$ 56,721</b></u>	<u><b>238</b></u>	<u><b>56,959</b></u>
Balance at December 31, 2024	<u><b>\$ 65,427</b></u>	<u><b>1,192</b></u>	<u><b>66,619</b></u>
Balance at January 1, 2024	<u><b>\$ 43,923</b></u>	<u><b>2,147</b></u>	<u><b>46,070</b></u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Intangible assets

The cost, amortization and impairment loss of the intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Technical expertise</u>	<u>Computer software</u>	<u>Other</u>	<u>Total</u>
<b>Costs:</b>					
Balance at January 1, 2025	\$ 23,401	25,572	8,139	5	57,117
Additions	-	-	4,890	-	4,890
Effects of changes in foreign exchange rates	-	(1,057)	-	-	(1,057)
Balance at December 31, 2025	<u>\$ 23,401</u>	<u>24,515</u>	<u>13,029</u>	<u>5</u>	<u>60,950</u>
Balance at January 1, 2024	\$ 23,401	23,950	-	5	47,356
Additions	-	-	8,139	-	8,139
Effects of changes in foreign exchange rates	-	1,622	-	-	1,622
Balance at December 31, 2024	<u>\$ 23,401</u>	<u>25,572</u>	<u>8,139</u>	<u>5</u>	<u>57,117</u>
<b>Amortization and impairment loss:</b>					
Balance at January 1, 2025	\$ 23,401	25,572	2,287	-	51,260
Amortization for the year	-	-	4,801	-	4,801
Effects of changes in foreign exchange rates	-	(1,057)	-	-	(1,057)
Balance at December 31, 2025	<u>\$ 23,401</u>	<u>24,515</u>	<u>7,088</u>	<u>-</u>	<u>55,004</u>
Balance at January 1, 2024	\$ 23,401	23,950	-	-	47,351
Amortization for the year	-	-	2,287	-	2,287
Effects of changes in foreign exchange rates	-	1,622	-	-	1,622
Balance at December 31, 2024	<u>\$ 23,401</u>	<u>25,572</u>	<u>2,287</u>	<u>-</u>	<u>51,260</u>
<b>Carrying amounts:</b>					
Balance at December 31, 2025	<u>\$ -</u>	<u>-</u>	<u>5,941</u>	<u>5</u>	<u>5,946</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>-</u>	<u>5,852</u>	<u>5</u>	<u>5,857</u>
Balance at January 1, 2024	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Lease liability

The carrying values of the lease liabilities were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current	<u>\$ 18,183</u>	<u>17,582</u>
Non-current	<u>\$ 39,465</u>	<u>49,540</u>

For the maturity analysis, please refer to Note 6(p).

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	<u>\$ 736</u>	<u>781</u>
Expenses relating to short-term leases	<u>\$ 367</u>	<u>363</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 374</u>	<u>283</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	<u>\$ 20,437</u>	<u>20,308</u>

(i) Real estate leases

The Group leases building for its office space, the lease of office space typically run for a period from 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 2 to 3 years.

The Group leases office equipment, the lease of office equipment typically run for a period from 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Employee benefits

(i) Defined benefit plans

The reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Present value of the defined benefit obligations	\$ (17,934)	(16,970)
Fair value of plan assets	15,195	13,639
Deficit	(2,739)	(3,331)
Net defined benefit liabilities	<b>\$ (2,739)</b>	<b>(3,331)</b>

The Group's employee benefit liabilities were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Employee paid leave liabilities	<b>\$ 8,088</b>	<b>7,610</b>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$15,033 as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movements in present value of the defined benefit obligations

For the years ended December 31, 2025 and 2024, the movement in present value of the defined benefit obligations for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations at January 1	\$ 16,970	17,277
Current service costs and interest cost	255	216
Remeasurements loss (gain)		
— Actuarial loss arising from demographic assumptions	26	110
— Actuarial loss (gain) arising from changes in experience adjustments	789	(252)
— Actuarial loss (gain) arising from changes in financial assumptions	13	(381)
Benefits paid	(119)	-
Defined benefit obligations at December 31	<u>\$ 17,934</u>	<u>16,970</u>

3) Movements of defined benefit plan assets

For the years ended December 31, 2025 and 2024, the movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets at January 1	\$ 13,639	11,872
Interest income	209	152
Remeasurements gain (loss)		
— Return on plan assets (excluding interest income)	952	1,094
Contributed to plan	514	521
Benefits paid	(119)	-
Fair value of plan assets at December 31	<u>\$ 15,195</u>	<u>13,639</u>

4) Expenses recognized in profit or loss

For the years ended December 31, 2025 and 2024, the expenses recognized in profit or loss for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Net interest of net liabilities for defined benefit obligations (recognized under administrative expenses)	<u>\$ 46</u>	<u>64</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company's re-measurement of the net defined benefit liability; recognized in other comprehensive income, were as follows:

	<u>2025</u>	<u>2024</u>
Cumulated amount at January 1	\$ (10,830)	(12,447)
Recognized during the period	<u>124</u>	<u>1,617</u>
Cumulated amount at December 31	<u><u>\$ (10,706)</u></u>	<u><u>(10,830)</u></u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.25 %	1.50 %
Future salary increase rate	3.25 %	3.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$515.

The weighted-average lifetime of the defined benefits plans is 8.5 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligation</b>	
	<u>Increased</u>	<u>Decreased</u>
December 31, 2025		
Discount rate (changes 0.25%)	\$ 17,557	18,323
Future salary increase rate (changes 0.25%)	18,309	17,568
December 31, 2024		
Discount rate (changes 0.25%)	16,601	17,352
Future salary increase rate (changes 0.25%)	17,337	16,613

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

The Company and its domestic subsidiary allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of Labor Insurance amounted to \$9,884 and \$9,871 for the years ended December 31, 2025 and 2024, respectively.

(j) Income taxes

(i) The components of income tax in the years 2025 and 2024 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense		
Current period	\$ 19,394	21,306
Adjustments for prior periods	(6,385)	460
Deferred tax expense	9,398	3,499
	<b>\$ 22,407</b>	<b>25,265</b>

(ii) The Group had no income taxes recognized directly in equity.

(iii) The Group had no income taxes recognized in other comprehensive income.

(iv) Reconciliation of income tax and income before tax in 2025 and 2024 were as follows:

	<b>2025</b>	<b>2024</b>
Profit before tax	<b>\$ 143,922</b>	<b>163,235</b>
Income tax using the Company's domestic tax rate	\$ 28,784	32,647
Effect of tax rate in foreign jurisdiction	(5,594)	(2,637)
Change in unrecognized temporary differences	6,984	-
Current-year losses for which no deferred tax asset was recognized	6,552	3,803
Investment tax credit	(8,299)	(9,119)
Investment loss using equity method	6,068	3,017
Prior year income tax (overestimation) underestimation	(6,385)	460
Others	(5,703)	(2,906)
Total	<b>\$ 22,407</b>	<b>25,265</b>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Tax effect of deductible Temporary Differences	\$ 4,852	-
The carryforward of unused tax losses	<u>14,260</u>	<u>5,576</u>
Total	<u>\$ 19,112</u>	<u>5,576</u>

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2025, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2023	\$ 8,867	2033
2024	29,673	2034
2025	<u>32,759</u>	2035
Total	<u>\$ 71,299</u>	

2) Recognized deferred tax assets and liabilities

	<u>Allowance for</u> <u>inventory</u> <u>valuation losses</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax assets :</b>			
January 1, 2025	\$ 52,459	3,169	55,628
Recognized in profit or loss	<u>(7,446)</u>	<u>(2,036)</u>	<u>(9,482)</u>
December 31, 2025	<u>\$ 45,013</u>	<u>1,133</u>	<u>46,146</u>
January 1, 2024	\$ 57,040	1,312	58,352
Recognized in profit or loss	<u>(4,581)</u>	<u>1,857</u>	<u>(2,724)</u>
December 31, 2024	<u>\$ 52,459</u>	<u>3,169</u>	<u>55,628</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Unrealized exchange gain</u>
<b>Deferred tax liabilities :</b>	
January 1, 2025	\$ 775
Recognized in profit or loss	<u>(84)</u>
December 31, 2025	<u><b>\$ 691</b></u>
January 1, 2024	\$ -
Recognized in profit or loss	<u>775</u>
December 31, 2024	<u><b>\$ 775</b></u>

(vi) Assessment of tax

The Company and its domestic subsidiary's tax returns for the years through 2023 were assessed by the Taipei National Tax Administration.

(k) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024 the total value of authorized capital of the Company was amounted to \$1,000,000 with a par value of \$10 per share, of which included the amount of \$50,000 reserved for exercising of employee share options, the issued capital amounted to 637,029, respectively. All proceeds from the shares issued have been collected.

Reconciliation of shares outstanding for 2025 and 2024 was as follows:

(in Thousands of Shares)

	<u>Ordinary share</u>	
	<u>For the years ended</u>	
	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Balance on December 31 (e.g. Balance at January 1)	<u><b>63,703</b></u>	<u><b>63,703</b></u>

(ii) Capital surplus

The balances of capital surplus as of December 31, 2025 and 2024, were as follows:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>
Changes in ownership interests in subsidiaries	\$ 5,214	5,214
Net assets from merger	14,114	14,114
Others	<u>514</u>	<u>514</u>
	<u><b>\$ 19,842</b></u>	<u><b>19,842</b></u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iv) Retained earnings

According to the Company's article of incorporation, if there is a surplus considering all accounts by the end of a fiscal year, the surplus shall be allocated in the following order:

- 1) Estimating and reserving the taxes to be paid.
- 2) Offset accumulated deficits from previous years (including the adjusted unappropriated retained earnings).
- 3) 10% is to be appropriated as legal reserve, unless legal reserve has reached total paid-in capital. (legal reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period)
- 4) Allocate a portion to special capital reserve, as required by relevant laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings, after deduction of item (1) to (4) shall be allocated to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval, wherein the distribution dividend and bonus may be paid by issuing new shares.

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

The Company is now in growth, the Company's dividend policy is to pay dividends from surplus considering factors such as the Company's future investment environment, cash requirements, and capital budget requirements, while taking into account shareholders' interest. The Board of Directors shall draw up an earnings distribution plan within the 10% to 100% range of accumulated distributable earnings and shall report it to the shareholders' meeting. The earnings distribution may be distributed by way of cash dividend or stock dividend. The distribution ratio for cash dividend should not be less than 30% of the total dividend distribution.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be allocated as special reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earning distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the 2024 and 2023 earnings distribution had been approved during the board meeting on February 27, 2025 and February 27, 2024, as well as the shareholders' meeting on May 27, 2025 and May 29, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Amount per share</u>	<u>Total Amount</u>	<u>Amount per share</u>	<u>Total Amount</u>
Legal reserve		\$ <u>14,677</u>		<u>6,179</u>
Reversal of special reserve		\$ <u>(387)</u>		<u>(32)</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.08	<u>132,502</u>	0.90	<u>57,333</u>

The amount of cash dividends on the appropriations of earnings for 2025, had been approved during the board meeting on March 3, 2026. The amount of dividend distribution to shareholders was as follows:

	<u>For the years ended December 31, 2025</u>	
	<u>Amount per share</u>	<u>Total Amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ 1.95	<u>124,221</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance at January 1, 2025	\$ 619
Exchange differences on translation of net assets of foreign operations	<u>(549)</u>
Balance at December 31, 2025	<u><u>\$ 70</u></u>
Balance at January 1, 2024	\$ (387)
Exchange differences on translation of net assets of foreign operations	<u>1,006</u>
Balance at December 31, 2024	<u><u>\$ 619</u></u>

(l) Earnings per share

Basic earnings per share and diluted earnings per share were calculated as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Basic earnings per share (in dollars)		
Profit attributable to ordinary shareholders of the Company	\$ <u><b>136,683</b></u>	<u><b>145,151</b></u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	<u><b>63,703</b></u>	<u><b>63,703</b></u>
	<u><u><b>\$ 2.15</b></u></u>	<u><u><b>2.28</b></u></u>
Diluted earnings per share (in dollars)		
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	\$ <u><b>136,683</b></u>	<u><b>145,151</b></u>
Weighted average number of outstanding ordinary shares	63,703	63,703
Effect of employee share bonus	<u>616</u>	<u>545</u>
Weighted average number of outstanding ordinary shares (Diluted)(in thousand of shares)	<u><b>64,319</b></u>	<u><b>64,248</b></u>
	<u><u><b>\$ 2.13</b></u></u>	<u><u><b>2.26</b></u></u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Revenue from contract with customers

(i) Details of revenue

	<b>2025</b>		
	<b>Touch panel controller board/touch sensor IC</b>	<b>Video/audio control chip</b>	<b>Total</b>
Primary geographical markets:			
China	\$ 195,531	5,350	200,881
Taiwan	601,504	16,018	617,522
Others	134,750	14,315	149,065
	<b>\$ 931,785</b>	<b>35,683</b>	<b>967,468</b>

	<b>2024</b>		
	<b>Touch panel controller board/touch sensor IC</b>	<b>Video/audio control chip</b>	<b>Total</b>
Primary geographical markets:			
China	\$ 196,553	5,299	201,852
Taiwan	567,980	32,018	599,998
Others	141,874	11,870	153,744
	<b>\$ 906,407</b>	<b>49,187</b>	<b>955,594</b>

(ii) Contract balances

	<b>December 31, 2025</b>	<b>December 31, 2024</b>	<b>January 1, 2024</b>
Notes receivable	\$ 328	1,887	1,410
Accounts receivable	86,711	84,100	117,019
Accounts receivable-related parties	66,024	60,769	30,233
Less: Loss allowance	-	-	-
Total	<b>\$ 153,063</b>	<b>146,756</b>	<b>148,662</b>
Contract liabilities	<b>\$ 8,250</b>	<b>7,891</b>	<b>4,983</b>

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amount of revenue recognized for years ended December 31, 2025 and 2024 that was included in the contract liability balance at the beginning of the period were \$6,101 and \$2,993, respectively.

(n) Remuneration for employees and directors

On May 27, 2025, the Company resolved at its shareholders' meeting to amend its Articles of Incorporation. Under the revised articles, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, a minimum of 9% of the profit before tax (in form of stock or cash) shall be appropriated as employee remuneration (of which, a minimum of 18% shall be reserved specifically for basic-level employees). Moreover, a maximum of 2% of the remaining profit shall be appropriated as directors' remuneration. Under the Articles of Incorporation prior to the amendment, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, a minimum of 9% of the profit before tax (in form of stock or cash) shall be appropriated as employee remuneration. Moreover, a maximum of 2% of the remaining profit shall be appropriated as directors' remuneration.

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The directors' remuneration should be distributed in cash.

The recipients of shares and cash may include the employees of the Group's affiliated companies who meet certain conditions.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to \$19,750 and \$22,066, and directors' remuneration amounting to \$3,300 and \$3,687, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2025 and 2024. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2025 and 2024.

(o) Other gains and losses, net

The details of other gains and losses were as follows:

	<u>2025</u>	<u>2024</u>
Net gain on financial assets at fair value through profit or loss	\$ 27,634	13,939
Foreign exchange (losses) gain	<u>(8,922)</u>	<u>10,452</u>
Total	<u>\$ 18,712</u>	<u>24,391</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Financial instruments

(i) Credit risk

1) The maximum exposure to credit risk

The carrying amounts of financial assets and contract assets represented the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2025 and 2024, the Group's accounts receivable were exposed to significant concentration of credit risk. To reduce credit risk, the Group evaluates customers' the financial positions periodically and requires its customers to provide collateral of promissory notes, if necessary.

As of December 31, 2025 and 2024, the Group's carrying amount of accounts receivables from customers stated above were amounted to \$66,024 and \$60,769, respectively.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying value</u>	<u>Cash flows</u>	<u>within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2025</b>							
Non-derivative financial liabilities							
Accounts payable	\$ 64,494	64,494	64,494	-	-	-	-
Other payables- other	98,646	98,646	98,646	-	-	-	-
Lease liabilities	<u>57,648</u>	<u>58,733</u>	<u>9,612</u>	<u>9,128</u>	<u>17,773</u>	<u>22,220</u>	<u>-</u>
	<b><u>\$ 220,788</u></b>	<b><u>221,873</u></b>	<b><u>172,752</u></b>	<b><u>9,128</u></b>	<b><u>17,773</u></b>	<b><u>22,220</u></b>	<b><u>-</u></b>
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Accounts payable	\$ 71,173	71,173	71,173	-	-	-	-
Other payables- other	99,891	99,891	99,891	-	-	-	-
Lease liabilities	<u>67,122</u>	<u>68,590</u>	<u>9,351</u>	<u>8,870</u>	<u>16,772</u>	<u>33,597</u>	<u>-</u>
	<b><u>\$ 238,186</u></b>	<b><u>239,654</u></b>	<b><u>180,415</u></b>	<b><u>8,870</u></b>	<b><u>16,772</u></b>	<b><u>33,597</u></b>	<b><u>-</u></b>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 4,263	31.430	133,986	4,629	32.785	151,762
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	898	31.430	28,224	1,355	32.785	44,424

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of December 31, 2025 and 2024, would have increased (decreased) the net profit before tax by \$1,058 and \$1,073, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(8,922) and \$10,452, respectively.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Fair value of financial instruments

- 1) The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets including the information on fair value hierarchy were as follows; However, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	<u>Carrying amounts</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2025</b>					
Financial assets at fair value through profit or loss:					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 124,213	124,213	-	-	124,213
Financial assets measured at amortized cost:					
Cash and cash equivalents	698,143	-	-	-	-
Notes receivables and accounts receivable (including related parties)	153,063	-	-	-	-
Other receivables	1,217	-	-	-	-
Other current assets	1,247	-	-	-	-
Refundable deposits	8,701	-	-	-	-
Subtotal	<u>862,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 986,584</u>	<u>124,213</u>	<u>-</u>	<u>-</u>	<u>124,213</u>
Financial liabilities measured at amortized cost :					
Accounts payable	\$ 64,494	-	-	-	-
Other payables-others	98,646	-	-	-	-
Lease liabilities	57,648	-	-	-	-
Total	<u>\$ 220,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying amounts</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2024</b>					
Financial assets at fair value through profit or loss:					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ <u>79,937</u>	\$ <u>79,937</u>	<u>-</u>	<u>-</u>	<u>79,937</u>
Financial assets measured at amortized cost :	-	-	-	-	-
Cash and cash equivalents	642,660	-	-	-	-
Notes receivable and accounts receivable (including related parties)	146,756	-	-	-	-
Other receivables	1,642	-	-	-	-
Other current assets	1,228	-	-	-	-
Refundable deposits	<u>12,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>804,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 884,552</u>	<u>79,937</u>	<u>-</u>	<u>-</u>	<u>79,937</u>
Financial liabilities measured at amortized cost :					
Accounts payable	\$ 71,173	-	-	-	-
Other payables-others	99,891	-	-	-	-
Lease liabilities	<u>67,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 238,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

Fair value measurement of financial instruments is based on quoted market prices if these prices are available in an active market. Quoted prices on stock exchanges are regarded as the fair value of equity instruments in a listed market and debt instruments in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be met, then the market is considered as non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non active market.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Financial risk management

(i) Overview

The Group has exposure to the following risks from its financial instruments:

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

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group has established appropriate policies, procedures and internal controls in accordance with the relevant requirements.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both monthly and ad hoc reviews of risk management controls and procedures, the results of which are submit to the Audit Committee and present the reports during the Board meeting.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's accounts receivables.

1) Accounts and other receivables

As of December 31, 2025 and 2024, the Group's accounts receivable were exposed to significant concentration of credit risk. To reduce credit risk, the Group evaluates customers' the financial positions periodically and requires its customers to provide collateral of promissory notes, if necessary.

As of December 31, 2025 and 2024, the customers stated above accounted for 43.14% and 41.41%, respectively, of accounts receivable.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer. These limits are reviewed periodically.

2) Investments

The Group limits its exposure to credit risk by investing only in items with liquidity and with high credit ratings. Management actively monitors credit ratings and given that the Group has invested only in securities with high credit ratings.

(iv) Liquidity risk

There is no liquidity risk of being unable to raise capital for fulfilling contract obligations since the Group has sufficient capital and working capital to fulfill all the contract obligations.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group, the NTD. The currencies used in these transactions are the NTD, USD and CNY.

The Group will assess the conversion gain or loss in due course for the purpose of monitoring.

2) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

(r) Capital management

The primary objective of the Group's capital management is to safeguard the strong credit rating capacity and healthy capital Ratios in order to continue to support its business and maximize shareholders' value. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares.

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2025 and 2024, is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 247,894	267,843
Less: Cash and cash equivalents	<u>(698,143)</u>	<u>(642,660)</u>
Net debt	<u>\$ (450,249)</u>	<u>(374,817)</u>
Total equity	<u>\$ 1,223,623</u>	<u>1,235,322</u>
Debt-to-equity ratio	<u>- %</u>	<u>- %</u>

(s) Investing and financing activities not affecting cash flows

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2025</u>
Lease liabilities	\$ <u>67,122</u>	<u>(18,960)</u>	<u>9,486</u>	<u>57,648</u>

  

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>December 31, 2024</u>
Lease liabilities	\$ <u>46,298</u>	<u>(18,881)</u>	<u>39,705</u>	<u>67,122</u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
HOLY STONE ENTERPRISE CO., LTD. (hereinafter to be referred as HOLY STONE)	Same president as the Company

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Significant transactions with related parties

Sale of goods to related parties

The amounts of significant sales and uncollected receivables by the Group to related parties were as follows:

	<u>Sales</u>		<u>Receivables from related parties</u>	
	<u>2025</u>	<u>2024</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other related parties - HOLY				
STONE	\$ <u>306,467</u>	<u>253,266</u>	<u>66,024</u>	<u>60,769</u>

The selling prices and credit terms for related parties were not significantly different from third-party customers.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended</u>	
	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 17,451	17,838
Post-employment benefits	<u>12</u>	<u>17</u>
	\$ <u>17,463</u>	<u>17,855</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>2025</u>	<u>2024</u>
Time deposits	Guarantee of Customs Duty	\$ <u>1,247</u>	<u>1,228</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(9) Commitments and contingencies:**

In 2021, the Company entered into a long term package contract with its supplier, who had retained specific production capacity to the Company. The paid guarantee of \$17,500 was recognized under "refundable deposit". After the supplier's packaging process met the required yield rate, the Company was required to place quarterly packaging orders aggregating to \$11,400, based on which the previously paid refundable deposit could be refunded on an installment basis.

In addition, on January 1, 2025, the Company entered into a supplemental agreement with its supplier pursuant to which the amount of refundable deposit to be returned each quarter is determined proportionately based on the actual order amount during the quarter. As of December 31, 2025 and 2024, the balances of the refundable deposit were \$4,149 and \$7,778, respectively.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31						
	2025			2024			
	By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
<b>By item</b>							
Employee benefits							
Salary	31,751	219,378	251,129	32,626	207,972	240,598	
Labor and health insurance	3,074	15,534	18,608	3,125	14,760	17,885	
Pension	1,404	8,526	9,930	1,482	8,453	9,935	
Remuneration of directors	-	4,350	4,350	-	4,757	4,757	
Others	1,154	9,078	10,232	1,191	8,863	10,054	
Depreciation	4,949	15,380	20,329	5,109	15,856	20,965	
Amortization	5,607	8,332	13,939	1,105	17,667	18,772	

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2025:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Material securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Units/Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Highest balance of shares of the year	Note	
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)			Fair value
eGalax_eMPIA Technology Inc.	UPAMC James Bond Money Market Fund	None	Current financial assets at fair value through profit or loss	867	15,312	-	15,312	867	-
”	Capital Money Market Fund	”	”	595	10,158	-	10,158	595	-
”	Taiwan Semiconductor Manufacturing Co., Ltd. Stock	”	”	34	52,700	-	52,700	34	-
”	Fulgent SunInternational(Holding) Co., Ltd. Stock	”	”	20	2,040	-	2,040	20	-
”	Hon.Precision, Inc. Stock	”	”	2	6,850	-	6,850	2	-
”	WinWayTechnology Co., Ltd. Stock	”	”	5	14,200	-	14,200	5	-
eMPIA Technology Corp.	Taishin Ta-Chong Money Market Fund	”	”	508	7,637	-	7,637	508	-
”	Taishin 1699 Money Market Fund	”	”	1,066	15,316	-	15,316	1,066	-

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
eGalax_eMPIA Technology Inc	HOLY STONE ENTERPRISE CO., LTD.	Other related parties	Sales	304,065	32.63%	O/A 30 days	-	There are no significant differences	66,024	43.44%	

- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

- (vi) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Empia Technology Inc.	eMPIA Technology Corp.	3	Service income	13,969	T/T settlement after quarterly closure	1.44%
1	”	”	3	Accounts receivable	3,693	”	0.25%

Note 1: The labeling method is as follows:

1. Parent Company-0.
2. Subsidiaries starting from 1.

Note 2: Relationship is classified into three types:

1. Transactions from parent Company to subsidiary
2. Transactions from subsidiary to parent Company
3. Transactions between subsidiaries

Note 3: Disclose only operating revenue and accounts receivable, related purchase, expense, and prepayment are neglected.

Note 4: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value				
eGalax_eMPIA Technology Inc.	eMPIA Technology Corp.	Taiwan	IC chip development and design	125,000	125,000	10,000	64.94 %	84,018	10,000	(43,256)	(28,088)	Note 1
eGalax_eMPIA Technology Inc.	MOS CO., Ltd.	South Korea	Touch chip and module development	49,342	49,342	2,467	51.19 %	(1,070)	2,467	-	-	Note 1, 2
eMPIA Technology Corp.	Tiger Glory Limited	Samoa	Holding and investment	32,491	32,491	1,000	100.00 %	9,052	1,000	(2,443)	(2,443)	Note 1
eMPIA Technology Corp.	HAV Co., Ltd.	Samoa	Holding and investment	39,530	39,530	2,710	100.00 %	9,237	2,710	189	189	Note 1
Tiger Glory Limited	Empia Technology, Inc.	United States	IC chip development and design	58,965	58,965	1,800	100.00 %	4,247	1,800	(2,563)	(2,563)	Note 1

Note 1: The above inter-company transactions have been eliminated when preparing the consolidated financial statements.

Note 2: In December 2019, Mos Co., Ltd. applied for suspension of its business to the local competent authority because of consideration of production technologies, and the application was approved.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 4)	Method of investment (Note 2)	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Highest Percentage of ownership	Percentage of ownership	Investment income (losses) (Note 1 and 3)	Book Value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Aveo Technology Corp.	IC chip development and design	15,715 (USD 500,000)	(2)	- (USD 1)	-	-	- (USD 1)	-	64.94%	64.94 %	-	34	-

Note 1: The amount using the equity method was eliminated in the consolidated financial statements.

Note 2: Investments are made through one of three ways.

(1) Invest directly in Mainland China.

(2) Invest in Mainland China by remitting through a third region.

(3) Others.

Note 3: The recognition gain and loss on investment based on the financial report which was audited by the parent company's auditor.

Note 4: The exchange rate for the conversion of US dollars into New Taiwan dollars is 1:31.430.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
- (USD1)	- (USD1)	707,563

(iii) Significant transactions: None.

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

(a) General information

The Group has two reporting segments: USB video/audio control chip/module department and the touch panel control board/touch sensor IC department. The USB video/audio control chip/module department is principally engaged in the design of integrated circuits for PC applications such as video, sound and data storage. The touch panel control board/touch sensor IC department has been focusing on the development and production of touch panel controllers and driver software.

(b) The Group's segment financial information is as follows:

	<b>2025</b>			
	<b>Touch panel control board /touch sensor IC</b>	<b>USB Video/audio control chip/module</b>	<b>Adjustments and cancellation</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ <u>931,785</u>	<u>35,683</u>	-	<u>967,468</u>
Total revenue	\$ <u>931,785</u>	<u>35,683</u>	-	<u>967,468</u>
<b>Reportable segment profit or loss</b>	<b>\$ <u>164,771</u></b>	<b><u>(43,256)</u></b>	<b>-</b>	<b><u>121,515</u></b>
	<b>2024</b>			
	<b>Touch panel control board /touch sensor IC</b>	<b>USB Video/audio control chip/module</b>	<b>Adjustments and cancellation</b>	<b>Total</b>
Revenue:				
Revenue from external customers	\$ <u>906,407</u>	<u>49,187</u>	-	<u>955,594</u>
Total revenue	\$ <u>906,407</u>	<u>49,187</u>	-	<u>955,594</u>
<b>Reportable segment profit or loss</b>	<b>\$ <u>158,450</u></b>	<b><u>(20,480)</u></b>	<b>-</b>	<b><u>137,970</u></b>
	<b>Touch panel control board /touch sensor IC</b>	<b>USB Video/audio control chip/module</b>	<b>Adjustments and cancellation</b>	<b>Total</b>
<b>Reportable segment assets</b>				
December 31, 2025	\$ <u>1,316,210</u>	<u>155,307</u>	-	<u>1,471,517</u>
December 31, 2024	\$ <u>1,313,976</u>	<u>189,189</u>	-	<u>1,503,165</u>

(Continued)

**EGALAX\_EMPIA TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers.

	<u>2025</u>	<u>2024</u>
Revenue from external customers:		
China	\$ 200,881	201,852
Taiwan	617,522	599,998
Others	<u>149,065</u>	<u>153,744</u>
Total	<u>\$ 967,468</u>	<u>955,594</u>

(d) Major customers

	<u>2025</u>	<u>2024</u>
Client A	<u>\$ 306,467</u>	<u>253,266</u>