Stock Code:6104

GENESYS LOGIC, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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

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Representation Letter

The entities that are required to be included in the combined financial statements of GENESYS LOGIC, 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 combined financial statements is included in the consolidated financial statements. Consequently, GENESYS LOGIC, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GENESYS LOGIC, INC.
Chairman: GUO ZHAO WANG
Date: March 10, 2026

Independent Auditors' Report

To the Board of Directors of Genesys Logic, Inc.:

Opinion

We have audited the consolidated financial statements of Genesys Logic, 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Evaluation of inventory

   Please refer to Note 4(h) "Inventory" for the accounting policy, Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6(e) "Evaluation of inventory" of the consolidated financial statements for further information.

   Description of key audit matter:

   The Group is primarily involved in the research and development, manufacture and sales of integrated circuit, mainly used in connection devices of various electronic products. As different series or models of electronic products are rapidly being replaced by more sophisticated ones, the inventory of the outdated ones may be affected by causing it to be slow-moving, resulting in the cost of inventory to be higher than the net realized value, whose evaluation of inventory is based on the subjective judgement of the management. Hence, the evaluation of inventory is our key matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the Group's inventory allowance policy and assessing whether the inventory valuation is consistent with the policy; testing selected inventory samples to check the accuracy of the slow-moving ones; analyzing and comparing the aging of the inventory by periods; reviewing the consistency of the previous net realizable value of the inventory to assess if the method and assumptions are appropriate; reviewing the subsequent sales of the inventories to access whether the evaluation is reasonable.

Other Matter

Genesys Logic, Inc. has additionally prepared its parent-company-only financial statement 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 IFRSs, IASs, IFRC, 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.

Auditor's 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 auditor's 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 the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 appropriate audit evidence regarding the financial information on 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 1,200,350	32	1,243,793	38
1110	Financial assets at fair value through profit or loss - current (Notes 6(b) and (k))	175	-	2,389	-
1170	Accounts receivable, net (Notes 6(d) and (r))	285,109	8	285,511	9
130X	Inventories (Note 6(e))	675,868	18	382,451	11
1470	Other current assets (Note 6(i))	111,599	3	120,681	4
1476	Other current financial assets (Note 8)	111,210	3	105,283	3
		2,384,311	64	2,140,108	65
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (Note 6(c))	233,077	6	73,995	2
1600	Property, plant and equipment (Notes 6(f) and 8)	919,246	25	925,808	28
1780	Intangible assets (Notes 6(h))	73,044	2	62,098	2
1840	Deferred tax assets (Note 6(n))	36,225	1	60,325	2
1900	Other non-current assets (Notes 6(g) and (i))	58,068	2	30,143	1
		1,319,660	36	1,152,369	35
	Total assets	**$ 3,703,971**	**100**	**3,292,477**	**100**

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes 6(j) and 8)	$ 259,000	7	229,000	7
2120	Financial liabilities at fair value through profit or loss - current (Note 6(b) and (k))	-	-	95	-
2170	Notes and accounts payable	289,191	8	239,879	7
2201	Wages and salaries payable	275,681	7	210,278	6
2305	Other current financial liabilities (Note7)	82,180	2	79,598	3
2321	Bond payables – current portion (Note 6(k))	423,732	12	454,728	14
2399	Other current liabilities (Notes 6(l) and (r))	75,162	2	68,238	2
		1,404,946	38	1,281,816	39
	Non-current liabilities:				
2670	Oth er non-current liabilities (Notes (l), (m), and (n))	7,585	-	10,072	-
		7,585	-	10,072	-
	Total liabilities	1,412,531	38	1,291,888	39
	Equity attributable to owners of parent (Notes 6(k) and (o)):				
3110	Ordinary share	911,271	25	908,536	28
3200	Capital surplus	366,117	10	333,056	10
	Retained earnings:				
3310	Legal reserve	292,855	8	262,228	8
3320	Special reserve	45,822	1	42,628	1
3350	Unappropriated retained earnings	730,956	20	526,750	16
		1,069,633	29	831,606	25
3400	Other equity	(59,254)	(2)	(76,907)	(2)
36XX	Non-controlling interests	3,673	-	4,298	-
	Total equity	2,291,440	62	2,000,589	61
	Total liabilities and equity	**$ 3,703,971**	**100**	**3,292,477**	**100**

See accompanying Notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, 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 share)

		2025		2024	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues (Notes 6(r))**	$ 4,056,160	100	3,178,690	100
5000	**Operating costs (Notes 6(e) and 12)**	2,138,145	53	1,768,498	56
	Gross profit from operations	1,918,015	47	1,410,192	44
	Operating expenses (Notes 6(d), (l), (m), (p), (s), 7 and 12)				
6100	Selling expenses	106,336	3	85,276	3
6200	Administrative expenses	248,257	6	206,090	6
6300	Research and development expenses	913,238	22	808,832	25
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	(25)	-	852	-
		1,267,806	31	1,101,050	34
	Net operating income	650,209	16	309,142	10
	Non-operating income and expenses:				
7100	Interest income	20,300	1	19,026	1
7010	Other income (Notes 6(t))	2,125	-	1,778	-
7020	Other gains and losses (Notes 6(b), (k), and (u))	(62,485)	(2)	36,606	1
7050	Finance costs (Notes 6(k) and (l))	(12,795)	-	(14,891)	(1)
		(52,855)	(1)	42,519	1
7900	**Profit before income tax**	597,354	15	351,661	11
7950	Less: income tax expenses (Note 6(n))	87,547	2	47,321	1
	Net Income	509,807	13	304,340	10
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit plans (Note 6(m))	(140)	-	2,781	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(v))	1,303	-	(426)	-
	Items that may not be reclassified subsequently to profit or loss	1,163	-	2,355	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign statement	(1,496)	-	1,542	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(159)	-	(4,310	-
	Items that may be reclassified subsequently to profit or loss	(1,655)	-	(2,768)	-
8300	**Other comprehensive income (after tax)**	(492)	-	(413)	-
	Comprehensive income	**$ 509,315**	**13**	**303,927**	**10**
	Profit attributable to:				
8610	Shareholders of the parent	$ 509,807	13	304,469	10
8620	Non-controlling interests	-	-	(129)	-
		$ 509,807	**13**	**304,340**	**10**
	Comprehensive income attributable to:				
8710	Shareholders of the parent	$ 509,315	13	304,055	10
8720	Non-controlling interests	-	-	(128)	-
		$ 509,315	**13**	**303,927**	**10**
9750	**Basic earnings per share (NT dollars) (Note 6(q))**	**$ 5.62**		**3.37**	
9850	**Diluted earnings per share (NT dollars) (Note 6(q))**	**$ 5.42**		**3.29**	

See accompanying Notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, 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)

	Attributable to owners of parent												
			Retained earnings				Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employees benefit	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2024	$ 902,792	315,758	252,267	50,214	385,351	687,832	(4,642)	(37,983)	(46,560)	(89,185)	1,817,197	4,372	1,821,569
Profit for the year ended December 31, 2024	-	-	-	-	304,469	304,469	-	-	-	-	304,469	(129)	304,340
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	2,781	2,781	1,541	(4,736)	-	(3,195)	(414)	1	(413)
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	307,250	307,250	1,541	(4,736)	-	(3,195)	304,055	(128)	303,927
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	9,961	-	(9,961)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(7,586)	7,586	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(162,504)	(162,504)	-	-	-	-	(162,504)	-	(162,504)
Conversion of convertible bonds	1,754	19,472	-	-	-	-	-	-	-	-	21,226	-	21,226
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(972)	(972)	-	-	-	-	(972)	-	(972)
Share-based payment transactions	3,990	(2,174)	-	-	-	-	-	-	15,473	15,473	17,289	1,897	19,186
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,843)	(1,843)
Balance at December 31, 2024	908,536	333,056	262,228	42,628	526,750	831,606	(3,101)	(42,719)	(31,087)	(76,907)	1,996,291	4,298	2,000,589
Profit for the year ended December 31, 2025	-	-	-	-	509,807	509,807	-	-	-	-	509,807	-	509,807
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	(140)	(140)	(1,496)	1,144	-	(352)	(492)	-	(492)
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	509,667	509,667	(1,496)	1,144	-	(352)	509,315	-	509,315
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	30,627	-	(30,627)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	3,194	(3,194)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(271,640)	(271,640)	-	-	-	-	(271,640)	-	(271,640)
Conversion of convertible bonds	3,245	35,937	-	-	-	-	-	-	-	-	39,182	-	39,182
Share-based payment transactions	(510)	(2,876)	-	-	-	-	-	-	18,005	18,005	14,619	(625)	13,994
Balance at December 31, 2025	$ 911,271	366,117	292,855	45,822	730,956	1,069,633	(4,597)	(41,575)	(13,082)	(59,254)	2,287,767	3,673	2,291,440

See accompanying Notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, 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
Cash flows from operating activities:		
Profit before income tax	$ 597,354	351,661
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation and amortization expense	114,458	106,479
Expected credit loss (reversal gain)	(25)	852
Reversal gain on inventory valuation loss	(214,644)	(9,873)
Interest expense	12,795	14,891
Interest revenue	(20,300)	(19,026)
Compensation cost of share-based payment	13,994	19,186
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,119	(4,294)
Gain on disposal of property, plant and equipment	(50)	(3)
Total adjustments to reconcile (profit) loss	(91,653)	108,212
Changes in operating assets and liabilities:		
Accounts receivable	427	(84,711)
Inventories	(78,773)	254,789
Other financial assets and current assets	14,371	(45,386)
Notes and accounts payable	49,312	73,349
Salaries payable	65,403	57,942
Other financial liabilities and current liabilities	4,643	43,280
Defined benefit liability	1,318	1,727
Other non-current liabilities	(432)	(431)
Total changes in operating assets and liabilities	56,269	300,559
Total adjustments	(35,384)	408,771
Cash inflow generated from operations	561,970	760,432
Interest received	17,973	18,810
Interest paid	(4,433)	(5,884)
Income taxes paid	(59,417)	(65,434)
Net cash flows from operating activities	516,093	707,924
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(161,170)	(69,286)
Acquisition of property, plant and equipment	(78,735)	(70,028)
Proceeds from disposal of property, plant and equipment	221	3
Decrease (increase) in guaranteed deposits paid	(4)	3,016
Increase in other financial assets	(6,000)	(100,000)
Decrease (increase) in intangible assets and other non-current assets	(65,620)	3,946
Net cash flows used in investing activities	(311,308)	(232,349)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	30,000	(172,000)
Payment of lease liabilities	(5,114)	(5,156)
Cash dividends paid	(271,640)	(162,504)
Acquisition of ownership interests in subsidiaries	-	(2,916)
Net cash flows used in financing activities	(246,754)	(342,576)
Effect of exchange rate changes on cash and cash equivalents	(1,474)	1,040
Net increase (decrease) in cash and cash equivalents	(43,443)	134,039
Cash and cash equivalents at beginning of period	1,243,793	1,109,754
Cash and cash equivalents at end of period	$ 1,200,350	1,243,793

See accompanying Notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, 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

GENESYS LOGIC, INC.(the "Company") was incorporated on April 2, 1997, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO in July 1999, and was listed on Taiwan Exchange (TPEx) in May 2001. Its registered address is at 13F.,No.205,Sec.3,Beixin Rd.,Xindian Dist., New Taipei City. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group mainly specializes in designing, manufacturing, testing and sales of integrated circuit, semiconductor, digital communication products, computer equipment and relevant products, as well as computer program designing. It also act as an import and export agent for the products mentioned above.

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2026.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, 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 IAS 21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" Regarding the application guidance in Section 4.1 of IFRS 9 and the related disclosure requirements under IFRS 7

(b) The impact of IFRS issued by the FSC but not yet adopted

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" Regarding the application guidance in Section 3.1 and 3.3 of IFRS 9 and the related disclosure requirements under IFRS 7
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

New or amended standards	Major amendments	Effective date by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	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. • 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. • 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. • 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.	January 1, 2027 Note: The FSC issued a press release on September 25, 2025 to declare that Taiwan will align with IFRS 18 since the fiscal year of 2028. Entities that require to apply in advance may elect to apply in advance after FSC's endorsement.

The Group continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Group assesses that the adoption of the following other new or amended standards, not yet endorsed by the FSC, would not have a significant impact on its financial statements.

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Notes to the 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
- 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 as follows. Expect for those specifically indicated, the following accounting policies were applied consistently to the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (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, ROC.

(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) Financial assets at fair value through other comprehensive income are measured at fair value;
3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (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 Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from Intra group 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 non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

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. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2025**	**December 31, 2024**
The Company	Genesys Logic America, Inc. (GLA)	Marketing in America and cooperating the research and development of products with the Company	100%	100%
"	Eclat Holding Ltd. (Eclat)	Investing holding	100%	100%
"	BROADWAY SYSTEM, INC. (BROADWAY)	Research and development of products	100%	100%
Broadway	Broadway System America Inc.(BSA)	Marketing in America and cooperating the research and development of products with BROADWAY	100%	100%

(d) Foreign currencies

(i) Foreign currency transaction

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 when the fair value was determined. Non-monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(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.

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

An asset is classified 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 will be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability will 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 the 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.

(g) Financial instruments

Accounts receivables and debt securities 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.

(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 : financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income investments in equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss. 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 other comprehensive income (FVOCI)

Investments in debt instruments are measured at fair value through other comprehensive income, if both of the following conditions are met and not designated to be measured at fair value through profit or loss:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income is calculated by effective interest rate method. Gains or losses on foreign exchange and impairment losses are recognized in profit or loss. The other net gains or losses are recognized in other comprehensive income. On derecognition, the amount accumulated in other comprehensive income is reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) 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, including derivative financial assets. 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.

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, accounts receivables, other receivables, guarantee deposit paid and other financial assets), investments in debt instruments at FVOCI and contract assets.

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The Group measures loss allowances at an amount equal to lifetime expected credit loss, 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 accounts receivables and contract assets are measured at an amount equal to lifetime ECL.

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

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month 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 ECL is the maximum contractual period over which the Group is exposed to credit risk.

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.

ECL 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.

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 that 180 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

(Continued)

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· 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. For corporate customers, 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.

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.

(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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

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Notes to the Consolidated Financial Statements

4) 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.

5) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. 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.

(Continued)

7) 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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on 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.

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 for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings and structures: 50 years
2) Buildings improvement: 5~12 years

3) Computer, machinery and equipment: 3~8 years
4) Office and other equipment: 1.5~8 years

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

(j) Leases

(i) 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.

(ii) 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:

1) fixed payments, including in-substance fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) amounts expected to be payable under a residual value guarantee; and
4) 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:

1)there is a change in future lease payments arising from the change in an index or rate; or
2)there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
3) 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
4) there is a change of its assessment on whether it will exercise an extension or termination option; or
5) there is any lease modification.

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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 has elected not to recognize right-of-use assets and lease liabilities for short-term leases of parking space and safe deposit box. 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

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets 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)	Patents	5~10 years
2)	Trademarks and copyrights	10 years
3)	Computer software	3~5 years

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 cash-generating units (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. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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) Provisions

A provision shall be recognized when an entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions have been discounted by using the discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liabilities. The discounted amortization is recognized as interest expense.

Provisions for sales discounts are recognized when selling goods. The provisions are estimated based on historical data associated with discounts and by weighting all possible outcomes by their associated probabilities.

(Continued)

(n) 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 mainly specializes in designing, manufacturing, testing and sales of integrated circuit, semiconductor, digital communication products, computer equipment and relevant products. The Group recognizes revenue when control of the products has been 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.

Part of the contracts allow customers to refund or return. Therefore, when recognizing revenue, the Group shall adjust for the expected refunds or returns and recognize refund liabilities or return liabilities and rights of return. The Group estimates them at the point of time on sales by past cumulative experiences based on expected values, and recognizes revenue only to the extent that it is highly probable that a significant reversal will not occur. The Group reassesses the estimates to expected refunds or returns at each reporting date.

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 when 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.

(o) 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.

(Continued)

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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. The 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.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the price and number of a new share is confirmed and reach a consensus with the employees.

(q) 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.

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

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.

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; such reductions are reversed when the probability of future taxable profits increases.

(r) 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 are 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 are 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, such as accrued employees’ compensation, restricted stock awards granted, employee stock options, and convertible bonds.

(s) 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.

(Continued)

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

In preparation of the consolidated financial statements, management has made judgments and estimates to 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.

The management continues to monitor the accounting estimates and assumptions to be consistent with the Group's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period on a prospective basis.

There are no critical judgment made in applying the accounting policies that have significant effects on amounts recognized in consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for more information.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back −testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(v) for assumptions used in measuring fair value.

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GENESYS LOGIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2025	December 31, 2024
Cash on hand, checking amounts and demand deposits	$	986,862	779,852
Time deposits		213,488	463,941
Cash and cash equivalents in consolidated statement of cash flows	$	1,200,350	1,243,793

Please refer to Note 6(v) for the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit and loss

		December 31, 2025	December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss:			
Embedded derivative instrument-redemption rights	$	175	2,389
Financial liabilities designated measured at fair value through profit or loss:			
Embedded derivative instrument-put rights	$	-	95

(i) As of December 31, 2025 and 2024, the gain (loss) on fair value valuation, classified as other gains and losses, amounted to $(2,119) thousand and $4,294 thousand, respectively.

(ii) Please refer to Note 6(k) for the embedded derivative component about the Group's issuance of convertible bonds.

(c) Financial assets at fair value through other comprehensive income - non-current

		December 31, 2025	December 31, 2024
Debt instruments at fair value through other comprehensive income:			
Foreign corporate bonds	$	63,057	64,849
Domestic corporate bonds		129,571	-
Equity instruments at fair value through other comprehensive income:			
Unlisted ordinary shares on domestic markets－Dano Tech CO., Ltd.		9,033	9,146
Unlisted ordinary shares on domestic markets－Phoenix VII Innovation & Venture Capital Co., Ltd.		31,416	-
	$	233,077	73,995

(i) Investments in debt instruments at fair value through other comprehensive income

As the Group holds the aforementioned investments in bonds within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, they are presented as financial assets at fair value through other comprehensive income.

(ii) Investments in equity instruments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long-term strategic purposes, not held for trading.

There were no disposals of strategic investments and transfers of any cumulative gain or loss

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

within equity relating to these investments as of December 31, 2025 and 2024.

(iii) For credit risk and market risk, please refer to Note 6(v).

(iv) The financial assets mentioned above had not been pledged as collateral.

(d) Accounts receivable, net

	December 31, 2025	December 31, 2024
Accounts receivable	$ 287,967	288,394
Less: Loss allowance	(2,858)	(2,883)
	$ 285,109	285,511

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, 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. The loss allowance provision was determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 287,967	1%	2,858

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 288,350	1%	2,883
Within 30 days past due	44	1%	-
	$ 288,394		2,883

The movement in the allowance for accounts receivable was as follows:

	For the years ended December 31,	
	2025	2024
Balance at January 1	$ 2,883	2,031
Impairment losses (reversal gains)	(25)	852
Balance at December 31	$ 2,858	2,883

The aforementioned financial assets of the Group had not been pledged as collateral.

(e) Inventories

	December 31, 2025	December 31, 2024
Raw materials	$ 94,597	23,151
Work in progress	272,634	156,321
Finished goods and products	308,637	202,979
	$ 675,868	382,451

For the years ended December 31, 2025 and 2024, the Group recognized reversal gains on inventory valuation losses for inventories written down to the net realizable value of $214,644 thousand and $9,873 thousand, respectively, which have been included in the cost of goods sold.

As of December 31, 2025 and 2024, the Group did not provide any inventories as collateral for its loans.

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GENESYS LOGIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The movement of the property, plant and equipment of the Group for the years ended December 31, 2025 and 2024, were as follows:

	Land	Buildings and construction	Computer and equipment	Office and Other facilities	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:						
Balance on January 1, 2025	$ 573,313	414,015	374,501	423,793	-	1,785,622
Additions	-	776	29,947	48,144	-	78,867
Disposal	-	-	(9,338)	(35,946)	-	(45,284)
Transfer out	-	-	-	(25)	-	(25)
Effect of changes in foreign exchange rates	-	-	(32)	(44)	-	(76)
Balance on December 31, 2025	$ 573,313	414,791	395,078	435,922	-	1,819,104
Balance on January 1, 2024	$ 573,313	411,912	338,886	393,602	-	1,717,713
Additions	-	1,844	36,912	30,655	259	69,670
Disposal	-	-	(1,381)	(547)	-	(1,928)
Transfer in (out)	-	259	-	-	(259)	-
Effect of changes in foreign exchange rates	-	-	84	83	-	167
Balance on December 31, 2024	$ 573,313	414,015	374,501	423,793	-	1,785,622
Depreciation and impairments losses:						
Balance on January 1, 2025	$ -	203,166	259,068	397,580	-	859,814
Depreciation for the year	-	8,831	32,069	44,328	-	85,228
Disposal	-	-	(9,167)	(35,946)	-	(45,113)
Effect of changes in foreign exchange rates	-	-	(27)	(44)	-	(71)
Balance on December 31, 2025	$ -	211,997	281,943	405,918	-	899,858
Balance on January 1, 2024	$ -	194,426	228,852	362,230	-	785,508
Depreciation for the year	-	8,740	31,522	35,813	-	76,075
Disposal	-	-	(1,381)	(547)	-	(1,928)
Effect of changes in foreign exchange rates	-	-	75	84	-	159
Balance on December 31, 2024	$ -	203,166	259,068	397,580	-	859,814
Carrying amount						
Balance on December 31, 2025	$ 573,313	202,794	113,135	30,004	-	919,246
Balance on December 31, 2024	$ 573,313	210,849	115,433	26,213	-	925,808
Balance on January 1, 2024	$ 573,313	217,486	110,034	31,372	-	932,205

As of December 31, 2025 and 2024, the property, plant and equipment were pledged as collateral for bank loans. Please refer to Note 8.

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GENESYS LOGIC, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

		Buildings and construction
Cost:		
Balance at January 1, 2025	$	15,726
Additions		2,927
Effect of changes in foreign exchange rates		(510)
Balance at December 31, 2025	$	18,143
Balance at January 1, 2024	$	13,074
Additions		2,003
Effect of changes in foreign exchange rates		649
Balance at December 31, 2024	$	15,726
Accumulated depreciation and impairment losses:		
Balance at January 1, 2025	$	6,683
Depreciation for the year		5,105
Effect of changes in foreign exchange rates		(167)
Balance at December 31, 2025	$	11,621
Balance at January 1, 2024	$	1,330
Depreciation for the year		5,218
Effect of changes in foreign exchange rates		135
Balance at December 31, 2024	$	6,683
Carrying amount:		
Balance at December 31, 2025	$	6,522
Balance at December 31, 2024	$	9,043
Balance at January 1, 2024	$	11,744

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(h) Intangible assets

The movement of the intangible assets of the Group for the years ended December 31, 2025 and 2024, were as follows:

		Patents, Copyrights and Trademarks	Computer software	Total
Cost:				
Balance at January 1, 2025	$	106,644	270,470	377,114
Separate acquisition		3,226	31,845	35,071
Disposal		-	(9,714)	(9,714)
Effect of changes in foreign exchange rates		-	(22)	(22)
Balance at December 31, 2025	$	109,870	292,579	402,449
Balance at January 1, 2024	$	102,910	261,180	364,090
Separate acquisition		3,734	9,255	12,989
Effect of changes in foreign exchange rates		-	35	35
Balance at December 31, 2024	$	106,644	270,470	377,114
Accumulated amortization and impairment losses:				
Balance at January 1, 2025	$	67,818	247,198	315,016
Amortization for the year		8,552	15,573	24,125
Disposal		-	(9,714)	(9,714)
Effect of changes in foreign exchange rates		-	(22)	(22)
Balance at December 31, 2025	$	76,370	253,035	329,405
Balance at January 1, 2024	$	59,584	230,211	289,795
Amortization for the year		8,234	16,952	25,186
Disposal		-	35	35
Balance at December 31, 2024	$	67,818	247,198	315,016
Carrying amount:				
Balance at December 31, 2025	$	33,500	39,544	73,044
Balance at December 31, 2024	$	38,826	23,272	62,098
Balance at January 1, 2024	$	43,326	30,969	74,295

As of December 31, 2025 and 2024, the intangible assets of the Group had not been pledged as collateral.

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Notes to the Consolidated Financial Statements

(i) Other current assets and other non-current assets

Other current assets and other non-current assets of the Group were as follows:

	December 31, 2025	December 31, 2024
Prepayments	$ 105,762	119,798
Input tax, tax credit and others	5,837	883
Right-of-use assets	6,522	9,043
Long-term prepayments	50,882	20,440
Guarantee deposits paid	664	660
	$ 169,667	150,824

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Unsecured bank loans	$ 69,000	-
Secured bank loans	190,000	229,000
Total	$ 259,000	229,000
Unused credit lines	$ 1,599,000	1,624,000
Range of interest rates	1.59%~1.91%	1.72%~1.79%

For the collateral for short-term borrowings, please refer to Note 8.

(k) Bonds payable

Information on the Group's issuance of unsecured convertible bonds is as follows:

	December 31, 2025	December 31, 2024
Total convertible corporate bonds issued	$ 500,000	500,000
Unamortized discounted corporate bonds payable	(13,068)	(22,972)
Accumulated converted amount	(63,200)	(22,300)
Ending balance of bonds payable	$ 423,732	454,728
Convertible bonds payables - current	$ 423,732	454,728
Embedded derivative component－redemption options, included in financial assets at fair value through profit or loss – current/non-current	$ 175	2,389
Embedded derivative component－put options, included in financial liabilities at fair value through profit or loss – current/noncurrent	$ -	95
Equity component－conversion options, included in capital surplus- stock options	$ 34,969	38,244

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	2025	2024
Embedded derivative component-revaluation gain (loss) on redemption and put options, included in other gains and losses	$ (2,119)	4,294
Amortization of bonds payable, included in finance costs	$ 8,186	8,937

The issuance information on the convertible bonds was as follows:

	2022 domestic unsecured convertible bonds
Issuance amount	$500,000 thousand
Issuance date	2022.8.26
Issuance price	At 100.5% of par value
Coupon rate	0%
Issuance period	2022.8.26~2027.8.26
Trustee bank	Taipei Fubon Bank
Redemption options	The Group may redeem the bonds after November 27, 2022 and before July 17, 2027 when meeting specific requirements.
Put options	Each holder has the right to require the Company to redeem the holder's bonds at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 100.75% per annum at the principal amount after August 26, 2025.
Conversion period of convertible bonds	Each holder of the bonds will have the right to convert their bonds to common shares at conversion price or redeem the unredeemed and unconvertible bonds at par value with cash during the period from November 27, 2022, to August 26, 2027.
Conversion price	The conversion price is set at $132 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company's ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance. On March 23, 2023, the Company announced the conversion price would be adjusted from $132 to $129.3 beginning on April 21, 2023 (the distribution date of cash dividends). In addition, the Company declared on March 25, 2024 that since the base date of cash dividend distribution, April 19, 2024, the conversion price has been adjusted from NT$129.3 to 127.1. The Company declared on March 25, 2024 that since the base date of cash dividend distribution, April 19, 2024, the conversion price has been adjusted from NT$129.3 to 127.1. In addition, the Company declared on March 24, 2025 that since the base date of cash dividend distribution, April 17, 2025, the conversion price has been adjusted from NT$127.1 to 124.8.

The holders of the convertible bonds may exercise the put option during the period stipulated in the operating procedures of the issuance. Therefore, the Company presented them under current liabilities since August 26, 2024, which does not mean someone will definitely request the Company to repay the liabilities within one year in the future.

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(l) Lease liabilities

Carrying amount of the lease liabilities of the Group were as follows:

	December 31, 2025	December 31, 2024
Current	$ 4,846	5,053
Non-current	$ 1,743	4,069

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2025	2024
Interest expenses on lease liabilities	$ 110	182
Expenses relating to short-term leases	$ 529	530

Please refer to Note 6(v) financial instruments for maturity analysis.

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

	2025	2024
Total cash outflow for leases	$ 5,753	5,868

(i) Buildings leases

The Group leases buildings for its offices, warehouses and staff dormitories. The leases typically run for a period of 2 to 3 years. Some leases contain extension options exercisable up to the same period as original contracts before the end of the contract period.

(ii) Other leases

The Group leases parking space and safe deposit box, with lease terms within one year. These leases are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	$ 8,149	6,089
Fair value of plan assets	(5,741)	(5,139)
Net defined benefit liabilities	$ 2,408	950

The Group 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 calculated 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 Group's Bank of Taiwan labor pension reserve account balance amounted to $5,741 thousand as of the reporting date. 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.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	2025	2024
Defined benefit obligations at January 1	$ 6,089	6,492
Current service costs and interest costs	1,589	2,006
Remeasurement loss (gain):		
—Return on plan assets excluding interest income	331	372
—Actuarial loss (gain) arising from financial assumptions	140	(2,781)
Defined benefit obligations at December 31	**$ 8,149**	**6,089**

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2025	2024
Fair value of plan assets at January 1	$ 5,139	4,488
Interest income	101	75
Remeasurements loss (gain):		
—Return on plan assets excluding interest income	331	372
Contribution paid by the employer	170	204
Fair value of plan assets at December 31	**$ 5,741**	**5,139**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2025	2024
Current service costs	$ 1,470	1,901
Net interest of net liabilities (assets) for defined benefit obligations	119	105
Gains or losses on the settlement and others	(101)	(75)
Net interest of net liabilities for defined benefit obligations	**$ 1,488**	**1,931**
Research and development expenses	**$ 1,488**	**1,931**

5) Remeasurement of net defined benefit liability recognized in other comprehensive income
The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

		2025	2024
Accumulated amount at January 1	$	3,824	6,605
Recognized during the period		140	(2,781)
Accumulated amount at December 31	$	3,964	3,824

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

	December 31, 2025	December 31, 2024
Discount rate	1.750%	2.000%
Future salary increase rate	3.000%	3.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date of the year ended December 31, 2025 is $170 thousand.
The weighted average lifetime of the defined benefits plans is 11.27 years.

7) Sensitivity analysis
When calculating the present value of the defined benefit obligation, the Group must use judgement and estimates to determine actuarial assumptions related to the date of balance sheet, including discount rate and future salary changes. Changes in actuarial assumptions may affect amount of the Group's determination of benefit obligations significantly.
If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined obligations	
		Increase 0.25%	Decrease 0.25%
December 31, 2025			
Discount rate 1.75%	$	(254)	264
Future salary increase rate 3.000%		257	(248)
December 31, 2024			
Discount rate 2%	$	(174)	182
Future salary increase rate 3.000%		176	(169)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.
There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2025 and 2024.

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(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries, and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $25,808 thousand and $24,309 thousand for the years ended December 31, 2025 and 2024, respectively.

(n) Income taxes

(i) Income tax expense

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

	2025	2024
Current tax expense	$ 64,634	46,686
Deferred tax expense	22,913	635
	$ 87,547	47,321

2) The amount of income tax recognized in equity or other comprehensive income for 2025 and 2024 were both 0.

3) Reconciliation of income tax and profit before tax for 2025 and 2024 were as follows:

	2025		2024	
	Rate	Amount	Rate	Amount
Profit excluding income tax	20%	$ 597,354	20%	351,661
Income tax using the Company's domestic tax rate		119,471		70,332
Tax effect of permanent differences		15,288		4,467
Tax incentive		(30,067)		(21,752)
Changes in unrecognized temporary differences and others		(17,145)		(5,726)
		$ 87,547		47,321

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized for 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
The carry forward of unused tax losses	$ 19,847	8,846
Tax effect of deductible temporary differences	20,099	37,459
	$ 39,946	46,305

(Continued)

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Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be which the Group can utilize the benefits therefrom available against.

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 on the Group's unutilized business losses for which no deferred tax assets were recognized were as follows:

Company name	Year of loss	Unused tax loss	Expiry date
BROADWAY SYSTEM, INC.	2016~2018	$ 386	2026~2028
BROADWAY SYSTEM, INC.	2022	11,486	2032
BROADWAY SYSTEM, INC.	2023	15,394	2033
BROADWAY SYSTEM, INC.	2024	15,272	2034
BROADWAY SYSTEM, INC.	2025	56,695	2035
		$ 99,233	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

	Allowance for inventory valuation loss	Defined benefit plans	Unrealized exchange loss and others	Total
Deferred tax assets:				
Balance on January 1, 2025	$ (57,753)	(2,123)	(449)	(60,325)
Debited/(credited) in profit or loss	26,573	(264)	(2,209)	24,100
Balance on December 31, 2025	$ (31,180)	(2,387)	(2,658)	(36,225)
Balance on January 1, 2024	$ (57,258)	(1,778)	(737)	(59,773)
Debited/(credited) in profit or loss	(495)	(345)	288	(552)
Balance on December 31, 2024	$ (57,753)	(2,123)	(449)	(60,325)

	Unrealized exchange Gain and others
Deferred tax liabilities:	
Balance on January 1, 2025	$ 1,196
Debited/(credited) in profit or loss	(1,187)
Balance on December 31, 2025	$ 9
Balance on January 1, 2024	$ 9
Debited/(credited) in profit or loss	1,187
Balance on December 31, 2024	$ 1,196

(Continued)

3) Assessment of tax

The Company and subsidiaries within the territory of the R.O.C. included in the consolidated entities' tax returns for the years through 2023 were assessed by the National Tax Administration.

(o) Capital and other equity

(i) Issuance of ordinary shares

As of December 31, 2025 and 2024, the numbers of authorized ordinary shares were both 123,000 thousand shares, with a par value of $10 per share, totaling $1,230,000 thousand.

Expressed in thousands of New Taiwan Dollars

	December 31, 2025	**December 31, 2024**
Issued at beginning of the period	90,854	90,279
Issue and cancellation of restricted stock awards	(51)	399
Accumulated conversion of convertible bonds	324	176
Issued at end of the period	**91,127**	**90,854**

The legal registration procedures of the aforementioned items have been completed.

As of December 31, 2025 and 2024, the authorized capital includes 15,000 thousand shares for employee stock options, of which 91,127 thousand and 90,854 thousand ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	**December 31, 2024**
Issued share premium	$ 228,165	228,165
Employee stock options	5,674	2,940
Restricted stock awards	36,840	42,450
Conversion right of convertible bonds	34,969	38,244
Premium on conversion of Convertible bonds	60,469	21,257
	$ 366,117	**333,056**

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 paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

In accordance with the R.O.C Company Act, two thirds of authorized Board of Directors must be present, and more than half of the directors present will reach an agreement to distribute the dividends and bonuses or all or a portion of the legal reserve and capital reserve as stipulated in Item 1 of Article 241 of the Group Law in the form of cash, which is reported to the meeting of shareholders.

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES

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(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be less than 10% of total dividends.

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 the capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal 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 earnings 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 March 11, 2025 and March 8, 2024, as well as the shareholders' meeting on June 11, 2025 and June 13, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	2024		2023	
	Dividends per share (NT dollars)	**Amount**	**Dividends per share (NT dollars)**	**Amount**
Dividend distributions to shareholders:				
Cash Dividends	$ 3.00	271,640	1.80	162,504

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES

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Earnings distributions for 2024 and 2023 that decided by the general meeting of shareholders were not different from the resolution of board meeting. The related information can be accessed from the Market Observation Post System website.

The amount of cash dividends $ 4.5 per share on the appropriations of earnings for 2025 will be approve and propose during the board meeting on March 10, 2026. The related information can be accessed from the Market Observation Post System website after the board meeting.

(p) Share-based payment

As of December 31, 2025 and 2024, the Group's equity settled share-based payments were as follows:

	Employee stock options		**Restricted stock awards**	
Underlying target	Share of the Company	Share of BROADWAY	Share of the Company	Share of BROADWAY
Grant date	2024.05.07	2022.10.01	2023.12.29	2023.12.29
Number of shares granted (in thousand/shares)	300	2,800	200	200
Contract term	2 years	2 years	3 years	4 years
Recipients	Employees of the Company	Employees of the Group	Employees of the Group	Executives of the Company
Vested service conditions	Rendering service for 2 years in the future	Rendering service for 2 years in the future	Rendering service for 3 years in the future	Rendering service for 4 years in the future
Vested performance conditions	-	-	Meet performance assessment goals	Meet performance assessment goals

(i) The Company conducted a cash capital increase on December 29, 2023 by issuing 400 thousand new restricted shares, at a par value of $10 per share and a fair value of $46,560 thousand on the grant date, totaling $4,000 thousand, as employee stock options to its and its subsidiaries qualified full-time employees, based on the resolution approved during the shareholders' meeting held on June 15, 2022.

Details of the outstanding restricted stock awards of the Company were as follows:

Expressed in Thousands of shares

	2025	**2024**
Beginning outstanding number of shares	399	400
Expired number of shares	(51)	(1)
Ending outstanding number of shares	**348**	**399**

(Continued)

(ii) A resolution was approved during the board meeting held on May 5, 2022 for the Company to award 300 new shares as employee stock options, wherein 1,000 shares could be subscribed per unit, with a total of 300 thousand shares. The above stock options have been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. on July 13, 2022, and have been issued on May 7, 2024 in full.

The duration of the above employee stock options is 10 years. The accumulated proportions of stock options that may be exercised in each year by the holders of the employee stock options after granted for 2 years are as follows. Those stock options shall not be transferred, pledged, given, or disposed of by any other means to third parties. But inheritance is not subjected to the restriction.

	Issue year
Granted period of the stock options	**2024**
Granted for 2 years	50%
Granted for 3 years	100%

Details of the aforementioned employee stock options are as follows:

	2025		2024	
(Expressed in thousands of shares)	**Weighted average exercise price (dollar)**	**Number of options**	**Weighted average exercise price (dollar)**	**Number of options**
Beginning outstanding number of units	$ 95.70	300	-	-
Granted units	-	-	95.70	300
Expired units	-	(11)	-	-
Ending outstanding number of units	95.70	289	95.70	300
Ending exercisable number of units		-		-
Weighted average fair value of employee stock options		$ 25.60		25.60

Information on the outstanding stock options is as follows:

	December 31, 2025	December 31, 2024
Weighted average residual contract period (year)	2.25 years	3.25 years

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Fair value of the share-based payment of the employee stock options at the grant date is estimated by Black-Scholes option valuation model . The measurement inputs are as follows:

	2024
Exercise price (NT$)	95.7
Market price of shares at the grant date (NT$)	95.7
Expected dividend rate (%)	2.2%
Expected share price volatility (%)	41%
Risk-free interest rate (%)	1.48%~1.55%
Expected duration (years)	3~4 years

(iii) A resolution was approved during the board meeting held on March 11, 2025 for the Company to award 600 units of employee stock options, wherein 1,000 shares could be subscribed per unit, with a total of 600 thousand shares. The above stock options have been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. on October 17, 2025. As of the date of the financial statements, the stock options have not been issued.

(iv) In 2022, a resolution for BROADWAY was approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. to award 2,800 thousand new units as employee stock options, but only 1,915 thousand units were issued, wherein 1 share could be subscribed per unit, with a total of 2,800 thousand shares. The duration of the above employee stock options is 4 years. The accumulated proportions of stock options that may be exercised in each year by the holders of the employee stock options after granted for 2 years are as follows. Those stock options shall not be transferred, pledged, given, or disposed of by any other means to third parties. But inheritance is not subjected to the restriction.

	Issue year
Granted period of the stock options	**2022**
Granted for 2 years	50%
Granted for 3 years	100%

According to the employee stock options plan, after issuing new shares from BROADWAY, it is necessary to attach relevant documents for applying changes in capital amount to the securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. every quarter.
Details of the employee stock options of BROADWAY are as follows:

	2025		2024	
(Expressed in thousands)	Weighted average exercise price (dollar)	Number of options	Weighted average exercise price (dollar)	Number of options
Beginning outstanding number of units	$ 14.00	1,610	14.00	1,610
Expired during the year (number)	-	(480)	-	-
Ending outstanding number of units	14.00	1,130	14.00	1,610
Ending exercisable number of units		1,130		805
Weighted average fair value of employee stock options		$ 3.25		3.25

(Continued)

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Notes to the Consolidated Financial Statements

The details of the share options of BROADWAY as of December 31, 2022 were as follows:

	December 31, 2025	December 31, 2024
Weighted average residual contract period (year)	0.75 years	1.75 years

Fair value of the share-based payment of the employee stock options at the grant date is estimated by Black Scholes option valuation model . The measurement inputs are as follows:

	2022
Exercise price (NT$)	14.0
Market price of shares at the grant date (NT$)	13.9
Expected dividend rate (%)	- %
Expected share price volatility (%)	40%
Risk-free interest rate (%)	1.41%~1.44%
Expected duration (years)	3.0~3.5 years

(v) The remuneration costs were $13,994 thousand and $19,186 thousand, respectively, recognized by the Group in 2025 and 2024.

(q) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2025 and 2024, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, as follows:

	2025	2024
Profit attributable to ordinary shareholders of the Company	$ 509,807	304,469
Weighted-average number of ordinary shares (thousands shares)	90,669	90,280
Basic earnings per share (NT dollars)	$ 5.62	3.37

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2025 and 2024 is based on the net profit attributable to owners of the ordinary shares of the Company and the weighted average outstanding number of shares after adjusted for dilutive effects of potential ordinary shares. The relevant calculations are as follows:

	2025	2024
Profit attributable to ordinary shareholders of the Company (basic)	$ 509,807	304,469
Interest expense on convertible bonds, net of tax	6,549	7,150
Profit attributable to ordinary shareholders of the Company (diluted)	$ 516,356	311,619
Weighted-average number of outstanding ordinary shares (thousands shares)	90,669	90,280
Effect of dilutive potential ordinary shares - convertible bonds	3,564	3,913
Effect of accrued employees' compensation deemed to be distributed all by shares	799	272
Effect of issue of shares for restricted stock awards	222	112
Effect of employee stock options	68	14
Weighted-average number of outstanding ordinary shares (thousands shares)	95,322	94,591
Diluted earnings per share (NT dollars)	$ 5.42	3.29

For calculation of the dilutive effect of the employees' compensations, restricted stock awards, and employee stock options, the fair value is assessed based on the quoted market price at the reporting date of the Company.

(r) Revenue from contracts with customers

(i) Details of revenue

	2025	2024
Primary geographical markets		
Taiwan	$ 2,729,649	2,045,995
China	1,281,108	1,065,554
Others	45,403	67,141
	$ 4,056,160	3,178,690
Major products		
Integrated circuit chip	$ 4,051,952	3,175,193
Others	4,208	3,497
	$ 4,056,160	3,178,690

(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable	$ 287,967	288,394	203,683
Less: allowance for impairment	(2,858)	(2,883)	(2,031)
Total	$ 285,109	285,511	201,652
Contract liabilities	$ 35,939	22,622	10,715

The details on accounts receivable and allowance for impairment, please refer to Note 6(d).

The beginning balance of contract liabilities recognized as revenue at January 1 to December 31, 2025 and 2024 were $14,831 thousand and $3,507 thousand, respectively.

The contract liabilities primarily related to the advance consideration received from customers for the sales contracts, for which revenue was recognized when products were delivered to customers. The mainly movements of the contract liabilities during 2025 and 2024 were due to the time difference between delivering or transferring the products and service to fulfill performance obligations and the customers payment.

(s) Employee compensation and directors' remuneration

The Company amended the Articles of Incorporation by resolution of shareholders meeting on June 11, 2025. In accordance with the Articles of Incorporation after amendments, the Company should contribute no less than 5% of the profit as employee compensation (of which, non-executive employees' compensation shall not be lower than 0.5%) and less than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

In accordance with the Articles of Incorporation before amendments, the Company should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration (including non-executive employees' compensation) amounting to $68,550 thousand and $40,290 thousand, respectively; as well as its remunerations to directors amounting to $20,560 thousand and $12,090 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2025 and 2024. The numbers of shares to be distributed for 2025 and 2024 were calculated based on the closing price of the Company's one day before the date of the meeting of Board of Directors.

he related information can be accessed from the Market Observation Post System website. The amounts mentioned above were identical to those of the actual distributions for 2025 and 2024.

(t) Other income

The details of other income of the Group in 2025 and 2024 were as follows:

		2025	2024
Rent Income	$	1,198	1,173
Other Income		927	605
	$	2,125	1,778

(u) Other gains and losses

The details of other profits and losses of the Group in 2025 and 2024 were as follows:

		2025	2024
Foreign exchange gains(losses)	$	(56,291)	35,801
Net gains (losses) on financial assets (liabilities) at fair value through profit or loss		(2,119)	4,294
Others		(4,075)	(3,489)
	$	(62,485)	36,606

(v) Financial instruments

(i) 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, which arises from the Group's accounts receivable and security investments.

1) Accounts receivable and other receivables

The Group has adopted a policy that only trading with the parties with good credit standing and the Group shall secure a collateral to lighten the risk of financial loss arising from arrears when it is necessary. The major customers are rated by the Group, using public financial information and their transaction histories. The Group keeps monitoring the credit exposure and the customers' creditworthiness, and then distributes total transaction amounts into the qualified customers. The credit limit of the customers are reviewed and approved annually to control the credit exposure.

The Group do not hold any collateral or other credit enhancement to avoid the credit risk of financial assets.

2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

3) Exposure to credit risk

As at reporting date, the carrying amount of financial assets represents the maximum amount exposed to credit risk. For the years ended in 2025 and 2024, the maximum amount was $1,830,585 thousand and $1,711,631 thousand, respectively. Implicit credit risk of the Group is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

4) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of December 31, 2025 and 2024, 87% and 72%, respectively, of the Group's accounts receivable were concentrated on top five sales clients.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 years	2~3 years
December 31, 2025				
Non-derivative financial liabilities:				
Short-term borrowings	$ 259,000	260,075	260,075	-
Notes and accounts payable	289,191	289,191	289,191	-
Bonds payable	423,732	436,800	436,800	-
Other financial liabilities	357,861	357,861	357,861	-
Lease liabilities	6,589	6,667	4,914	1,753
	$ 1,336,373	1,350,594	1,348,841	1,753
December 31, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	$ 229,000	229,785	229,785	-
Notes and accounts payable	239,879	239,879	239,879	-
Bonds payable	454,728	477,700	477,700	-
Other financial liabilities	289,876	289,876	289,876	-
Lease liabilities	9,122	9,269	5,161	4,108
	$ 1,222,605	1,246,509	1,242,401	4,108

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

(iii) 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's 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) Exposure to foreign currency risk

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

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 15,266	31.430	479,810	24,479	32.785	802,543
CNY	3,294	4.496	14,808	3,050	4.478	13,658
Financial liabilities						
Monetary items						
USD	6,512	31.430	204,686	4,077	32.785	133,650

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b) 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 receivables, and trade payables that are denominated in foreign currency. A weakening or strengthening of 1% of the NTD against the Foreign currency as of 31 December, 2025 and 2024 would have decreased or increased the net profit before tax by $2,899 thousand and $6,826 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis of the two periods is performed on the same basis.

c) Foreign exchange gain and loss 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. The information on foreign exchange loss (including realized and unrealized portions) were as follow:

	2025		2024	
	Foreign exchange gain (loss)	**Exchange rate in average**	**Foreign exchange gain (loss)**	**Exchange rate in average**
NTD	$ (56,291)	1	35,801	1

2) Interest rate analysis

Please refer to the Notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2025	**December 31, 2024**
Fixed-rate instruments:		
Financial assets	$ 512,116	628,790
Financial liabilities	(682,731)	(683,728)
	$ (170,615)	(54,938)
Variable-rate instruments:		
Financial assets	$ 986,363	779,551

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 1 basis points, the Group's profit before income tax would have increased or decreased by $2,466 thousand and $1,949 thousand for the years ended December 31, 2025 and 2024, respectively.

The Group's financial assets at fixed interest rates are financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

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(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, 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:

	December 31, 2025				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Embedded derivative instruments of convertible bonds	$ 175	-	175	-	175
Financial assets at fair value through other comprehensive income					
Equity investment	$ 40,449	-	-	40,449	40,449
Foreign corporate bonds	63,057	63,057	-	-	63,057
Domestic corporate bonds	129,571	129,571	-	-	129,571
	$ 233,077	192,628	-	40,449	233,077
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 1,200,350				
Accounts receivable, net	285,109				
Other financial assets - current	111,210				
Other financial assets – non-current	664				
	$ 1,597,333				
Financial liabilities at fair value through profit or loss					
Embedded derivative instruments of convertible bonds	$ 95	-	95	-	95
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 259,000				
Notes and accounts payable	289,191				
Bonds payable	423,732		424,372		424,372
Lease liabilities	6,589				
Other financial liabilities	357,861				
	$ 1,336,373				

(Continued)

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	December 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Embedded derivative instruments of convertible bonds	$ 2,389	-	2,389	-	2,389
Financial assets at fair value through other comprehensive income					
Equity investment	$ 9,146	-	-	9,146	9,146
Corporate bonds	64,849	64,849	-	-	64,849
	$ 73,995	64,849	-	9,146	73,995
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 1,243,793				
Accounts receivable, net	285,511				
Other financial assets - current	105,283				
Other financial assets – non-current	660				
	$ 1,635,247				
Financial liabilities at fair value through profit or loss					
Embedded derivative instruments of convertible bonds	$ 95	-	95	-	95
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 229,000				
Notes and accounts payable	239,879				
Bonds payable	454,728		453,237		453,237
Lease liabilities	9,122				
Other financial liabilities	289,876				
	$ 1,222,605				

2) Valuation techniques for financial instruments not measured at fair value

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid ask spreads is an indication of nonactive market.

The Group's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as corporate stock, beneficiary certificate etc., its fair value depends on the market quotation.
- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The Group's financial instrument which do not have quoted price in active market, the fair value is measured by net assets value method.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants.

4) The changes in Level 3 fair values for the years ended December 31, 2025 and 2024 were as follows:

		2025	2024
Opening balance	$	9,146	9,572
Additions: Total gains and losses recognized in other comprehensive income		1,303	(426)
Acquisition in current period		30,000	-
Ending balance	$	40,449	9,146

There were no transfers in the fair value hierarchy during 2025 and 2024.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

The fair value measurements of the Group's financial instruments are reasonable. For the value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alterative assumptions would have the following effects:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income－equity investments without an active market	Comparable company analysis	·Discount on lack of market liquidity (20% for both December 31, 2025 and 2024) ·P/B ratio (2.01 for December 31, 2025 and 2.08 for December 31, 2024)	·The higher the discount on lack of market liquidity, the lower the fair value. ·The higher the multiplier, the higher the fair value.

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Other comprehensive income	
	Input	**Variation**	**Favorable**	**Unfavorable**
December 31, 2025				
Financial assets at fair value through other comprehensive income				
Investments in equity instrument without active market	Discount on liquidity	10%	1,129	(1,129)
Investments in equity instrument without active market	P/B ratio	5%	452	(452)
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Investments in equity instrument without active market	Discount on liquidity	10%	1,143	(1,143)
Investments in equity instrument without active market	P/B ratio	5%	457	(457)

(Continued)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) Financial risk management

(i) Structure of risk management

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 Group's 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. The Group's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to The Group's Board of Directors.

(ii) Overview

The Group is exposed to the following risks arising from financial instruments:

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

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to Note 6(v).

(x) Capital management

The Group's capital management policy is to ensure that it has sufficient capital base to maintain investors, creditors and market confidence. Capital includes share capital, capital surplus, retained earnings, and non-controlling interests. As of December 31, 2025, the Group has sufficient capital to fund its working capital needs, and expenditures, such as research and development expenses over the next 12 months. The Group's capital management strategy was consistent at each reporting date.

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(y) Non-cash investing and financing activities

The Group's non-cash investing and financing activities for the years ended December 31, 2025 and 2024 were as follows:

(i) Obtain right-of-use assets by lease, please refer to Notes 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes	December 31, 2025
Short-term borrowings	$ 229,000	30,000	-	259,000
Lease liabilities	9,122	(5,114)	2,581	6,589
Bonds payable	454,728	-	(30,996)	423,732
Total liabilities from financing activities	$ 692,850	24,886	(28,415)	689,321

	January 1, 2024	Cash flows	Non-cash changes	December 31, 2024
Short-term borrowings	$ 401,000	(172,000)	-	229,000
Lease liabilities	11,758	(5,156)	2,520	9,122
Bonds payable	467,017	-	(12,289)	454,728
Total liabilities from financing activities	$ 879,775	(177,156)	(9,769)	692,850

(7) Related-party transactions:

(a) Name and relationships with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related parties	Relationship with the Group
Key management personnel	Key management personnel of the Company
SYNTEK SEMICONDUCTOR CO., LTD.	Same chairman as the Company

(b) Key management personnel compensation

Key management personnel compensation comprised:

	2025	2024
Short-term employee benefits	$ 66,724	63,177
Post-employment benefits	817	945
Share-based payments	5,976	8,335
	$ 73,517	72,457

Please refer to Note 6(p) for further explanations related to share-based payment transactions.

(c) Transactions with other related parties

(i) Others

The amount paid to other related parties for technology service expenses for the years ended December 31, 2025 and 2024 amounted to $8,700 thousand and $300 thousand, respectively. As of December 31, 2025 and 2024, $2,378 thousand and $0 thousand were unpaid, recognized under other financial liabilities.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2025	December 31, 2024
Land	Bank loans	$	490,337	490,337
Buildings	Bank loans		143,891	148,399
Time deposits (recognized as other financial assets – current)	Guarantee for credit line of purchases and guarantee for post release duty payment		106,000	100,000
		$	740,228	738,736

(9) Significant commitments and contingencies:

For the years ended 2025 and 2024, the major commitments and contingencies of the Group are as follows:

(a) The Group issued guarantee for bank loans, amounting to $1,838,000 thousand and $1,833,000 thousand, respectively.

(b) Based on the software maintenance agreement entered into by the Group, the estimated amounts to be paid by the Group for the use of labor services in the future during the contract period are $48,875 thousand and $118,491 thousand, respectively.

(c) The Group entered into a joint design, production and sales agreement with its peers, wherein the peers shall set aside a certain percentage of sales revenue and gross sales as royalty payments for the use of ICs when selling their products.

(d) The Group entered into a follow-up supply contract with certain suppliers, wherein the Group will have to pay the estimated amounts of $0 thousand and $72,000 thousand, respectively.

(e) The amounts of bank guarantee for post-release duty payment on imported goods of the Group were $1,000 thousand and $6,000 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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(12) Other:

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

By function / By item	2025 Operating cost	2025 Operating expenses	2025 Total	2024 Operating cost	2024 Operating expenses	2024 Total
Employee benefits						
Salary	-	849,804	849,804	-	727,668	727,668
Labor and health insurance	-	47,140	47,140	-	44,291	44,291
Pension	-	27,296	27,296	-	26,240	26,240
Other employee benefits	-	19,244	19,244	-	17,452	17,452
Depreciation	43,887	46,446	90,333	35,304	45,989	81,293
Amortization	-	24,125	24,125	-	25,186	25,186

(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 year ended December 31, 2025:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Significant securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership	Note
	Stock:								
The Company	DANOTECH CO., LTD.	The investee at fair value through other comprehensive income	Equity method at fair value through other comprehensive income - non-current	2,900	$ 9,033	6.23%	9,033	6.23%	
〃	Phoenix VII Innovation & Venture Capital Co., Ltd.	〃	〃	3,000	31,416	1.33%	31,416	-	
〃	Syndiant Inc.	The investee designation as at fair value through profit or loss	Financial Assets designation as at fair value through profit or loss - non-current	130	-	0.84%	-	0.84%	
〃	SILICONGEAR CORPORATION	〃	〃	22	-	0.08%	-	0.09%	
〃	S-SHARP CORPORATION	〃	〃	250	-	17.46%	-	17.46%	
					$ 40,449				
	Bond:								
	SAUDI Internation	None	Investments in debt instruments at fair value through other comprehensive income	-	$ 16,776	- %	16,776	- %	
	Microsoft Corporation	〃	〃	-	19,631	- %	19,631	- %	
	Qualcomm Corporation	〃	〃	-	26,650	- %	26,650	- %	
	TransGlobe Life Insurance Inc.	〃	〃	-	30,111	- %	30,111	- %	
	Nan Shan Life Insurance Company, Ltd.	〃	〃	-	99,460	- %	99,460	- %	
					$ 192,628				

(Continued)

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Notes/accounts receivable (payable)	Note
The Company	BROADWAY	The subsidiary of the Company	(Sale)	(290,069)	7.27 %	90 Days	Note 1	no significantly difference	92,701	26.64%	Note 2
BROADWAY	The Company	Parent company of BROADWAY	Purchase	290,069	100 %	90 Days	〃	no significantly difference	(92,701)	(100.00)%	〃

Note 1: No other transactions could be comparable.
Note 2: The amounts in left have been eliminated in preparing the consolidated financial statements.

(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:

			Nature of	Intercompany transactions			
No.	Name of company	Name of counter-party	relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	BROADWAY	1	Accounts Receivable	92,701	90 Days	2.50%
0	〃	〃	1	Sales Revenue	290,069	〃	7.15%
0	〃	GLA	1	Service Expenses	32,844	Payment depending on GLA demand	0.81%

Note 1: "0" represents the parent company, and the others represent the subsidiaries. The subsidiaries start with number 1.
Note 2: "1" represents the transactions from parent company to subsidiary.
"2" represents the transactions from subsidiary to parent company.
"3" represents the transactions between subsidiaries.

(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):

			Main	Original investment amount		Balance as of December 31, 2025			Net income	Share of	Highest	
Name of investor	Name of investee	Location	businesses and products	December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value (Note 1)	(losses) of investee	profits/losses of investee	Percentage of ownership	Note
The Company	GLA	USA	IC design	30,085	30,085	40,000	100%	16,236	1,090	680	100%	Subsidiary
The Company	Eclat	Samoa	Investment holding	168,148	168,148	1,500	100%	7,442	(10,933)	(10,933)	100%	〃
The Company	BROADWAY	Taiwan	IC sale	391,018	254,418	20,000	100%	121,828	(59,861)	(59,966)	100%	〃
BROADWAY	BSA	USA	IC design	462	462	15	100%	231	(85)	(85)	100%	〃

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

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

					Investment flows								
Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Outflow	Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	Accumulated remittance of earnings in current period
Eclat-Shenzhen representative office	Promotion of goods or services	-	Note 1	-	-	-	-	Note 1	Note 1	-	-	-%	-

Note 1: It is through the holding company, Eclat Holding Ltd., to set up a representative office in mainland China to expand the mainland market.

(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
-	-	1,372,660

(iii) Significant transactions: None

(14) Segment information:

(a) General information

The Group is primarily involved in the design and manufacture of integrated circuit and semiconductor. The Chief Operating Decision Maker, which is the sole reportable segment of the Group, evaluates the performance based on the overall operating situation. For the years ended December 31, 2025 and 2024, the Group's segment financial information was the same as that of the consolidated financial statements.

(b) Product and service information:

Please refer to Note 6(r).

(c) Geographic information:

Please refer to Note 6(r).

(d) Major customers

Sales to individual clients constituting over 10% of total revenue in 2025 and 2024 were summarized as follows:

	2025	
Client	**Amounts**	**Percentage of net sales**
CNCI01	$ 788,890	19
GIYV01	682,792	17
GRKN01	645,552	16
WTCO01	551,607	14
	$ 2,668,841	66

	2024	
Client	**Amounts**	**Percentage of net sales**
GIYV01	$ 630,466	20
GRKN01	620,392	20
CNCI01	599,533	19
	$ 1,850,391	59