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**LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

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

Hereby certified.

LITON TECHNOLOGY CORP.

Chih-Ming Wu
Chairman

13 March 2026

Independent Auditors' Report Translated from Chinese

To Liton Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Liton Technology Corp. and its subsidiaries (the "Group") as of 31 December 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2025 and 2024, and their consolidated financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2025 consolidated financial statements. 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.

Impairment of accounts receivable

As of 31 December 2025, the gross accounts receivable and loss allowance by the Group amounted to NT\$972,425 thousand and NT\$17,320 thousand, respectively. The net accounts receivable accounted for 15% of consolidated total assets, which was considered material to the Group. The collection of accounts receivable is a key factor in the working capital management of the Group. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing of the effectiveness of the Group internal control related to the management of customer credit risk and accounts receivable collection; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; recalculating the reasonableness of loss allowance based on trading conditions; evaluating individually the reasonableness of the impairment of accounts receivable longer aging and significant overdue amounts ; recalculating the reasonableness of non-individual significant customers (cohort assessment) based on accounting policy of loss allowance ; sampling and testing accounts receivable letter and reviewed its collection in subsequent period. We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6 to the Group's consolidated financial statements.

Valuation for inventories

As of December 31, 2025, the net inventories amounted to NTD\$933,994 thousand accounting for 15% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. The Company and its subsidiaries starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation and slow-moving losses for raw materials, supply and parts. Due to diversity of products and uncertainty arising from rapid changes in products, allowance for obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of the internal controls established by management for inventory; evaluating the reasonableness of accounting policy of loss allowance; observing inventory counts to ensure quantities and status; checking the unit cost of inventory; sampling and testing the accuracy of inventory aging intervals; investigating whether manufactured goods had properly classified by level of inventories and valued with each levels. Additionally, our audit obtained the inventory valuation schedules for the year, performed sampling tests of supporting documentation relating to inventory purchase costs and selling prices, and assessed the reasonableness of the overall net realizable value of inventories.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of Liton Technology Corp. as of and for the years ended 31 December 2025 and 2024.

Chin-Yuan Tu

Wen-Chen Lo

Ernst & Young, Taiwan
13 March 2026

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2025 and 31 December 2024
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2025	2024
Current assets			
Cash and cash equivalents	4, 6(1)	\$1,101,694	\$1,107,290
Financial assets at fair value through profit or loss, current	4	1,575	1,555
Notes receivable, net	4, 6(2), 6(10)	254,864	370,860
Accounts receivable, net	4, 6(2), 6(10)	688,483	586,124
Accounts receivables-related parties, net	4, 6(2), 6(10), 7	266,622	282,896
Other receivables	4	3,394	13,123
Current tax assets		920	920
Inventories	4, 6(3)	933,994	874,060
Prepayment		94,470	119,194
Other current assets	8	7,674	5,834
Total current assets		3,353,690	3,361,856
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4	5,510	5,744
Property, plant and equipment	4, 6(4), 7, 8	2,698,540	2,816,063
Right-of-use assets	4, 6(11), 7	101,229	88,640
Intangible assets	4	7,620	1,870
Deferred tax assets	4, 6(15)	25,493	21,926
Net defined benefit assets, non-current	4, 6(7)	14,665	12,386
Other non-current assets	7	187,855	59,589
Total non-current assets		3,040,912	3,006,218
Total assets		\$6,394,602	\$6,368,074

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English Translation of Consolidated Financial Statements Originally Issued in Chinese

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2025	2024
Current liabilities			
Short-term loans	4, 6(5)	\$600,206	\$894,893
Contract liabilities, current	4, 6(9)	368	1,578
Accounts payable	4	45,520	29,667
Accounts payables-related parties	4, 7	76,675	71,509
Other payables	4	236,139	244,990
Current tax liabilities	4	34,914	45,404
Lease liabilities, current	4, 6(11), 7	4,398	4,635
Long-term loans, current portion	4, 6(6)	120,000	64,375
Other current liabilities		17,981	14,611
Total current liabilities		<u>1,136,201</u>	<u>1,371,662</u>
Non-current liabilities			
Long-term loans	4, 6(6)	9,000	159,625
Deferred tax liabilities	4, 6(15)	73,281	21,316
Lease liabilities, non-current	4, 6(11), 7	46,899	51,049
Other non-current liabilities		126,851	130,495
Total non-current liabilities		<u>256,031</u>	<u>362,485</u>
Total liabilities		<u>1,392,232</u>	<u>1,734,147</u>
Equity attributable to the parent company	4, 6(8)		
Capital			
Common stock		1,505,718	1,505,718
Additional Paid-in Capital		828,058	820,929
Retained earnings			
Legal reserve		335,931	289,143
Special reserve		105,820	208,065
Unappropriated earnings		1,352,557	1,157,477
Subtotal		<u>1,794,308</u>	<u>1,654,685</u>
Other components of equity			
Exchange differences on translation of foreign operations		(69,337)	(104,317)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(1,440)	(1,503)
Subtotal		<u>(70,777)</u>	<u>(105,820)</u>
Treasury shares	4, 6(8)	<u>(14,472)</u>	<u>(41,808)</u>
Total equity contributes to stockholders of the parent		4,042,835	3,833,704
Non-controlling interests	6(8)	959,535	800,223
Total equity		<u>5,002,370</u>	<u>4,633,927</u>
Total liabilities and equity		<u>\$6,394,602</u>	<u>\$6,368,074</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2025	2024
Operating revenues	4, 6(9), 7	\$4,167,201	\$4,225,432
Operating costs	6(3), 6(11), 6(12), 7	(3,190,682)	(3,210,479)
Gross profit		976,519	1,014,953
Operating expenses	6(11), 6(12), 7		
Sales and marketing expenses		(63,087)	(62,548)
General and administrative expenses		(168,635)	(169,842)
Research and development expenses	7	(106,448)	(147,966)
Expected credit (losses) gains	6(10)	21,955	(30,995)
Subtotal		(316,215)	(411,351)
Operating income		660,304	603,602
Non-operating income and expenses	6(13)		
Interest income		11,397	17,549
Other income		63,586	79,780
Other gains and losses	7	(31,903)	61,108
Financial costs	7	(19,446)	(28,255)
Subtotal		23,634	130,182
Income before income tax		683,938	733,784
Income tax expense	4, 6(15)	(147,541)	(133,964)
Net income		536,397	599,820
Other comprehensive income	6(14)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans	6(7)	1,376	(1,703)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		63	-
Income tax related to items that may not to be reclassified subsequently		(275)	341
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		45,391	125,835
Total other comprehensive income, net of tax		46,492	124,473
Total comprehensive income		\$582,889	\$724,293
Net income attributable to:			
Stockholders of the parent		\$400,535	\$469,249
Non-controlling interests	6(18)	135,862	130,571
		\$536,397	\$599,820
Comprehensive income attributable to:			
Stockholder of the parent		\$436,679	\$570,132
Non-controlling interests	6(18)	146,273	154,161
		\$582,952	\$724,293
Earnings per share (NTD)	4, 6(16)		
Earnings per share-basic		\$2.68	\$3.23
Earnings per share-diluted		\$2.67	\$3.15

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company										
	Retained Earnings					Other components of equity					
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains(Losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non- controlling interests	Total equity
Balance as of 1 January 2024	\$1,432,196	\$583,462	\$259,681	\$147,667	\$935,562	\$(206,562)	\$(1,503)	\$(41,808)	\$3,108,695	\$688,478	\$3,797,173
Appropriation and distribution of 2023 retained earnings											
Legal reserve			29,462		(29,462)				-		-
Special reserve				60,398	(60,398)				-		-
Cash dividends					(156,112)			(156,112)			(156,112)
Net income in 2024					469,249			469,249		130,571	599,820
Other comprehensive income, net of tax in 2024					(1,362)	102,245		100,883		23,590	124,473
Total comprehensive income	-	-	-	-	467,887	102,245	-	-	570,132	154,161	724,293
Convertible bonds	73,522	237,467						310,989			310,989
Cash dividends from subsidiaries								-		(42,416)	(42,416)
Balance as of 31 December 2024	<u>\$1,505,718</u>	<u>\$820,929</u>	<u>\$289,143</u>	<u>\$208,065</u>	<u>\$1,157,477</u>	<u>\$(104,317)</u>	<u>\$(1,503)</u>	<u>\$(41,808)</u>	<u>\$3,833,704</u>	<u>\$800,223</u>	<u>\$4,633,927</u>
Balance as of 1 January 2025	\$1,505,718	\$820,929	\$289,143	\$208,065	\$1,157,477	\$(104,317)	\$(1,503)	\$(41,808)	\$3,833,704	\$800,223	\$4,633,927
Appropriation and distribution of 2024 retained earnings											
Legal reserve			46,788		(46,788)				-		-
Cash dividends					(262,013)			(262,013)			(262,013)
Reversal of special reserve				(102,245)	102,245				-		-
Arising from a business combination										13,039	13,039
Net income in 2025					400,535			400,535		135,862	536,397
Other comprehensive income, net of tax in 2025					1,101	34,980	63	36,144		10,411	46,555
Total comprehensive income	-	-	-	-	401,636	34,980	63	-	436,679	146,273	582,952
Share-based payment transaction		7,129						27,336	34,465		34,465
Balance as of 31 December 2025	<u>\$1,505,718</u>	<u>\$828,058</u>	<u>\$335,931</u>	<u>\$105,820</u>	<u>\$1,352,557</u>	<u>\$(69,337)</u>	<u>\$(1,440)</u>	<u>\$(14,472)</u>	<u>\$4,042,835</u>	<u>\$959,535</u>	<u>\$5,002,370</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2025	2024
Cash flows from operating activities:		
Net income before tax	\$683,938	\$733,784
Adjustments :		
Income and expense adjustments:		
Depreciation	239,688	236,468
Amortization	807	682
Expected credit (income) loss	(21,955)	30,995
Net gain of financial assets/liabilities at fair value through profit or loss	(20)	(420)
Interest expense	19,446	28,255
Interest income	(11,397)	(17,549)
Dividends income	(77)	(45)
Share-based payment awards	8,472	-
Loss on disposal of property, plant and equipment	156	4,367
Property, plan and equipment transferred to expenses	-	7
Gain on inventory write-down and reversal of obsolescence slow-moving of inventories	(8,704)	(3,110)
Changes in operating assets and liabilities:		
Financial assets/liabilities at fair value through profit or loss, current		
Notes receivable		
Increase in notes receivable	115,996	(238,297)
Increase in accounts receivable	(63,505)	(44,121)
Decrease (increase) in other receivables	9,729	(5,105)
Increase in inventories	(48,694)	(53,317)
Decrease (increase) in prepayments	24,724	(11,877)
(Increase) decrease in other current assets	(1,840)	36,281
(Increase) decrease in other non-current assets	(3,148)	4,728
Decrease in contract liabilities	(1,210)	(3,478)
Increase (decrease) in accounts payable	21,019	(49,420)
Increase in other payables	6,363	90,814
Increase in other current liabilities	3,370	3,410
Increase in net defined benefit assets, non-current	(903)	(6,690)
Cash generated from operations	<u>972,255</u>	<u>736,362</u>
Interest received	11,397	17,549
Interest paid	(19,972)	(24,130)
Income tax paid	(109,837)	(124,359)
Net cash provided by operating activities	<u>853,843</u>	<u>605,422</u>

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2025	2024
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	8,161	-
Acquisition of property, plant and equipment	(123,941)	(209,507)
Proceeds from disposal of property, plant and equipment	-	40,834
Acquisition of intangible assets	(1,167)	(273)
Acquisition of right-of-use assets	(19,425)	-
(Increase) decrease in prepayment for equipment	(123,615)	3,196
Dividends received	77	45
Net cash used in investing activities	(259,910)	(165,705)
Cash flows from financing activities:		
Increase in short-term loans	1,818,051	2,149,641
Decrease in short-term loans	(2,114,058)	(2,222,493)
Cash payments of bonds	-	(189,000)
Increase in long-term loans	-	224,000
Decrease in long-term loans (including current portion)	(95,000)	-
Decrease in guarantee deposits received	-	(39,005)
Cash payments for the principal portion of the lease liability	(4,520)	(4,362)
Other non-current liability - other increase	(3,644)	26,302
Cash dividends	(262,013)	(156,112)
Exercise of employee shares option	25,993	-
Changes in non-controlling equity	-	(42,416)
Net cash used in financing activities	(635,191)	(253,445)
Effect of exchange rate on cash and cash equivalents	35,662	22,015
Net increase in cash and cash equivalents	(5,596)	208,287
Cash and cash equivalents at beginning of period	1,107,290	899,003
Cash and cash equivalents at end of period	\$1,101,694	\$1,107,290

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
LITON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Liton Technology Corp. (the Group) was incorporated in November 1993. The main activities of the Group include manufacturing, processing and selling electric erosion aluminum foils and forming aluminum foil.

The Group was authorized to be listed on the Taipei Exchange in April 2000, and was trading its shares over the counter on 10 June 2002. The Company’s registered office and the main business location is at No.9, Zhonglong 2nd Rd., Zhongxing Industrial Zone, Tonglou Township, Miaoli County, Taiwan (R.O.C.). Lelon Electronics Corp. is the parent company of the Group and the controller of the Group.

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

The consolidated financial statements of the Company and its subsidiaries (the Group) for the years ended 31 December 2025 and 2024 were authorized for issue by the Board of Directors on 13 March 2026.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new amendments and interpretations of initial application has no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

LITON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

B. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

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

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C. Annual Improvements to IFRS Accounting Standards – Volume 11

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Amendments to Guidance on implementing IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

D. Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify the application of the ‘own-use’ requirements.
- (b) Permit hedge accounting if these contracts are used as hedging instruments.
- (c) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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- A. IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- B. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

- (a) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

- (b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

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(c) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

C. Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

D. Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (a) Clarify that when the entity's functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (b) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (c) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

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4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group’s voting rights and potential voting rights

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed 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.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31 December 2025	31 December 2024
The Company	LITON (BVI) CO., LTD	Holding company	100%	100%
The Company	V-TECH CO., LTD.	Selling formed aluminum foil and holding company	100%	100%
The Company	EVERTECH CAPA CO., LTD.	Selling formed aluminum foil	100%	100%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31 December 2025	31 December 2024
The Company	LIDON Electronics Technology Co., Ltd.	Manufacturing and selling etched aluminum foils	40%	40%
LITON (BVI) CO., LTD	LITON ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and selling formed aluminum foil	100%	100%
V-TECH CO., LTD.	FOREVER CO., LTD.	Holding company	100%	100%
FOREVER CO., LTD.	LITON ELECTRONICS TECHNOLOGY (ABAZHOU) CO., LTD.	Manufacturing and selling formed aluminum foil	100%	100%
LITON ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	LIDON Electronics Technology Co., Ltd.	Manufacturing and selling etched aluminum foils	20%	20%
LITON ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	LHPA TECHNOLOGY (HUI ZHOU) CO., LTD.	Comprehensive Utilization of Waste Resources Industry	60% (Note)	-%

Note : The Company, in order to enhance business diversification, increased its investment in LHPA TECHNOLOGY (HUI ZHOU) CO., LTD. on July 1, 2025 and acquired a 60% equity interest. Accordingly, the Company included LHPA TECHNOLOGY (HUI ZHOU) CO., LTD. as a subsidiary in these consolidated financial statements.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NT\$), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

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Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

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Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

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- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

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The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

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For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

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If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and

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the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) Fair value measurement

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

A. In the principal market for the asset or liability, or

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B. In the absence of a principal market, in the most advantageous market for the asset or liability

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and merchandise - Purchase cost under weighted average cost method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

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(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Items	Useful Lives
Buildings	5~56 years
Machinery and equipment	3~40 years
Office equipment	3~15 years
Transportation equipment	5~11 years
Other equipment	2~26 years
Leasehold improvements	8 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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(13) Leases

The Group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

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The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	<u>Computer software</u>	<u>Technology</u>	<u>Other intangible assets</u>	<u>Goodwill</u>
Useful lives	3~20 years	2~3 years	5 years	Indefinite
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	No amortization
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

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(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

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(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (i.e. when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods). The main product of the Group are forming aluminum foils, electro erosion foils and guide pin, and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 30 to 135 days. For all of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables.

Rendering of services

The Group provides rendering of services are mainly based on the maintenance services for cutting processing formed aluminum foils products, which had priced or negotiated separately and recognized at revenue when the products sent to customers whom had take control of it.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

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- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

(23) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

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Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Trade receivables—estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2025	2024
Cash on hand	\$358	\$474
Cash in transit	10,042	9,507
Demand deposits	1,091,294	1,097,309
Total	\$1,101,694	\$1,107,290

Cash and cash equivalents were not pledged.

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(2) Net Accounts receivables and Net accounts receivables-related parties

	As of 31 December	
	2025	2024
Notes receivables	\$254,864	\$370,860
Less: loss allowance	-	-
Subtotal	254,864	370,860
Accounts receivables	705,803	626,415
Less: loss allowance	(17,320)	(40,291)
Subtotal	688,483	586,124
Accounts receivables- related parties	266,622	282,896
Total	<u>\$1,209,969</u>	<u>\$1,239,880</u>

Accounts receivables were not pledged.

Accounts receivables are generally on 30-135 day terms. The total carrying amount are NT\$1,227,289 thousand and NT\$1,280,171 thousand as of 31 December 2025 and 2024. Please refer to Note 6(10) for more details on loss allowance of accounts receivables for the years ended 31 December 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

The Group's subsidiaries in Mainland China endorse and transfer bank acceptance notes obtained from other entities to suppliers as payment for trade payables. In accordance with IFRS 9 paragraphs 3.2.6 to 3.2.9, the Group assesses the extent to which the risks and rewards of ownership of the notes receivable have been transferred and whether control over the notes has been retained, in order to determine whether the transfer qualifies for derecognition.

A. Transferred notes receivable that qualify for full derecognition

For bank acceptance notes guaranteed for payment by banks and endorsed to suppliers for settlement of trade payables, the Group evaluates not only the extent to which the risks and rewards of ownership have been transferred but also other risks, including interest rate risk and late-payment risk. For bank acceptance notes issued by banks with high credit ratings, the credit and late-payment risks are insignificant, and the interest rate risk is transferred upon endorsement; accordingly, the Group assesses that substantially all the risks and rewards of ownership of such notes have been transferred and therefore derecognizes the notes upon settlement with suppliers. As of 31 December 2025 and 2024, the amounts of notes receivable that were not yet due but were fully derecognized amounted to NT\$491,745 thousand and NT\$347,210 thousand, respectively.

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B. Transferred notes receivable that do not qualify for full derecognition

Except for the aforementioned bank acceptance notes issued by banks with high credit ratings, other bank acceptance notes and notes issued by finance companies do not meet the criteria for derecognition because substantially all the risks and rewards of ownership have not been transferred. Accordingly, the Group does not derecognize those notes upon settlement with suppliers. As of 31 December 2025 and 2024, the amounts of notes receivable that had been transferred to suppliers but were not derecognized amounted to NT\$32,225 thousand and NT\$315,388 thousand, respectively.

(3) Inventories

A. The details are as follows

	As of 31 December	
	2025	2024
Raw materials	\$318,122	\$291,011
Supplies	17,307	21,156
Work in progress	55,806	38,951
Finished goods	539,933	522,232
Merchandise	2,826	710
Total	\$933,994	\$874,060

B. The inventory cost recognized as operating costs for the year ended 31 December 2025 were NT\$3,190,682 thousand, including a net inventory write-down reversal gain of NT\$8,704 thousand. The reversal gain was recognized as the factors that previously caused the net realizable value of inventories to be lower than cost had ceased to exist.

C. The inventory cost recognized as operating costs for the year ended 31 December 2025 were NT\$3,210,479 thousand, including a net inventory write-down reversal gain of NT\$3,110 thousand. The reversal gain was recognized as the factors that previously caused the net realizable value of inventories to be lower than cost had ceased to exist.

D. No inventories were pledged.

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(4) Property, plant and equipment

A. Property, plant and equipment for self-use

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Unfinished work and equipment to be inspected	Total
Cost:									
As of 1 January 2025	\$97,759	\$586,260	\$3,525,552	\$96,383	\$11,196	\$82,148	\$1,325	\$11,196	\$4,411,819
Additions	-	1,880	15,696	1,585	-	10,423	-	79,669	109,253
Disposals	-	(9,979)	(20,784)	(159)	(943)	(3,044)	-	-	(34,909)
Other changes	-	(3,500)	30,339	147	-	7,597	-	(36,086)	(1,503)
Exchanged differences	-	2,038	17,273	488	19	927	6	903	21,654
As of 31 December 2025	<u>\$97,759</u>	<u>\$576,699</u>	<u>\$3,568,076</u>	<u>\$98,444</u>	<u>\$10,272</u>	<u>\$98,051</u>	<u>\$1,331</u>	<u>\$55,682</u>	<u>\$4,506,314</u>

**Depreciation and
impairment:**

As of 1 January 2025	\$-	\$211,690	\$1,305,145	\$45,131	\$6,113	\$26,669	\$1,008	\$-	\$1,595,756
Additions	-	15,134	196,528	11,172	914	8,744	160	-	232,652
Disposals	-	(9,979)	(20,693)	(159)	(943)	(2,979)	-	-	(34,753)
Other changes	-	(2,098)	-	(103)	-	2,201	-	-	-
Exchange differences	-	858	12,185	630	29	406	11	-	14,119
As of 31 December 2025	<u>\$-</u>	<u>\$215,605</u>	<u>\$1,493,165</u>	<u>\$56,671</u>	<u>\$6,113</u>	<u>\$35,041</u>	<u>\$1,179</u>	<u>\$-</u>	<u>\$1,807,774</u>

Cost:

As of 1 January 2024	\$97,759	\$569,944	\$3,341,409	\$93,383	\$10,826	\$64,511	\$1,281	\$11,005	\$4,190,118
Depreciation	-	95	16,505	421	-	8,038	-	173,531	198,590
Disposals	-	(345)	(67,466)	(817)	-	(3,478)	-	-	(72,106)
Other changes	-	-	126,164	215	-	11,198	-	(173,700)	(36,123)
Exchange differences	-	16,566	108,940	3,181	370	1,879	44	360	131,340
As of 31 December 2024	<u>\$97,759</u>	<u>\$586,260</u>	<u>\$3,525,552</u>	<u>\$96,383</u>	<u>\$11,196</u>	<u>\$82,148</u>	<u>\$1,325</u>	<u>\$11,196</u>	<u>\$4,411,819</u>

**Depreciation and
impairment:**

As of 1 January 2024	\$-	\$191,317	\$1,135,832	\$33,363	\$4,861	\$21,113	\$814	\$-	\$1,387,300
Depreciation	-	15,445	193,695	11,418	1,081	7,677	165	-	229,481
Disposals	-	(345)	(23,449)	(786)	-	(2,325)	-	-	(26,905)
Other changes	-	-	(34,978)	(48)	-	(333)	-	-	(35,359)
Exchange differences	-	5,273	34,045	1,184	171	537	29	-	41,239
As of 31 December 2024	<u>\$-</u>	<u>\$211,690</u>	<u>\$1,305,145</u>	<u>\$45,131</u>	<u>\$6,113</u>	<u>\$26,669</u>	<u>\$1,008</u>	<u>\$-</u>	<u>\$1,595,756</u>

**Net carrying amount as
of**

31 December 2025	<u>\$97,759</u>	<u>\$361,094</u>	<u>\$2,074,911</u>	<u>\$41,773</u>	<u>\$4,159</u>	<u>\$63,010</u>	<u>\$152</u>	<u>\$55,682</u>	<u>\$2,698,540</u>
31 December 2024	<u>\$97,759</u>	<u>\$374,570</u>	<u>\$2,220,407</u>	<u>\$51,252</u>	<u>\$5,083</u>	<u>\$55,479</u>	<u>\$317</u>	<u>\$11,196</u>	<u>\$2,816,063</u>

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- B. Please refer to Note 8 for more details on property, plant and equipment under pledge.
- C. There is no capitalized borrowing costs of construction in progress for the years ended 31 December 2025 and 2024.
- D. Components of building that have different useful lives are the main building structure, hydroelectric engineering, well sewerage engineering, ancillary works of the purification station and FRP construction work etc which are depreciated over 56 years, 45 years, 20 years, 5 years, and 3 years, respectively.

(5) Short term loans

	As of 31 December	
	2025	2024
Unsecured bank loans	\$600,206	\$760,613
Secured bank loans	-	134,280
Total	\$600,206	\$894,893

	For the years ended 31 December	
	2025	2024
Interest rates applied (Unsecured bank loans)	0.88%~2.30%	0.61%~2.80%
Interest rates applied (Secured bank loans)	-	2.70%~3.00%

Please refer to Note 8 for more details on secured bank loans.

The Group's unused short-term lines of credits amounted to NT\$1,567,878 thousand and NT\$1,152,794 thousand as of 31 December 2025 and 2024.

(6) Long-term loans

Details of long-term loans as of 31 December 2025 and 2024 are as follows:

	As of 31 December	
	2025	2024
long-term loans	\$129,000	\$224,000
Less: current portion	(120,000)	(64,375)
Total	\$9,000	\$159,625

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Lenders	As of 31 Dec.		Maturity date and terms of repayment
	2025	Interest Rate	
CTBC Bank unsecured bank loans	\$129,000	1.80%	From 26 July 2024 to 23 January 2027, starting from the date of the first disbursement, the first installment will be due after twelve months, and therefore, every six months is one installment. Each installment will amortize NT\$60 million of principal, with the remaining principal fully repaid in the last installment
Less: current portion	<u>(120,000)</u>		
Total	<u>\$9,000</u>		

Lenders	As of 31 Dec.		Maturity date and terms of repayment
	2024	Interest Rate	
CTBC Bank unsecured bank loans	\$189,000	1.80%	From 26 July 2024 to 23 January 2027, starting from the date of the first disbursement, the first installment will be due after twelve months, and therefore, every six months is one installment. Each installment will amortize NT\$60 million of principal, with the remaining principal fully repaid in the last installment
E.SUN Bank unsecured bank loans	35,000	0.50%	From 12 September 2024 to 10 September 2027, starting from the date of the first disbursement, the first installment will be due after twelve months, and thereafter, every month will be one installment. The principal will be amortized equally across each installment.
Subtotal	<u>224,000</u>		
Less: current portion	<u>(64,375)</u>		
Total	<u>\$159,625</u>		

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(7) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C.

Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were NT\$2,240 thousand and NT\$2,327 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$731 thousand to its defined benefit plan during the 12 months beginning after 31 December 2025.

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The average duration of the defined benefits plan obligation as of 31 December 2025 and 2024 are both 1 year.

Pension costs recognized in profit or loss are as follows for the years ended 31 December 2025 and 2024:

	For the years ended 31 December	
	2025	2024
Net interest on the net defined benefit assets	\$(172)	\$(78)

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 Dec. 2025	31 Dec. 2024	1 Jan. 2024
Defined benefit obligation	\$17,441	\$18,246	\$20,787
Plan assets at fair value	(32,106)	(30,632)	(28,186)
Accrued pension liabilities (assets) recognized on the consolidated balance sheets	\$(14,665)	\$(12,386)	\$(7,399)

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities/assets
As of 1 January 2024	\$20,787	\$(28,186)	\$(7,399)
Current period service costs	-	-	-
Interest expense (income)	220	(298)	(78)
Subtotal	21,007	(28,484)	(7,477)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	(77)	-	(77)
Experience adjustments	4,272	-	4,272
Remeasurements of the defined benefit assets	-	(2,492)	(2,492)
Subtotal	4,195	(2,492)	1,703
Payments of benefit obligation	(6,956)	6,956	-
Contributions by employer	-	(6,612)	(6,612)
As of 31 December 2024	\$18,246	\$(30,632)	\$(12,386)
Current period service costs			
Interest expense (income)	253	(425)	(172)
Subtotal	18,499	(31,057)	(12,558)

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	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities/assets
Remeasurements of the defined benefit liabilities			
/assets:			
Actuarial gains and losses arising from changes in financial assumptions	\$36	\$-	\$36
Experience adjustments	745	-	745
Remeasurements of the defined benefit assets	-	(2,157)	(2,157)
Subtotal	781	(2,157)	(1,376)
Payments of benefit obligation	(1,839)	1,839	-
Contributions by employer	-	(731)	(731)
As of 31 December 2025	\$17,441	\$(32,106)	\$(14,665)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2025	2024
Discount rate	1.16%	1.39%
Expected rate of salary increases	1.00%	1.00%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2025		2024	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	\$-	\$(75)	\$-	\$(108)
Discount rate decrease by 0.5%	117	-	117	-
Future salary increase by 0.5%	115	-	117	-
Future salary decrease by 0.5%	-	(76)	-	(109)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant.

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The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(8) Equities

A. Common stock

The Company's authorized capital was NT\$3,600,000 thousand as of 1 January 2024. The issued capital was NT\$1,432,196 thousand in a total of 143,220 thousand shares. Each share has one voting right and a right to receive dividends.

The investors requested to convert the Company's unsecured convertible bonds into common stocks in the amount of NT\$311,000 thousand in a total of 7,352 thousand shares at 31 December 2025. Calculated based on a conversion price of NT\$42.3 per share. The change registration had been completed on 23 September 2024.

As of 31 December 2025 and 2024, the Company's authorized capital was NT\$3,600,000 thousand. Par value of NT\$10 per share. The issued capital was NT\$1,505,718 thousand in a total of 150,572 thousand shares. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of 31 December	
	2025	2024
Additional paid-in capital	\$771,982	\$771,982
Treasury share transactions	28,454	21,325
Expired share options	20,134	20,134
Employee stock option	7,488	7,488
Total	<u>\$828,058</u>	<u>\$820,929</u>

According to the Company Act, the capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserve related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

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C. Treasury shares

The changes in 2025 are as follows: None

Reason for withdrawal	Balance as of 1 January	Increase	Decrease	Balance as of 31 December
Transfer of shares to employees	1,300	-	(850)	450

The changes in 2024 are as follows: None

- (a) As of 31 December 2025 and 2024, the fair value of the treasury shares held by the Company were NT\$14,472 thousand and NT\$41,808 thousand, and the number of shares were 450 thousand and 1,300 thousand shares
- (b) As of 9 November 2022, it has transferred to employees through the acquisition of treasury shares by the board of directors. A total of 1,300 thousand shares were repurchased from 16 November 2022 to 6 January 2024, with an average price of NT\$32.16 per share and a total amounted to NT\$41,808 thousand. As of 14 January 2025, it has transferred 450 thousand shares to employees through the acquisition of treasury shares by the board of directors at a price of NT\$30.58 per share. As of 11 November 2025, upon approval of the Board of Directors, the Company designated November 11, 2025 as the employee stock subscription record date and transferred 400 thousand treasury shares to employees at a price of NT\$30.58 per share.
- (c) Under Securities and Exchange Act, the proportion of the number of shares that the Company buy back shall not exceed 10% of the Company's issued shares. The total amount of shares purchased shall not exceed retained earnings plus the premium on issued shares and the balance of the realized additional paid-in capital.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

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The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. For the payment of dividend. The cash dividend ratio is not less than 10% of the total dividend. If the cash dividend per share is less than NT\$0.5, the board of directors is authorized to draft a proposal, and the shareholders' meeting decides to pay cash dividends or stock dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the distributable earnings.

After the adoption of IFRS, the Company complies with the provisions of Order No. Financial-Supervisory- Securities-Corporate-1090150022 issued on 31 March 2021 by FSC. On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the years ended 31 December 2025 and 2024.

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Details of the 2024 and 2023 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 24 June 2025 and 27 June 2024, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Legal reserve	\$46,789	\$29,462		
(Reversal) appropriation of special reserve	(102,245)	60,398		
Common stock -cash dividend	262,013	156,112	\$1.75	\$1.10

Please refer to Note 6(12) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$800,223	\$688,478
Arising from a business combination	13,039	-
Gains attributable to non-controlling interests	135,862	130,571
Other comprehensive income, attributable to non – controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	10,411	23,590
Cash dividends paid by the subsidiary	-	(42,416)
Ending balance	<u>\$959,535</u>	<u>\$800,223</u>

(9) Operating revenue

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Sale of goods	\$4,167,201	\$4,224,534
Rendering of services	-	898
Total	<u>\$4,167,201</u>	<u>\$4,225,432</u>

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Analysis of revenue from contracts with customers for the years ended 31 December 2025 and 2024 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2025

	<u>Taiwan Segment</u>	<u>China Segment</u>	<u>Total</u>
Sale of goods	\$1,166,439	\$3,000,762	\$4,167,201

For the year ended 31 December 2024

	<u>Taiwan Segment</u>	<u>China Segment</u>	<u>Total</u>
Sale of goods	\$1,118,127	\$3,106,407	\$4,224,534
Rendering of services	-	898	898
Total	<u>\$1,118,127</u>	<u>\$3,107,305</u>	<u>\$4,225,432</u>

The Timing of revenue recognition of the Group are all at a point in time.

B. Contract balances

Contract liabilities – current

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>	<u>1 Jan. 2024</u>
Sales of goods	\$368	\$1,578	\$5,056

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
The opening balance transferred to revenue	\$(1,557)	\$(5,053)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	347	1,575

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

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(10) Expected credit losses (gains)

	For the years ended 31 December	
	2025	2024
Operation expense- Expected credit losses(gains)		
Account receivables	\$(21,955)	\$30,995

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of account receivables (including note receivables and account receivables) at an amount equal to lifetime expected credit losses and by counterparties' credit rating and its loss allowance is measured by using a provision matrix. The assessment of the Group's loss allowance are as follows:

As of 31 December 2025

Group 1: None.

Group 2: The amount of loss allowance is measured at the lifetime expected credit loss rate, details are as follows:

	Not yet due	Overdue				Total
	(Note)	31-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$1,126,590	\$89,458	\$3,117	\$-	\$8,124	\$1,227,289
Loss rate	0-1%	1-30%	30-100%	-	100%	
Lifetime expected credit losses	(6,494)	(1,694)	(1,008)	-	(8,124)	(17,320)
Carrying amount	\$1,120,096	\$87,764	\$2,109	\$-	\$-	\$1,209,969

As of 31 December 2024

Group 1: Some counterparties were assessed individually. The number of long-term receivables was NT\$17,159 thousand recognized as other non-current assets, which was overdue, and the loss allowance was NT\$17,159 thousand.

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Group 2: The amount of loss allowance is measured at the lifetime expected credit loss rate, details are as follows:

	Not yet due	Overdue				Total
	(Note)	31-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$1,156,298	\$67,692	\$15,153	\$35,312	\$5,716	\$1,280,171
Loss rate	0-1%	1-15%	5-30%	30-100%	100%	
Lifetime expected credit losses	(5,742)	(1,484)	(3,353)	(23,996)	(5,716)	(40,291)
Carrying amount	\$1,150,556	\$66,208	\$11,800	\$11,316	\$-	\$1,239,880

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of note receivables, account receivables and long-term receivables during the 31 December 2025 and 2024 are as follows:

	Note receivables	Account receivables	Long-term receivables	Total
Beginning balance as of 1 Jan. 2025	\$-	\$40,291	\$17,159	\$57,450
Reversal for the current period	-	(21,955)	-	(21,955)
Written off due to uncollectibility	-	(391)	(17,159)	(17,550)
Exchange differences	-	(625)	-	(625)
Ending balance as of 31 Dec. 2025	\$-	\$17,320	\$-	\$17,320
Beginning balance as of 1 Jan. 2024	\$-	\$8,883	\$17,159	\$26,042
Reversal for the current period	-	30,995	-	30,995
Exchange differences	-	413	-	413
Ending balance as of 31 Dec. 2024	\$-	\$40,291	\$17,159	\$57,450

(11) Leases

A. The Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 3 to 50 years.

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The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2025	2024
Land	\$56,798	\$38,895
Buildings	43,974	48,314
Transportation equipment	398	1,193
Other equipment	59	238
Total	\$101,229	\$88,640

During the years ended 31 December 2025 and 2024, the Group's additions to right-of-use assets amounting to NT\$19,425 thousand and NT\$0 thousand, respectively.

(ii) Lease liabilities

	As of 31 December	
	2025	2024
Lease liabilities		
Current	\$4,398	\$4,635
Non-Current	46,899	51,049
Total	\$51,297	\$55,684

Please refer to Note 6(13)(c) for the interest on lease liabilities recognized during the years ended 31 December 2025 and 2024 and refer to Note 12 (5) liquidity risk management for the maturity analysis for lease liabilities.

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(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Land	\$4,411	\$4,534
Buildings	1,652	1,479
Transportation equipment	795	795
Other equipment	179	179
Total	<u>\$7,037</u>	<u>\$6,987</u>

(c) Income and costs relating to leasing activities

	For the years ended 31 December	
	2025	2024
The expenses relating to short-term leases	<u>\$258</u>	<u>\$426</u>

(d) Cash outflow relating to lessing activities

During the years ended 31 December 2025 and 2024, the Group's total cash outflows for leases amounted to NT\$8,288 thousand and NT\$8,652 thousand, respectively.

(12) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2025 and 2024:

Nature \ Function	For the years ended 31 December					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$136,171	\$122,605	\$258,776	\$153,343	\$128,001	\$281,344
Labor and health insurance	16,184	12,006	28,190	16,784	12,564	29,348
Pension	786	1,282	2,068	1,056	1,193	2,249
Other employee benefits expense	3,443	12,325	15,768	4,255	11,896	16,151
Depreciation	219,754	19,934	239,688	219,148	17,320	236,468
Amortization	177	630	807	284	398	682

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Articles of Incorporation, no lower than 2.5% of profit of the current year is distributable as employees' compensation and no higher than 2.5% of profit of the current year is distributable as remuneration to directors and supervisors. Of the amount allocated as employees' compensation, no less than 40% shall be distributed to non-managerial employees. However, the company's accumulated losses shall first have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit status, for the year ended 31 December 2025, the Company estimated the amounts of employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2025 at 3.00% and 1.05%, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2025 amounted to NT\$15,201 thousand and NT\$5,320 thousand, respectively, recorded under salary expenses. For the year ended 31 December 2024, based on the profit status, the Company estimated the employees' compensation and remuneration to directors and supervisors at 3.01% and 1.05%, respectively. As such, employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2024 amounted to NT\$16,890 thousand and NT\$5,910 thousand, respectively, recorded under salary expenses.

A resolution was passed at the Board of Directors meeting held on 27 January 2026 to distribute NT\$15,201 thousand and NT\$5,320 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2025, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2025.

Actual distribution of employees' compensation and remuneration to directors and supervisors' of 2025 amount to NT\$16,890 thousand and NT\$5,910 thousand. These amounts are consistent with the employee compensation and director remuneration of NT\$16,890 thousand and NT\$5,910 thousand, respectively, recognized as expenses in the financial report for the year 2024, with no differences.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(13) Non-operating income and expenses

A. Interest Income

	For the years ended 31 December	
	2025	2024
Financial assets measured at amortized cost	\$11,397	\$17,549

B. Other income

	For the years ended 31 December	
	2025	2024
Other income	\$63,509	\$79,735
Dividends income	77	45
Total	\$63,586	\$79,780

C. Other gains and losses

	For the years ended 31 December	
	2025	2024
Foreign exchange gains (losses), net	\$(23,597)	\$68,713
Gains on financial asset at fair value through profit or loss	20	420
Losses on disposal of property, plant and equipment	(156)	(4,367)
Other expense	(8,170)	(3,658)
Total	\$(31,903)	\$61,108

D. Finance costs

	For the years ended 31 December	
	2025	2024
Interest on loans from bank	\$(15,936)	\$(20,529)
Interest on lease liabilities	(3,510)	(3,864)
Interest on bonds payable	-	(3,862)
Total	\$(19,446)	\$(28,255)

LITON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(14) Components of other comprehensive income

For the year ended 31 December 2025:

	Reclassification Arising during the period	adjustments during the period	Other comprehensi ve income, before tax	Income tax relating to components of other comprehensive income	Other comprehensi ve income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$1,376	\$-	\$1,376	\$(275)	\$1,101
Unrealized gains(losses) on equity instruments measured at fair value through other comprehensive income	63	-	63	-	63
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	45,391	-	45,391	-	45,391
Total of other comprehensive income	<u>\$46,830</u>	<u>\$-</u>	<u>\$46,830</u>	<u>\$(275)</u>	<u>\$46,555</u>

For the year ended 31 December 2024:

	Reclassificatio Arising during the period	n adjustments during the period	Other comprehensiv e income, before tax	Income tax relating to components of other comprehensive income	Other comprehen sive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(1,703)	\$-	\$(1,703)	\$341	\$(1,362)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	125,835	-	125,835	-	125,835
Total of other comprehensive income	<u>\$124,132</u>	<u>\$-</u>	<u>\$124,132</u>	<u>\$341</u>	<u>\$124,473</u>

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Income tax

The major components of income tax expenses for the years ended 31 December 2025 and 2024 are as follows:

A. Income tax expense recognized in profit or loss

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Current income tax expense:		
Current income tax charge	\$101,682	\$111,813
Adjustments in respect of current income tax of prior periods	(2,264)	428
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	48,123	21,723
Total income tax expense	<u>\$147,541</u>	<u>\$133,964</u>

B. Income tax relating to components of other comprehensive income

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Deferred tax income:		
Remeasurements of defined benefit plans	\$275	\$(341)
Income tax relating to components of other comprehensive income	<u>\$275</u>	<u>\$(341)</u>

C. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Accounting profit before tax from continuing operations	\$683,938	\$733,784
At the Company's statutory income tax rate	\$198,402	\$197,274
Tax effect of revenues exempt from taxation	(19)	(3,301)
Tax effect of expenses not deductible for tax purposes	473	1,337
Tax effect of deferred tax asset/liability	54,088	17,021
Corporate income surtax on undistributed retained earnings	13,067	2,211
Adjustments in respect of current income tax of prior periods	(2,264)	428
Others	(116,206)	(81,006)
Total income tax expense recognized in profit or loss	<u>\$147,541</u>	<u>\$133,964</u>

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2025

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Unrealized intragroup profits and losses	\$8,739	\$106	\$-	\$8,845
Unrealized foreign exchange gains or losses	(1,940)	5,627	-	3,687
Loss from price reduction of inventories	219	21	-	240
Unrealized gain foreign investments	(16,899)	(53,449)	-	(70,348)
Defined benefit liability	(1,718)	(181)	-	(1,899)
Profits and losses of defined benefit plans	(759)	-	(275)	(1,034)
Deferred income-government grants	12,968	(247)	-	12,721
Deferred tax (income)/expense		\$(48,123)	\$(275)	
Net deferred tax assets/(liabilities)	\$610			\$(47,788)
Reflected in balance sheet as follows:				
Deferred tax assets	\$21,926			\$25,493
Deferred tax liabilities	\$(21,316)			\$(73,281)

(b) For the year ended 31 December 2024

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Unrealized intragroup profits and losses	\$10,019	\$(1,280)	\$-	\$8,739
Unrealized foreign exchange gains or losses	2,794	(4,734)	-	(1,940)
Loss from price reduction of inventories	342	(123)	-	219
Unrealized gain foreign investments	-	(16,899)	-	(16,899)
Defined benefit liability	(380)	(1,338)	-	(1,718)
Profits and losses of defined benefit plans	(1,100)	-	341	(759)
Deferred income-government grants	10,317	2,651	-	12,968
Deferred tax (income)/expense		\$(21,723)	\$341	
Net deferred tax assets/(liabilities)	\$21,992			\$610
Reflected in balance sheet as follows:				
Deferred tax assets	\$23,472			\$21,926
Deferred tax liabilities	\$(1,480)			\$(21,316)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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E. Unrecognized deferred tax assets

As of 31 December 2025 and 2024, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT\$3,394 thousand and NT\$3,054 thousand, respectively, as the future taxable profit may not be available.

F. Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize parts of deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of 31 December 2025 and 2024, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NT\$351,747 thousand and NT\$319,563 thousand, respectively.

G. The assessment of income tax returns

	<u>The assessment of income tax returns</u>
Liton Technology Corp.	Assessed and approved up to 2023
Liton Electronics Technology (HUIZHOU) Co., Ltd.	Assessed up to 2024
Liton Electronics Technology (ABAZHOU) Co., Ltd.	Assessed up to 2024
LIDON Electronics Technology Co., Ltd.	Assessed up to 2024

(16) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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	For the years ended 31 December	
	2025	2024
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$400,535	\$496,249
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	149,702	145,350
Basic earnings per share (NT\$)	\$2.68	\$3.23
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$400,535	\$469,249
Interest expense from convertible bonds	-	3,090
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	\$400,535	\$472,339
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	149,702	145,350
Effect of dilution:		
Employee compensation-stock (in thousands)	372	488
Convertible bonds (in thousands)	-	3,921
Weighted average number of ordinary shares outstanding after dilution (in thousands)	150,074	149,759
Diluted earnings per share (NT\$)	\$2.67	\$3.15

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and completion of the financial statements.

(17) Business combination

Obtained a subsidiary- LHPA TECHNOLOGY (HUI ZHOU) CO., LTD.

On 1 July 2025, the Group acquired 60% of the voting shares of LHPA TECHNOLOGY (HUI ZHOU) CO., LTD., an unlisted company based in China engaged in the comprehensive utilization of waste resources industry.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

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The Group has elected to measure the non-controlling interests in Lihan Technology (Huizhou) Co., Ltd. at fair value.

The fair value of the identifiable assets and liabilities of LHPA TECHNOLOGY (HUI ZHOU) CO., LTD. on the date of acquisition is as follows:

	<u>Fair value at acquisition date</u>
Assets	
Cash and cash equivalents	\$32,598
Identifiable net assets	<u>\$32,598</u>
Goodwill of LHPA TECHNOLOGY (HUI ZHOU) CO., LTD. is as follows:	
Purchase consideration	\$24,438
Add: non-controlling interests at fair value	13,039
Less: identifiable net assets at fair value	<u>(32,598)</u>
Goodwill	<u>\$4,879</u>
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition	\$(24,438)
Net cash acquired with the subsidiary	<u>32,598</u>
Net cash flow on acquisition	<u>\$8,160</u>

(18) Subsidiaries that have material non-controlling interests

Subsidiaries that have material non-controlling interests in the Group are as follows:

<u>Name</u>	<u>Country of Incorporation and operation</u>	<u>Proportion of equity interest held by non-controlling interests</u>	
		<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
LIDON Electronics Technology Co., Ltd.	China	40%	40%

The consolidated financial information of the above-mentioned subsidiaries is as follows. The financial information is prepared in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, and has reflected the fair value adjustments made by the Group on the acquisition date and the adjustments made for differences in accounting policies. And the financial information is the amount before the transaction within the group has not been eliminated.

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	(Expressed in Thousands of CNY)	
	As of 31 December	
	2025	2024
Current assets	\$220,828	\$200,092
Non-current assets	408,600	405,148
Current liabilities	(65,465)	(117,834)
Non-current liabilities	(38,627)	(40,454)
Equities	\$525,336	\$446,952
Ending balance of non-controlling interests	\$210,134	\$178,781
	For the years ended 31 December	
	2025	2024
Operating revenue	\$578,592	\$593,182
Net income from continuing operations	\$78,384	\$73,263
Other comprehensive income	-	-
Total comprehensive income for the period	\$78,384	\$73,263
Net income for the period attributable to non-controlling interests	\$31,353	\$29,305
Total comprehensive income for the period attributable to non-controlling interests	\$31,353	\$29,305
	For the years ended 31 December	
	2025	2024
Cash flow from operating activities	\$103,688	\$79,871
Cash flow from investing activities	(45,306)	(28,184)
Cash flow from financing activities	(50,816)	(28,762)
Increase in cash and net cash equivalents	\$7,566	\$22,925

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

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Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Lelon Electronics Corp.	Parent company
Lelon Electronics (SUZHOU) Corp.	Affiliates of the company
Lelon Electronics (HUIZHOU) Corp.	Affiliates of the company
Lelon Electronics Technology (SUZHOU) Corp.	Affiliates of the company
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	Substantive related party
Ruyuan Hec Youai Xijie Fine Foil Co., Ltd	Substantive related party
Youai Xi Jiedong Hec (Shaoguan) Aluminium Sales Co., Ltd	Substantive related party
Shaoguan Hec Magnetic Materials Co., Ltd	Substantive related party
Ruyuan Hec New Energy Materials Co., Ltd	Substantive related party
Zhejiang Hec Magnetic Materials Co., Ltd	Substantive related party
Ruyuan Dongyangguang Machinery Co., Ltd.	Substantive related party
Shaoguan Shanchengshuidu Construction Engineering Co., Ltd.	Substantive related party
Chih-Ming Wu and other nine people	Directors and Deputy General Manager of the Company

Significant transactions with related parties

(1) Sales

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	\$565,558	\$671,140
Lelon Electronics (HUIZHOU) Corp.	211,726	194,008
Lelon Electronics Technology (SUZHOU) Corp.	204,798	174,580
Other related parties	14,623	14,144
Total	<u>\$996,705</u>	<u>\$1,053,872</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The sales transaction conditions of related parties are 90~135 days for the end of the following month. Funds in circulation at the end of the year are unsecured, interest-free and must be settled in cash. No guarantee is received for the accounts receivable.

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(2) Purchases

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Youai Xijie Hec (Shaoguan) Aluminium Sales Co., Ltd	\$966,338	\$1,141,722
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	119,837	114,406
Other related parties	8,605	22,099
Total	<u>\$1,094,780</u>	<u>\$1,278,227</u>

The purchase price of the Group from related parties is negotiated by both parties with reference to market conditions, the payment period of the Group to related parties are 30~120 days.

(3) Receivables(including accounts receivable and notes receivable)

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Lelon Electronics (HUIZHOU) Corp.	\$117,990	\$118,025
Lelon Electronics Technology (SUZHOU) Corp.	85,550	66,525
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	56,299	94,551
Other related parties	6,783	3,795
Total	<u>\$266,622</u>	<u>\$282,896</u>

(4) Prepayments for equipment

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Shaoguan Shanchengshuidu Construction Engineering Co., Ltd.	\$36,419	\$-

(5) Account Payables

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Youai Xi Jiedong (Shaoguan) Aluminium Sales Co., Ltd	\$65,483	\$65,981
Other related parties	11,192	5,528
Total	<u>\$76,675</u>	<u>\$71,509</u>

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(6) Lease—related parties

Right-of-use assets

	As of 31 December	
	2025	2024
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	\$54,682	\$48,313

Lease liabilities

	As of 31 December	
	2025	2024
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	\$50,830	\$54,235

Interest expense

	For the years ended 31 December	
	2025	2024
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	\$3,493	\$3,831

The determination and collection of rental expenses is determined with reference to the general market conditions.

(7) Cost of purchasing electricity

	For the years ended 31 December	
	2025	2024
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	\$263,713	\$311,763

(8) Property transactions

A. The purchase of machinery and equipment from related parties for the years ended 31 December 2025 and 2024 is as follows:

	For the years ended 31 December	
	2025	2024
Ruyuan Dongyangguang Machinery Co., Ltd.	\$-	\$113,557

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B. The purchase of land use rights from related parties for the years ended 31 December 2025 and 2024 is as follows:

	For the years ended 31 December	
	2025	2024
Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	\$10,804	\$-

C. The details of the sale of machinery and equipment to related parties for the year 2024 are as follows:

	Carrying value of equipment	Sale amount	Sale profit and loss
Ruyuan Dongyangguang Machinery Co., Ltd.	\$41,806	\$37,625	\$(4,181)

(9) Key management personnel compensation

	As of 31 December	
	2025	2024
Short-term employee benefits	\$18,620	\$20,880
Share-based payment	2,660	-
Post-employment benefits	189	5,990
Total	\$21,469	\$26,870

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	Carrying amount		Secured liabilities
	31 Dec.2025	31 Dec.2024	
Property, Plant and Equipment- Machinery and equipment	\$470,521	\$1,054,098	Short-term borrowings

9. Significant contingencies and unrecognized contractual commitments

Amounts available under unused letters of credit as of 31 December 2025 are JPY\$192,382 thousand.

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As of December 31, 2025, the Company had entered into significant purchase contracts for which acceptance had not yet been completed, as follows:

Counterparty	Contract subject matter	Total contract amount	As of December 31, 2025, unpaid contract amounts
Company A	Machinery and equipment	\$187,117	\$150,698
Company B	Buildings	162,643	113,850
Company C	Other equipment	42,731	25,639
Company D	Machinery and equipment	30,963	21,674

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2025	2024
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	\$1,575	\$1,555
Financial assets at fair value through other comprehensive income	5,510	5,744
Financial assets measured at amortized cost		
Cash and cash equivalents(excluding cash on hand)	1,101,336	1,106,816
Notes and Accounts Receivable	1,209,969	1,239,880
Other Receivables (excluding tax refunds receivable)	314	338

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Financial liabilities

	As of 31 December	
	2025	2024
Financial liabilities at amortized cost:		
Short-term loans	\$600,206	\$894,893
Notes and accounts payable	122,195	101,176
Long-term loans (including current portion with maturity less than 1 year)	129,000	224,000
Lease liabilities	51,297	55,684

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

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Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for JPY, USD and RMB.

- A. When NTD strengthens/weakens against JPY by 1%, the profit for the years ended 31 December 2025 and 2024 is increased /decreased by \$(70) thousand and \$1,271 thousand, respectively; and no impact on the equity.
- B. When NTD strengthens/weakens against USD by 1%, the loss for the years ended 31 December 2025 and 2024 is increased /decreased by \$(3,213) thousand and \$(5,109) thousand, respectively; and no impact on the equity.
- C. When NTD strengthens/weakens against RMB by 1%, the loss for the years ended 31 December 2025 and 2024 is increased /decreased by \$(455) thousand and \$(854) thousand, respectively; and no impact on the equity.
- D. When NTD strengthens/weakens against EUR by 1%, the loss for the years ended 31 December 2025 and 2024 is increased /decreased by \$(248) thousand and \$(89) thousand, respectively; and no impact on the equity.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with fixed interest rates and variable interest rates.

The Group's interest rate sensitivity analysis is performed on borrowings with variable interest rates as at the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2025 and 2024 decrease/increase by NT\$729 thousand and NT\$1,119 thousand.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

A change of 10% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the year ended 31 December 2025 and 2024 by NT\$158 thousand and NT\$156 thousand, respectively

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2025 and 2024, trade receivables from top ten customers represented 43%, and 38% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES
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Non-derivative financial liabilities

	Less than 1				Total
	year	2 to 3 years	4 to 5 years	> 5 years	
As at 31 December 2025					
Short-term loans	\$604,282	\$-	\$-	\$-	\$604,282
Notes and account payables	122,195	-	-	-	122,195
Long-term loans	120,881	9,014	-	-	129,895
Lease liabilities	7,768	14,592	14,592	33,714	70,666
As at 31 December 2024					
Short-term loans	\$903,638	\$-	\$-	\$-	\$903,638
Notes and account payables	101,176	-	-	-	101,176
Long-term loans	67,645	161,211	-	-	228,856
Lease liabilities	8,268	14,992	14,520	40,810	78,590

Derivative financial liabilities

None.

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	Short-term loans	Long-term loans	Lease liabilities	Guarantee	Total liabilities from financing activities
		(including maturity within a year)		Deposits received	
As of 1 Jan. 2025	\$894,893	\$224,000	\$55,684	\$4	\$1,174,581
Cash flows	(296,007)	(95,000)	(4,520)	-	(395,527)
Non-cash changes	-	-	-	-	-
Foreign exchange movement	1,320	-	133	-	1,453
As of 31 Dec. 2025	<u>\$600,206</u>	<u>\$129,000</u>	<u>\$51,297</u>	<u>\$4</u>	<u>\$780,507</u>

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Reconciliation of liabilities for the year ended 31 December 2024:

	Long-term loans		Bonds payable (including		Guarantee Deposits received	Total liabilities from financing activities
	Short-term loans	(including maturity within a year)	maturity within a year)	Lease liabilities		
As of 1 Jan. 2025	\$958,274	\$-	\$496,127	\$58,156	\$39,009	\$1,551,566
Cash flows	(72,852)	224,000	(189,000)	(4,362)	(39,005)	(81,219)
Non-cash changes	-	-	(307,127)	-	-	(307,127)
Foreign exchange movement	9,471	-	-	1,890	-	11,361
As of 31 Dec. 2025	<u>\$894,893</u>	<u>\$224,000</u>	<u>\$-</u>	<u>\$55,684</u>	<u>\$4</u>	<u>\$1,174,581</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

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

- (a) The carrying amount of cash and cash equivalents, accounts receivables, other current assets, account payables and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2025

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$1,575	\$-	\$-	\$1,575
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	5,510	5,510

As at 31 December 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$1,555	\$-	\$-	\$1,555
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	5,744	5,744

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Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

The Group's recurring fair value assets and liabilities fall under the third level of fair value, and the reconciliation of the opening to closing balances is set out below:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2025	\$5,744
Total gains and losses recognized for the year ended 31 December 2024:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	63
Foreign exchange movement	(297)
Ending balances as of 31 December 2025	\$5,510
	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2024	\$5,554
Total gains and losses recognized for the year ended 31 December 2024:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-
Foreign exchange movement	190
Ending balances as of 31 December 2024	\$5,744

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Asset approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT\$ 55 thousand

As of 31 December 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Asset approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT\$ 57 thousand

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date to ensure the valuation is reasonable.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

None.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at 31 December 2025			As at 31 December 2024		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
JPY	\$219,199	0.2008	\$44,015	\$190,362	0.2099	\$39,957
USD	10,225	31.4250	321,321	15,581	32.7900	510,901
RMB	10,111	4.4980	45,479	19,327	4.4760	86,508
EUR	672	36.8900	24,790	260	34.1300	8,874
<u>Financial liabilities</u>						
Monetary items:						
JPY	\$184,550	0.2008	\$37,058	\$795,863	0.2099	\$167,052

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The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT\$(23,597) thousand and NT\$68,713 thousand, respectively for foreign exchange (losses) gains for the years ended 31 December 2025 and 2024.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

A. Financing provided to others for the year ended 31 December 2025:

None.

B. Endorsement/Guarantee provided to others for the year ended 31 December 2025:

None.

C. Securities held as of 31 December 2025 (Excluding subsidiaries, associates and joint ventures):

None.

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D. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2025:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and account receivables (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total notes and accounts receivable (payable)
Liton Technology Corp.	V-TECH CO., LTD	Subsidiary of Liton Technology Corp.	Purchases	\$881,321	65.03%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	\$-	-%
Liton Technology Corp.	V-TECH CO., LTD	Subsidiary of Liton Technology Corp.	Sales	(154,483)	(13.24)%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	20,039	7.06%
Liton Technology Corp.	Liton Electronics Technology (ABAZHOU) Co., Ltd.	Sub-subsidiary of Liton Technology Corp.	Sales	(182,737)	(15.67)%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	28,407	10.01%
V-TECH CO., LTD.	Liton Electronics Technology (HUIZHOU) Co., Ltd.	Subsidiary of V-TECH CO., LTD	Purchases	384,590	37.13%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	-	-%
V-TECH CO., LTD.	Liton Electronics Technology (HUIZHOU) Co., Ltd.	Subsidiary of V-TECH CO., LTD	Sales	(131,530)	(12.70)%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	65,595	100%
V-TECH CO., LTD.	Liton Electronics Technology (ABAZHOU) Co., Ltd.	Subsidiary of V-TECH CO., LTD	Purchases	405,525	39.15%	Mutual offsetting of creditor's rights and debts	Trading condition is the same as other supplier	Mutual offsetting of creditor's rights and debts	(46,226)	(30.58)%
Liton Electronics Technology (ABAZHOU) Co., Ltd.	LIDON Electronics Technology Co., Ltd.	Affiliates of Liton Electronics Technology (ABAZHOU) Corp.	Purchases	610,125	58.94%	30 days after EOAP	Trading condition is the same as other supplier	Regular	(61,605)	(54.56)%
Liton Electronics Technology (ABAZHOU) Co., Ltd.	Lelon Electronics Technology (HUIZHOU) Corp.	Affiliates of Liton Electronics Technology (ABAZHOU) Corp.	Sale	(114,941)	(7.21)%	Next month-end 135 days	Trading condition is the same as other supplier	Regular	62,926	11.19%

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Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and account receivables (payable)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Payment Terms	Unit price	Payment Terms	Balance	Percentage of total notes and accounts receivable (payable)
Liton Electronics Technology (ABAZHOU) Co., Ltd	Lelon Electronics Technology (SUZHOU) Cor	Affiliates of Liton Electronics Technology (ABAZHOU) Corp.	Sale	(165,576)	(10.39)%	Next month-end 135 days	Trading condition is the same as other supplier	Regular	68,749	12.23%
Liton Electronics Technology (HUIZHOU) Co., Ltd.	LIDON Electronics Technology Co., Ltd.	Sub-subsidiary of Liton Technology Corp.	Purchases	309,749	66.65%	30 days after EOAP	Trading condition is the same as other supplier	Regular	(47,198)	(39.61)%
LIDON Electronics Technology Co., Ltd.	Ruyuan Yao Autonomous County Hec Actinic Foil Co., Ltd	LIDON Electronics Technology Co., Ltd.'s related party	Purchases	966,338	72.09%	30 days after EOAP	Trading condition is the same as other supplier	Regular	(65,483)	(63.20)%
LIDON Electronics Technology Co., Ltd.	Youai Xi Jiedong Sunshine (Shaoguan) Aluminum Sales Co., Ltd	LIDON Electronics Technology Co., Ltd.'s related party	Sales	(565,558)	(22.55)%	30 days after EOAP	Trading condition is the same as other supplier	Regular	56,299	11.78%

Note1: The Company complies with the provisions of Letter No. 00747 of the Securities and Futures Commission dated March 18 1998 Taiwan Financial Securities (6)., When outsourced processing, if the parties have agreed to be shipped back for processing or sold on behalf of the party, title and risk of processed products have not passed, when the material is removed, it will be treated according to the accounting of outsourcing processing, it will not be disposed of for sale.

Note2: The transaction that reversed between consolidated entities has been adjusted to be reversed.

E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2025:
None.

F. The business relationship, significant transactions and amounts between parent company and subsidiaries: (amount exceeding the lower of NT\$100 million or 20 percent of the capital stock).

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No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (Note3)
0	Liton Technology Corp. (Note4)	V-TECH CO., LTD.	1	Purchases	\$881,321	Mutual offsetting of creditor's rights and debts	21.15%
0	Liton Technology Corp. (Note4)	V-TECH CO., LTD.	1	Sales	(154,483)	Mutual offsetting of creditor's rights and debts	(3.71)%
0	Liton Technology Corp. (Note4)	Liton Electronics Technology (ABAZHOU) Co., Ltd.	1	Sales	(182,737)	Mutual offsetting of creditor's rights and debts	(4.39)%
1	V-TECH CO., LTD.	Liton Electronics Technology (HUIZHOU) Co., Ltd.	3	Purchases	384,590	Mutual offsetting of creditor's rights and debts	9.23%
1	V-TECH CO., LTD.	Liton Electronics Technology (HUIZHOU) Co., Ltd.	3	Sales	(131,530)	Mutual offsetting of creditor's rights and debts	(3.16)%
1	V-TECH CO., LTD.	Liton Electronics Technology (ABAZHOU) Co., Ltd.	3	Purchases	405,525	Mutual offsetting of creditor's rights and debts	9.73%
2	Liton Electronics Technology (ABAZHOU) Co., Ltd.	LIDON Electronics Technology Co., Ltd.	3	Purchases	610,125	Next month-end 135 days	14.64%
2	Liton Electronics Technology (ABAZHOU) Co., Ltd.	Lelon Electronics Technology (HUIZHOU) Corp.	3	Sales	(114,941)	Next month-end 135 days	(2.76)%
2	Liton Electronics Technology (ABAZHOU) Co., Ltd.	Lelon Electronics Technology (SUZHOU) Cor	3	Sales	(165,576)	30 days after EOAP	(3.97)%
3	Liton Electronics Technology (HUIZHOU) Co., Ltd.	LIDON Electronics Technology Co., Ltd.	3	Purchases	309,749	30 days after EOAP	7.43%

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

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

- (1) represents the transactions from the parent company to a subsidiary.
- (2) represents the transactions from a subsidiary to the parent company.
- (3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: According to the provisions of Letter No. 00747 of the Securities and Futures Commission dated March 18 1998 Taiwan Financial Securities (6) No. 00747, if the two parties have agreed to ship it back for processing or sell it on behalf of the party, and the ownership and risk of the processed products have not been transferred, they will be treated according to the accounting of the outsourcing processing at the time of material removal, and will not be treated as sales.

Note 5: The amounts of the above transactions are fully eliminated at the time of preparation of the consolidated financial statements.

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(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2025, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2025 (excluding investees in Mainland China):

Investor Company	Investee Company	locations	Main businesses and products	Original Investment Amount		Investment as of 31 December 2025			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2025	31 December 2024	Number of shares	Percentage of ownership (%)	Book value			
Liton Technology Corp.	LITON(BVI) CO., LTD.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Equity investment	\$132,268 (USD4,209 thousand)	\$132,268 (USD7,058 thousand)	4,208,862	100%	\$1,022,408	\$132,250	\$132,133	Note1,2
Liton Technology Corp.	V-TECH CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Selling and equity invest aluminum foil, Aluminum electrolysis capacitor and related materials	1,371,607 (USD43,647 thousand)	1,371,607 (USD43,647 thousand)	43,647,362	100%	1,784,697	161,501	152,958	Note1, 2
Liton Technology Corp.	EVERTECH CAPA CO., LTD.	Jipfa Buiding, 3 rd Floor, Road ,Tortola, British Virgin Islands.	Selling	314 (USD10 thousand)	314 (USD10 thousand)	10,000	100%	-	-	-	-
V-TECH CO., LTD.	FOREVER CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Equity investment	1,205,243 (USD38,353 thousand)	1,205,243 (USD38,353 thousand)	38,353,012	100%	1,872,7791	166,181	166,181	Note1

Note1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from reinvest company.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

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(3) Information on investments in mainland China

A. Investment in「LITON (BVI) CO., LTD.」,「V-TECH CO., LTD.」and Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2025	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2025	Accumulated Inward Remittance of Earnings as of 31 December 2025
					Outflow	Inflow						
Liton Electronics Technology (HUIZHOU) Co., Ltd.	Manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials	\$392,813 (USD12,500 thousand dollar)	Investment in Mainland China companies through a company invested and established in a third region	\$274,340 (US8,730 thousand dollar)	\$-	\$-	\$274,340 (US8,730 thousand dollar)	\$129,561	100%	\$129,561 (Note 2)	\$1,018,744	\$85,697 (US1,230 thousand dollar+ RMB 10,459 thousand dollar)
Liton Electronics Technology (ABAZHOU) Co., Ltd.	Manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials	\$1,338,705 (USD42,600 thousand dollar)	Investment in Mainland China companies through a company invested and established in a third region	\$1,181,580 (US37,600 thousand dollar)	\$-	\$-	\$1,181,580 (US37,600 thousand dollar)	166,181	100%	\$166,181 (Note 1)	1,872,779	-
LIDON Electronics Technology Co., Ltd.	Manufacturing and selling Etched Aluminum Foils and forming aluminum foil	\$719,680 (RMB160,000 thousand dollar)	Directly invested Mainland China company	\$287,872 (RMB 64,000 thousand dollar)	\$-	\$-	\$287,872 (RMB 64,000 thousand dollar)	339,772	60%	\$203,034 (Note 1, 2)	1,405,966	43,181 (RMB 9,600 thousand dollar)
LHPA TECHNOLOGY (HUI ZHOU) CO., LTD.	Comprehensive Utilization of Waste Resources Industry	\$22,490 (RMB5,000 thousand dollar)	Others	\$-	\$-	\$-	\$-	(116)	60%	\$(70) (Note 2)	26,916	-

Note1: Based on the financial statements audited by the certified accountants of the parent company in Taiwan.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated Investment in Mainland China as of 31 December 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (60% of net worth)
\$1,743,792 (USD 46,330 thousand and RMB 64,000 thousand)	\$2,058,042 (USD 56,330 thousand and RMB 64,000 thousand)	Not applicable (Note 1)

Note1: According to Letter No. Shen-Zi-11451028780 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

Note2: The relevant figures in this table should be presented in New Taiwan Dollars, and in the case of foreign currencies, they should be converted into New Taiwan Dollars at the exchange rate at the balance sheet date.

B. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, and other related information: The Company had no significant asset transactions or other transactions that had a material impact on the current period's profit or financial position. Please refer to Note 13,(1) 、13,(2).

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (1) Taiwan segment: The segment is responsible for manufacturing and selling aluminum foil.
- (2) China segment: The segment is responsible for manufacturing aluminum foil, Aluminum electrolysis capacitor and related materials.
- (3) Other segment: This segment is responsible for the import and export trade business about above products.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

LITON TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(1) Information on profit or loss of the reportable segment:

A. For the year ended 31 December 2025

	Taiwan segment	China segment	Other segment	Reportable segments subtotal	Adjustment and elimination	Total
Revenue						
External customer	\$1,166,439	\$3,000,762	\$-	\$4,167,201	\$-	\$4,167,201
Inter-segment	-	1,778,778	1,035,804	2,814,582	(2,814,582)	-
Total revenue	<u>\$1,166,439</u>	<u>\$4,77,540</u>	<u>\$1,035,804</u>	<u>\$6,981,783</u>	<u>\$(2,814,582)</u>	<u>\$4,167,201</u>
Interest expenses	\$12,310	\$7,136	\$-	\$19,446	\$-	\$19,446
Depreciation and amortization	8,121	236,996	-	245,117	(4,622)	240,495
Segment losses and gains	<u>\$486,860</u>	<u>\$627,235</u>	<u>\$1,990</u>	<u>\$1,112,105</u>	<u>\$(428,167)</u>	<u>\$683,938</u>
Invesments accounted under equity method	\$3,740,479	\$499,508	\$4,764,302	\$9,004,289	\$(9,004,289)	\$-
Capital expenditure of non-current assets	\$25,372	\$223,351	\$-	\$248,723	\$-	\$248,723
Segment assets	<u>\$4,898,898</u>	<u>\$5,556,199</u>	<u>\$85,616</u>	<u>\$10,540,713</u>	<u>\$(4,146,111)</u>	<u>\$6,394,602</u>
Segment liabilities	<u>\$(856,063)</u>	<u>\$(765,346)</u>	<u>\$(151,166)</u>	<u>\$(1,772,575)</u>	<u>\$380,343</u>	<u>\$(1,392,232)</u>

B. For the year ended 31 December 2024

	Taiwan segment	China segment	Other segment	Reportable segments subtotal	Adjustment and elimination	Total
Revenue						
External customer	\$1,118,127	\$3,107,305	\$-	\$4,225,432	\$-	\$4,225,432
Inter-segment	-	1,775,611	829,820	2,605,431	(2,605,431)	-
Total revenue	<u>\$1,118,127</u>	<u>\$4,882,916</u>	<u>\$829,820</u>	<u>\$6,830,863</u>	<u>\$(2,605,431)</u>	<u>\$4,225,432</u>
Interest expenses	\$14,369	\$13,886	\$-	\$28,255	\$-	\$28,255
Depreciation and amortization	8,476	233,117	-	241,593	(4,443)	237,150
Segment losses and gains	<u>\$538,568</u>	<u>\$577,797</u>	<u>\$19,454</u>	<u>\$1,135,819</u>	<u>\$(402,035)</u>	<u>\$733,784</u>
Invesments accounted under equity method	\$3,300,119	\$400,111	\$4,285,473	\$7,985,703	\$(7,985,703)	\$-
Capital expenditure of non-current assets	\$8,522	\$198,062	\$-	\$206,584	\$-	\$206,584
Segment assets	<u>\$4,814,997</u>	<u>\$5,375,260</u>	<u>\$210,793</u>	<u>\$10,401,050</u>	<u>\$(4,032,976)</u>	<u>\$6,368,074</u>
Segment liabilities	<u>\$(981,293)</u>	<u>\$(1,181,362)</u>	<u>\$(277,188)</u>	<u>\$(2,439,843)</u>	<u>\$705,696</u>	<u>\$(1,734,147)</u>

LITON TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) The reporting of each departments' revenue, profit and loss, assets, liabilities and other major items should not be adjusted.

(3) Geographical information

Revenue from external customers:

	For the years ended 31 December	
	2025	2024
Mainland China	\$3,041,335	\$3,164,990
Indonesia	341,577	366,236
Japan	255,761	231,994
Malaysia	226,285	202,638
Taiwan	43,804	57,453
Other countries	258,439	202,121
Total	<u>\$4,167,201</u>	<u>\$4,225,432</u>

The revenue information above is based on the location of the customers.

Non-current assets:

	As of 31 December	
	2025	2024
Mainland China	\$2,783,045	\$2,768,998
Taiwan	212,199	197,164
Total	<u>\$2,995,244</u>	<u>\$2,966,162</u>

(4) Information about major customers

The customer to that the Company's sales exceeded 10% of its net consolidated sales in 2025 and 2024 is as follows:

A. For the year ended 31 December 2025

Client name	Sales amount	%
Customer A	<u>\$565,558</u>	<u>13.57%</u>

B. For the year ended 31 December 2024

Client name	Sales amount	%
Customer A	<u>\$671,140</u>	<u>15.88%</u>