

Asia Optical Co., Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Asia Optical Co., Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Asia Optical Co., Inc. and its subsidiaries (collectively referred to as the “Group”), as of September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended September 30, 2025 and 2024, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements No. 2410, “Review of Interim Financial Information performed by the Independent auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 12, the consolidated financial statements of certain insignificant subsidiaries were prepared and not reviewed by independent auditors for the same reporting periods. Total assets of these subsidiaries amounted to NT\$5,407,274 thousand and NT\$4,375,218 thousand, representing 20% and 18% of the related consolidated totals, and total liabilities amounted to NT\$1,544,125 thousand and NT\$1,277,522 thousand, each representing 15% of the related consolidated totals, as at September 30, 2025 and 2024, respectively. Total comprehensive income of these subsidiaries amounted to NT\$ 269,560 thousand and NT\$177,170 thousand, representing 20% and 37% of the related consolidated totals for the three-month periods ended September 30, 2025 and 2024. As for the nine-month periods ended September 30, the total comprehensive income of these subsidiaries amounted to NT\$190,736 thousand and NT\$446,015 thousand, representing 36% and 21% of the related consolidated totals. Also, as described in Note 14 to the consolidated financial statements, the financial statements of the investee accounted for using the equity method for the same period were not reviewed by independent auditors. Furthermore, the investments accounted for under equity method as at September 30, 2025 and 2024 amounted to NT\$55,104 thousand and NT\$52,321 thousand, respectively, and the related investment gain were NT\$985 thousand, NT\$717 thousand, NT\$5,378 thousand and NT\$2,630 thousand for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30 2025 and 2024, its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine

months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shui-Ching Chiang and Wang, Samuel M.

Deloitte & Touche
Taipei, Taiwan
Republic of China

OCTOBER 31, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024 (In Thousands of New Taiwan Dollars)

	September 30, 2025		December 31, 2024		September 30, 2024	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 11,156,917	42	\$ 13,141,780	51	\$ 11,720,450	47
Financial assets at amortized cost - current (Note 9)	148,867	1	156,095	-	188,078	1
Notes receivable (Note 23)	61,005	-	77,547	-	112,971	1
Trade receivables from unrelated parties (Notes 10 and 23)	5,971,945	22	4,819,607	19	5,271,813	21
Trade receivables from related parties (Notes 23 and 30)	3	-	-	-	-	-
Other receivables (Note 30)	50,695	-	39,533	-	54,000	-
Inventories (Note 11)	5,303,143	20	3,594,980	14	3,522,432	14
Other current assets (Note 13)	160,638	1	158,701	1	110,654	1
Total current assets	<u>22,853,213</u>	<u>86</u>	<u>21,988,243</u>	<u>85</u>	<u>20,980,398</u>	<u>85</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	23,949	-	32,656	-	136,388	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	28,985	-	54,749	-	64,410	-
Investments accounted for using the equity method (Note 14)	55,104	-	52,880	-	52,321	-
Property, plant and equipment (Note 15)	2,893,319	11	2,828,543	11	2,659,866	11
Right-of-use assets (Note 16)	320,852	1	274,888	1	268,761	1
Investment property (Note 17)	259,719	1	307,053	1	309,945	1
Other intangible assets (Note 18)	58,568	-	59,638	-	65,576	-
Deferred tax assets (Notes 4 and 25)	17,925	-	59,843	1	57,230	-
Prepayments for equipment	98,033	1	104,039	1	173,610	1
Refundable deposits	15,862	-	13,553	-	13,393	-
Total non-current assets	<u>3,772,316</u>	<u>14</u>	<u>3,787,842</u>	<u>15</u>	<u>3,801,500</u>	<u>15</u>
TOTAL	<u>\$ 26,625,529</u>	<u>100</u>	<u>\$ 25,776,085</u>	<u>100</u>	<u>\$ 24,781,898</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 23)	\$ 368,932	1	\$ 374,558	2	\$ 396,536	2
Notes payable	2,110	-	2,655	-	3,319	-
Trade payables to unrelated parties	6,273,044	24	4,661,549	18	4,933,932	20
Trade payables to related parties (Note 30)	8,838	-	5,244	-	12,182	-
Other payables (Note 19)	2,666,924	10	2,579,413	10	2,400,293	10
Current tax liabilities (Notes 4 and 25)	390,870	2	421,606	2	295,431	1
Lease liabilities - current (Note 16)	18,210	-	18,321	-	15,869	-
Other current liabilities (Note 23)	118,937	-	101,636	-	99,937	-
Total current liabilities	<u>9,847,865</u>	<u>37</u>	<u>8,164,982</u>	<u>32</u>	<u>8,157,499</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 25)	275,291	1	202,362	1	130,134	1
Lease liabilities - non-current (Note 16)	15,117	-	24,694	-	24,792	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	75,194	-	87,072	-	107,176	-
Guarantee deposits received	7,358	-	7,848	-	7,740	-
Other non-current liabilities (Note 20)	2,357	-	2,338	-	2,332	-
Total non-current liabilities	<u>375,317</u>	<u>1</u>	<u>324,314</u>	<u>1</u>	<u>272,174</u>	<u>1</u>
Total liabilities	<u>10,223,182</u>	<u>38</u>	<u>8,489,296</u>	<u>33</u>	<u>8,429,673</u>	<u>34</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Capital Stock	2,792,439	10	2,792,439	11	2,792,439	11
Capital surplus	5,476,803	21	5,476,803	21	5,476,803	22
Retained earnings						
Legal reserve	2,335,641	9	2,171,975	8	2,171,975	9
Special reserve	5,797	-	368,933	2	368,933	1
Unappropriated earnings	3,977,710	15	3,355,338	13	2,960,320	12
Other equity	(617,607)	(2)	507,072	2	114,519	1
Total Equity attributable to owners of the parent	13,970,783	53	14,672,560	57	13,884,989	56
NON-CONTROLLING INTERESTS						
Total equity	<u>2,431,564</u>	<u>9</u>	<u>2,614,229</u>	<u>10</u>	<u>2,467,236</u>	<u>10</u>
TOTAL	<u>\$ 26,625,529</u>	<u>100</u>	<u>\$ 25,776,085</u>	<u>100</u>	<u>\$ 24,781,898</u>	<u>100</u>

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In thousands of New Taiwan dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUES (Notes 23 and 30)	\$7,152,524	100	\$6,827,802	100	\$19,469,403	100	\$16,730,464	100
COSTS OF REVENUES (Notes 11, 21, 24 and 30)	<u>5,578,579</u>	<u>78</u>	<u>5,356,189</u>	<u>79</u>	<u>15,587,216</u>	<u>80</u>	<u>13,619,436</u>	<u>82</u>
GROSS PROFIT	<u>1,573,945</u>	<u>22</u>	<u>1,471,613</u>	<u>21</u>	<u>3,882,187</u>	<u>20</u>	<u>3,111,028</u>	<u>18</u>
OPERATING EXPENSES (Notes 21 and 24)								
Selling and marketing expenses	71,343	1	60,991	1	194,597	1	164,579	1
General and administrative expenses	381,115	5	380,593	5	1,137,296	6	1,040,164	6
Research and development expenses	245,589	4	266,678	4	689,184	3	661,681	4
Expected credit loss (reversal of provision) (Note 10)	(<u>1,857</u>)	<u>—</u>	<u>3,720</u>	<u>—</u>	<u>2,494</u>	<u>—</u>	<u>3,320</u>	<u>—</u>
Total operating expenses	<u>696,190</u>	<u>10</u>	<u>711,982</u>	<u>10</u>	<u>2,023,571</u>	<u>10</u>	<u>1,869,744</u>	<u>11</u>
INCOME FROM OPERATIONS	<u>877,755</u>	<u>12</u>	<u>759,631</u>	<u>11</u>	<u>1,858,616</u>	<u>10</u>	<u>1,241,284</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 24 and 30)	35,473	1	10,758	-	61,296	-	54,707	-
Other gains and losses (Note 24)	(<u>1,784</u>)	<u>—</u>	<u>189</u>	<u>—</u>	(<u>892</u>)	<u>—</u>	<u>343</u>	<u>—</u>
Finance costs (Note 16)	(<u>302</u>)	<u>—</u>	(<u>295</u>)	<u>—</u>	(<u>1,026</u>)	<u>—</u>	(<u>776</u>)	<u>—</u>
Share of profit of associates (Note 14)	985	<u>—</u>	717	<u>—</u>	5,378	<u>—</u>	2,630	<u>—</u>
Interest income	82,834	1	114,412	2	274,495	1	336,771	2
Foreign exchange gain (loss)	(<u>160,734</u>)	<u>(2)</u>	<u>47,439</u>	<u>1</u>	<u>156,893</u>	<u>1</u>	<u>81,412</u>	<u>1</u>
Net gain (loss) on financial asset at FVTPL	(<u>1,916</u>)	<u>—</u>	(<u>8,616</u>)	<u>—</u>	(<u>8,418</u>)	<u>—</u>	<u>30,690</u>	<u>—</u>
Total non-operating income and expenses	(<u>45,444</u>)	<u>—</u>	<u>164,604</u>	<u>3</u>	<u>487,726</u>	<u>2</u>	<u>505,777</u>	<u>3</u>
INCOME BEFORE INCOME TAX	832,311	12	924,235	14	2,346,342	12	1,747,061	10

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ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In thousands of New Taiwan dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 25)	<u>218,789</u>	<u>3</u>	<u>128,981</u>	<u>2</u>	<u>555,469</u>	<u>3</u>	<u>205,362</u>	<u>1</u>
NET INCOME	<u>613,522</u>	<u>9</u>	<u>795,254</u>	<u>12</u>	<u>1,790,873</u>	<u>9</u>	<u>1,541,699</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(8,051)	-	(6,441)	-	(25,764)	-	(16,103)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	<u>729,118</u>	<u>10</u>	<u>(306,173)</u>	<u>(5)</u>	<u>(1,241,152)</u>	<u>(6)</u>	<u>569,284</u>	<u>4</u>
Other comprehensive income (loss)	<u>721,067</u>	<u>10</u>	<u>(312,614)</u>	<u>(5)</u>	<u>(1,266,916)</u>	<u>(6)</u>	<u>553,181</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME	<u><u>\$1,334,589</u></u>	<u><u>19</u></u>	<u><u>\$ 482,640</u></u>	<u><u>7</u></u>	<u><u>\$ 523,957</u></u>	<u><u>3</u></u>	<u><u>\$2,094,880</u></u>	<u><u>13</u></u>
NET INCOME ATTRIBUTED TO:								
Owner of the parent	\$ 520,443	7	\$ 684,707	10	\$ 1,539,878	8	\$1,241,643	7
Non-controlling interests	<u>93,079</u>	<u>2</u>	<u>110,547</u>	<u>2</u>	<u>250,995</u>	<u>1</u>	<u>300,056</u>	<u>2</u>
	<u><u>\$ 613,522</u></u>	<u><u>9</u></u>	<u><u>\$ 795,254</u></u>	<u><u>12</u></u>	<u><u>\$1,790,873</u></u>	<u><u>9</u></u>	<u><u>\$1,541,699</u></u>	<u><u>9</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:								
Owner of the parent	\$1,154,212	16	\$ 403,514	6	\$ 415,199	2	\$1,719,298	11
Non-controlling interests	<u>180,377</u>	<u>3</u>	<u>79,126</u>	<u>1</u>	<u>108,758</u>	<u>1</u>	<u>375,582</u>	<u>2</u>
	<u><u>\$1,334,589</u></u>	<u><u>19</u></u>	<u><u>\$ 482,640</u></u>	<u><u>7</u></u>	<u><u>\$ 523,957</u></u>	<u><u>3</u></u>	<u><u>\$2,094,880</u></u>	<u><u>13</u></u>
EARNINGS PER SHARE (Note 26)								
Basic	<u><u>\$ 1.86</u></u>		<u><u>\$ 2.46</u></u>		<u><u>\$ 5.51</u></u>		<u><u>\$ 4.45</u></u>	
Diluted	<u><u>\$ 1.82</u></u>		<u><u>\$ 2.42</u></u>		<u><u>\$ 5.44</u></u>		<u><u>\$ 4.40</u></u>	

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

(Concluded)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Note 22)	Capital Surplus (Notes 22)	Legal Reserve	Retained Earnings (Note 22)	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2024	\$ 2,792,439	\$ 5,365,320	\$ 2,100,482	\$ 281,870	\$ 2,379,872		(\$ 363,136)	\$ -	\$ 12,556,847	\$ 2,270,757	\$ 14,827,604
Appropriation of 2023 earnings											
Legal reserve			71,493			(71,493)					
Special reserve				87,063		(87,063)					
Cash dividends, NT\$1.80 per share						(502,639)			(502,639)		(502,639)
Net income for the nine months ended September 30, 2024	-	-	-	-	1,241,643		-	-	1,241,643	300,056	1,541,699
Other comprehensive income for the nine months ended September 30, 2024, net of income tax							493,758	(16,103)	477,655	75,526	553,181
Total comprehensive income for the nine months ended September 30, 2024					1,241,643		493,758	(16,103)	1,719,298	375,582	2,094,880
Change in ownership interests in subsidiaries		111,483							111,483	(111,483)	
Decrease in non-controlling interests										(67,620)	(67,620)
BALANCE AT SEPTEMBER 30, 2024	\$ 2,792,439	\$ 5,476,803	\$ 2,171,975	\$ 368,933	\$ 2,960,320	\$ 130,622	(\$ 16,103)	\$ 13,884,989	\$ 2,467,236	\$ 16,352,225	
BALANCE AT JANUARY 1, 2025	\$ 2,792,439	\$ 5,476,803	\$ 2,171,975	\$ 368,933	\$ 3,355,338	\$ 532,836	(\$ 25,764)	\$ 14,672,560	\$ 2,614,229	\$ 17,286,789	
Appropriation of 2024 earnings											
Legal reserve			163,666			(163,666)					
Cash dividends, NT\$4.00 per share						(1,116,976)			(1,116,976)		(1,116,976)
Reverse the Special reserve				(363,136)	363,136						
Net income for the nine months ended September 30, 2025	-	-	-	-	1,539,878		-	-	1,539,878	250,995	1,790,873
Other comprehensive income for the nine months ended September 30, 2025, net of income tax							(1,098,915)	(25,764)	(1,124,679)	(142,237)	(1,266,916)
Total comprehensive income for the nine months ended September 30, 2025					1,539,878		(1,098,915)	(25,764)	415,199	108,758	523,957
Decrease in non-controlling interests										(291,423)	(291,423)
BALANCE AT SEPTEMBER 30, 2025	\$ 2,792,439	\$ 5,476,803	\$ 2,335,641	\$ 5,797	\$ 3,977,710	(\$ 566,079)	(\$ 51,528)	\$ 13,970,783	\$ 2,431,564	\$ 16,402,347	

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,346,342	\$ 1,747,061
Adjustments for:		
Depreciation expense	549,737	495,848
Amortization expense	26,653	28,104
Expected credit loss	2,494	3,320
Loss (gain) on financial assets at fair value through profit or loss, net	8,418	(30,690)
Finance costs	1,026	776
Interest income	(274,495)	(336,771)
Share of profit of associates	(5,378)	(2,630)
Gain on disposal of property, plant and equipment, net	(77)	(958)
Loss on inventory write-down and obsolescence	1,891	26,918
Loss (gain) on foreign currency exchange, net	(2,735)	16,754
Recognition of provisions	19	18
Changes in operating assets and liabilities:		
Notes receivable	11,930	(5,066)
Trade receivables	(1,382,417)	(912,041)
Other receivables	(13,278)	(14,756)
Inventories	(1,957,245)	(593,477)
Other current assets	(8,921)	31,402
Contract liabilities	(641)	957
Notes payable	444	(786)
Trade payables	1,915,207	1,823,201
Other payables	(79,603)	413,837
Other current liabilities	20,919	4,602
Net defined benefit liabilities	(11,159)	(11,739)
Cash generated from operations	1,149,131	2,683,884
Interest received	274,495	336,771
Interest paid	(1,026)	(776)
Income tax paid	(458,639)	(308,110)
Net cash generated from operating activities	<u>963,961</u>	<u>2,711,769</u>

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ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 116,086)	(\$ 15,157)
Proceeds from disposal of financial assets at amortized cost	120,870	4,985
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	66,041
Acquisition of property, plant and equipment	(669,907)	(379,743)
Proceeds from disposal of property, plant and equipment	1,455	6,693
Decrease(Increase) in refundable deposits	(2,907)	142
Acquisition of intangible assets	(25,759)	(14,309)
Increase in prepayments for equipment	(93,533)	(259,836)
Net cash used in investing activities	(785,867)	(591,184)
CASH FLOWS FROM FINANCING ACTIVITES		
Increase in guarantee deposits received	-	3,753
Repayment of the principal portion of lease liabilities	(100,817)	(15,618)
Dividends paid owners of the parent	(1,116,976)	(502,639)
Change in non-controlling interests	-	(67,620)
Net cash generated used in financing activities	(1,217,793)	(582,124)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(945,164)	435,100
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(1,984,863)	1,973,561
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>13,141,780</u>	<u>9,746,889</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 11,156,917</u></u>	<u><u>\$ 11,720,450</u></u>

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

(Concluded)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In thousands of New Taiwan dollars and Foreign Currencies, Unless Stated Otherwise)

1. GENERAL INFORMATION

Asia Optical Co., Inc. (the “Company”) was incorporated in the Republic of China (ROC) in October, 1980 according to the Company Law of the ROC. The Company mainly manufactures, processes and sells cameras, riflescopes, photocopier lens, scanner lens and optical components.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August, 2002.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on October 31, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 “Lack of Exchangeability”

The application of amendments to IAS 21 “Lack of Exchangeability” did not have any material impact on the Group’s accounting policies.

- b. New IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2026

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”(including revisions for 2020 and 2021)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurements of Financial Instruments”

- 1) The amendments to the application guidance of classification of financial assets
The amendments main amend the requirements for the classification of financial assets , including :

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding;
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payments structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of de-recognition of financial liabilities

The amendments mainly stipulate that a financial liability is de-recognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to de-recognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in :

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction;
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards issued by IASB, but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between and Investor and its Associate or Joint Venture" IFRS 18 "Presentation and Disclosure in Financial Statements"	To be determined by IASB January 1, 2027 (Note2)

Note1 : Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note2 : On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements as required by International Financing standard (IFRS).

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer Note 12 to Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other Significant Accounting Policies

Except for the following, please refer the other Significant accounting policies to the consolidated financial statements for the year ended December 31, 2024.

1) Defined retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes for interim period are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION, UNCERTAINTY AND ASSUMPTION

In the application of the Group's accounting policies, management is required to make judgments,

estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impacts on the measure in response to the U.S. reciprocal tariffs, including the cash flow projection, growth rates, discount rates, profitabilities, and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgments, estimates and assumptions uncertainty. For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended in December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Cash on hand and petty cash	\$ 54,739	\$ 50,414	\$ 57,212
Checking and savings accounts	2,421,406	2,652,505	2,291,298
Cash equivalent (Time deposits with original maturities of less than three months)	<u>8,680,772</u> <u>\$ 11,156,917</u>	<u>10,438,861</u> <u>\$ 13,141,780</u>	<u>9,371,940</u> <u>\$ 11,720,450</u>
Interest rate intervals of cash in bank (%)	0.001-4.49	0.001-4.96	0.001-5.57

7. FINANCIAL ASSETS AT FVTPL - NON-CURRENT

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Unlisted shares			
Pioneer Technology Co., Ltd. ("Pioneer")	\$ -	\$ -	\$ 101,717
OTO Brite Electronics, Inc. ("OTO Brite")	19,478	27,896	29,957
Guangdong Xinwei Automobile Technology Co., Ltd ("Guangdong Xinwei")	4,471	4,760	4,714
B-STORM. CO., LTD. ("B-STORM")	-	-	-
Shisei Datum Ltd. ("Shisei Datum")	<u>\$ 23,949</u>	<u>\$ 32,656</u>	<u>\$ 136,388</u>

Pioneer has resolved, at the shareholders' meeting held in 2024, to reduce its capital and return shareholders' paid-up capital. The Group had received NT\$ 66,041 thousand of investment by its ownership and resolved to dispose the entire shareholdings of Pioneer by the amount of NT\$ 153,605 thousand.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Unlisted shares			
Myrias Optics, Inc. ("Myrias")	<u>\$ 28,985</u>	<u>\$ 54,749</u>	<u>\$ 64,410</u>

The Group invests in Myrias for medium to long-term strategic purposes and expects to make profits through long-term investments. The management level of the Group believes that if the short-term fair value fluctuations of these investments are included in profit and loss, it'd be inconsistent with the long-term investment plan previously mentioned. Therefore, the investment has been specified as financial assets measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Time deposits with original maturities of more than 3 months	\$ 148,867	\$ 156,095	\$ 188,078
Market rate intervals of time deposits (%)	1.29-1.71	1.29-1.69	1.05-1.69

10. TRADE RECEIVABLES FROM UNRELATED PARTIES

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>At amortized cost</u>			
Gross carrying amount	\$ 5,996,939	\$ 4,845,785	\$ 5,308,652
Less: Loss Allowance	(24,994)	(26,178)	(36,839)
	<u>\$ 5,971,945</u>	<u>\$ 4,819,607</u>	<u>\$ 5,271,813</u>

The average credit period of sales of goods is 30 to 240 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and reviewed by the management annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	<u>Less than 90 days</u>	<u>91 to 120 Days</u>	<u>121 to 150 Days</u>	<u>151 to 180 Days</u>	<u>181 to 210 Days</u>	<u>Over 211 Days</u>	<u>Total</u>
<u>September 30, 2025</u>							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0-25.86	0-68.80	0-100	
Gross carrying amount	\$ 5,574,258	\$ 380,339	\$ 15,881	\$ 15,989	\$ 641	\$ 9,831	\$ 5,996,939
Loss allowance (Lifetime ECLs)	(15,536)	(945)	(439)	(637)	(125)	(7,312)	(24,994)

Amortized cost	<u>\$ 5,558,722</u>	<u>\$ 379,394</u>	<u>\$ 15,442</u>	<u>\$ 15,352</u>	<u>\$ 516</u>	<u>\$ 2,519</u>	<u>\$ 5,971,945</u>
<u>December 31, 2024</u>							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 4,504,273	\$ 276,951	\$ 30,230	\$ 13,275	\$ 1,606	\$ 19,450	\$ 4,845,785
Loss allowance (Lifetime ECLs)	(10,383)	(1,567)	(2,564)	(1,435)	(377)	(9,852)	(26,178)
Amortized cost	<u>\$ 4,493,890</u>	<u>\$ 275,384</u>	<u>\$ 27,666</u>	<u>\$ 11,840</u>	<u>\$ 1,229</u>	<u>\$ 9,598</u>	<u>\$ 4,819,607</u>
<u>September 30, 2024</u>							
Expected credit loss rate (%)	0-1.00	0-5.83	0-23.91	0-25.27	0-68.80	0-100	
Gross carrying amount	\$ 4,876,995	\$ 356,088	\$ 40,832	\$ 20,431	\$ 656	\$ 13,650	\$ 5,308,652
Loss allowance (Lifetime ECLs)	(15,604)	(5,705)	(3,357)	(445)	(192)	(11,536)	(36,839)
Amortized cost	<u>\$ 4,861,391</u>	<u>\$ 350,383</u>	<u>\$ 37,475</u>	<u>\$ 19,986</u>	<u>\$ 464</u>	<u>\$ 2,114</u>	<u>\$ 5,271,813</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2025	2024
Balance at January 1	\$ 26,178	\$ 53,929
Add: Provision	2,494	3,320
Less: Written off	(2,395)	(22,127)
Effect of exchange rate changes	(1,283)	1,717
Balance at September 30	<u>\$ 24,994</u>	<u>\$ 36,839</u>

11. INVENTORIES

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials	\$ 3,082,234	\$ 2,176,330	\$ 2,130,818
Supplies	58,566	60,346	46,925
Work in process	871,288	492,753	577,280
Finished goods	<u>1,291,055</u>	<u>865,551</u>	<u>767,409</u>
	<u>\$ 5,303,143</u>	<u>\$ 3,594,980</u>	<u>\$ 3,522,432</u>

The nature of the cost of goods sold is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Cost of inventories sold	\$ 5,576,325	\$ 5,346,393	\$15,585,325	\$13,592,518
Inventory loss from write-down	<u>2,254</u>	<u>9,796</u>	<u>1,891</u>	<u>26,918</u>
	<u>\$ 5,578,579</u>	<u>\$ 5,356,189</u>	<u>\$15,587,216</u>	<u>\$13,619,436</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	% of Ownership		
		September 30, 2025	December 31, 2024	September 30, 2024
Asia Optical	Asia Optical International Ltd.	100	100	100

Investor	Investee	% of Ownership		
		September 30, 2025	December 31, 2024	September 30, 2024
	(“Asia International”)			
	Powerlink Electronic International Ltd. (“Powerlink”)	100	100	100
	Richman International Group Co., Ltd. (“Richman”)	100	100	100
	Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	94	94	94
	Asia Tech Image, Inc. (“Asia Tech”)	26	26	26
	Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	100	100	100
	Asia Optical Philippines Inc. (“AOPI”)	100	100	-
Asia Optical and Asia International	AOE Optronics Co., Ltd. (“AOE Optronics”)	93	93	93
Asia Optical, Richman and Asia International	Dong-Guan Tailien Optical Co., Ltd. (“Dong-Guan Tailien”)	90	90	90
Asia International	Dong-Guan Sintai Optical Co., Ltd. (“Dong-Guan Sintai”)	100	100	100
	Shen Zhen Sintai Optical Co., Ltd. (“Shen Zhen Sintai”)	100	100	100
	Sintai Photonics Technology (Shang Hai) Ltd. (“Shang Hai Sintai”)	100	100	100
	AOI Development Center, Limited (“AOIDC”)	100	100	100
	Myanmar Asia Optical International Co., Ltd. (“Myanmar Asia”)	100	100	100
Richman	Crosszone Limited (“Crosszone”)	100	100	100
Richman and Asia International	Yorkey Optical International (Cayman) Ltd. (“Yorkey Cayman”)	100	100	100
Powerlink	Scopro Optical Co., Ltd. (“Scopro”)	100	100	100
Asia Tech	Asia Image (Samoa) Technology Limited (“Asia Tech Samoa”)	100	100	100
Asia Tech Samoa	Atii Tech Image (Shen Zhen) Co., Ltd. (“Shen Zhen Atii”)	100	100	100
AOE Optronics	AOE International (Cayman) Limited (“AOE Cayman”)	100	100	100
	AOE Optronics (Thailand) Co., Ltd. (“AOE THAILAND”)	100	-	-
AOE Cayman	AOE Optronics (Shen Zhen) Ltd. (“AOE Shen Zhen”)	100	100	100
Powerlink Cayman	Asia Scopro Optics Co., Inc. (“Asia Scopro”)	100	100	100
Yorkey Cayman	ASAM Industries Inc. (“ASAM”)	100	100	100
	Yorkey Optical Technology Limited (“Yorkey Technology”)	100	100	100
Yorkey Technology	Dong-Guan Yorkey Optical Co., Ltd. (“Dong-Guan Yorkey”)	100	100	100

AOE Optronics has completed a cash capital increase in March 2024. The Group did not subscribe in proportion to its shareholding, and its shareholding ratio decreased from 98% to 93%. The effect of ownership interest changes is recognized in the capital reserve.

The Company invested NT\$6,509 thousand to establish AOPI in November 2024. The Company obtained 100% ownership interest in AOPI through the investment amounts of NT\$16,365 thousand and NT\$30,275 in January and September 2025, respectively.

Asia International adopted its Board of Directors resolution to approve the capital increased by US\$10,586 thousand out of debt for equity swap to Myanmar Asia in January, 2025.

AOE Optronics invested NT\$1,808 thousand to establish AOE THAILAND in July 2025. AOE Optronics obtained 100% ownership interest in AOE THAILAND.

Restricted by local laws, the Company entrusted others to invest in Scopro, Asia Scopro and ASAM; The Company still has a 100% ownership interest in the subsidiaries mentioned above.

The financial statements for the nine months ended September 30, 2025 and 2024 of Asia International, Asia Tech, AOE Optronics , Shen Zhen Sintai, Asia Tech Samoa, Shen Zhen Atii, Myanmar Asia , Yorkey Cayman , AOE Cayman, and AOE Shen Zhen and three months ended September 30,2025 of AOE THAILAND were reviewed by independent auditors. Other financial statements of non-significant subsidiaries were not reviewed.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	September 30, 2025	December 31, 2024	September 30, 2024
Asia Tech	74	74	74

Refer to Table 5 and 6 for the information on principal place of business and place of incorporation.

13. OTHER CURRENT ASSETS

	September 30, 2025	December 31, 2024	September 30, 2024
Prepayments	\$ 127,096	\$ 128,337	\$ 70,274
Net input VAT	12,249	18,124	20,664
Other	<u>21,293</u>	<u>12,240</u>	<u>19,716</u>
	<u>\$ 160,638</u>	<u>\$ 158,701</u>	<u>\$ 110,654</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	September 30, 2025		December 31, 2024		September 30, 2024	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted companies</u>						

Dong-Guan Nikon Surveying

Instruments Co., Ltd.

(Dong-Guan Nikon)

\$ 55,104

40

\$ 52,880

40

\$ 52,321

40

Refer to Table 6 for the nature of activities, principal place of business and country of incorporation of the associate.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

For the Nine Months Ended September 30, 2025

	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, September 30
<u>Cost</u>						
Land	\$ 306,898	\$ -	\$ -	\$ -	(\$ 632)	\$ 306,266
Buildings	2,563,759	1,655	(9,478)	1,406	(134,112)	2,423,230
Machinery and equipment	7,823,605	168,209	(134,945)	56,651	(484,650)	7,428,870
Office equipment	411,282	277	(286)	483	(29,174)	382,582
Other equipment	2,983,090	221,917	(48,515)	49,909	(181,424)	3,024,977
Construction in progress	<u>131,539</u>	<u>258,334</u>	<u>-</u>	<u>(63,572)</u>	<u>(11,198)</u>	<u>315,103</u>
	<u>14,220,173</u>	<u>\$ 650,392</u>	<u>(\$ 193,224)</u>	<u>\$ 44,877</u>	<u>(\$ 841,190)</u>	<u>13,881,028</u>
<u>Accumulated depreciation</u>						
Buildings	1,940,571	\$ 164,611	(\$ 9,478)	\$ -	(\$ 112,326)	1,983,378
Machinery and equipment	6,795,615	175,159	(134,911)	(790)	(432,516)	6,402,557
Office equipment	387,379	946	(286)	-	(27,516)	360,523
Other equipment	2,268,065	<u>158,505</u>	<u>(47,171)</u>	<u>(519)</u>	<u>(137,629)</u>	<u>2,241,251</u>
	<u>11,391,630</u>	<u>\$ 499,221</u>	<u>(\$ 191,846)</u>	<u>(\$ 1,309)</u>	<u>(\$ 709,987)</u>	<u>10,987,709</u>
						<u>\$ 2,893,319</u>

For the Nine Months Ended September 30, 2024

	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, September 30
<u>Cost</u>						
Land	\$ 308,219	\$ -	\$ -	\$ -	\$ 682	\$ 308,901
Buildings	2,463,261	551	(3,161)	-	75,719	2,536,370
Machinery and equipment	7,265,758	165,234	(116,978)	3,412	253,366	7,570,792
Office equipment	398,666	428	(805)	-	12,194	410,483
Other equipment	2,624,604	164,803	(36,181)	61,765	108,827	2,923,818
Construction in progress	<u>237</u>	<u>57,820</u>	<u>(70)</u>	<u>2,371</u>	<u>60,358</u>	
	<u>13,060,745</u>	<u>\$ 388,836</u>	<u>(\$ 157,125)</u>	<u>\$ 65,107</u>	<u>\$ 453,159</u>	<u>13,810,722</u>
<u>Accumulated depreciation</u>						
Buildings	\$ 1,716,766	\$ 109,572	(\$ 3,161)	\$ -	\$ 58,571	\$ 1,881,748
Machinery and equipment	6,375,184	188,887	(111,245)	-	231,635	6,684,461
Office equipment	357,799	844	(803)	-	10,987	368,827
Other equipment	<u>2,022,453</u>	<u>145,995</u>	<u>(36,181)</u>	<u>-</u>	<u>83,553</u>	<u>2,215,820</u>
	<u>10,472,202</u>	<u>\$ 445,298</u>	<u>(\$ 151,390)</u>	<u>\$ -</u>	<u>\$ 384,746</u>	<u>11,150,856</u>
						<u>\$ 2,659,866</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	25-50 years
Others	2-20 years
Machinery and equipment	2-12 years
Office equipment	2- 8 years
Other equipment	2-35 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
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Carrying amount

Land	\$ 291,345	\$ 237,889	\$ 234,175
Buildings	28,696	36,667	34,177
Other equipment	<u>811</u>	<u>332</u>	<u>409</u>
	<u>\$ 320,852</u>	<u>\$ 274,888</u>	<u>\$ 268,761</u>

Nine Months Ended September 30

	<u>2025</u>	<u>2024</u>
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Additions to right-of-use assets
Land

Land	\$ 85,574	\$ -
Buildings	5,725	25,288
Other equipment	<u>735</u>	<u>-</u>
	<u>\$ 92,034</u>	<u>\$ 25,288</u>

Three Months Ended September 30 Nine Months Ended September 30

	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
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Depreciation of right-of-use assets

Land	\$ 3,107	\$ 2,891	\$ 9,836	\$ 8,791
Buildings	4,410	4,204	12,958	13,361
Other equipment	<u>85</u>	<u>92</u>	<u>256</u>	<u>276</u>
	<u>\$ 7,602</u>	<u>\$ 7,187</u>	<u>\$ 23,050</u>	<u>\$ 22,428</u>

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the nine months ended September 30, 2025 and 2024.

b. Lease liabilities

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Carrying amount</u>			
Current	\$ 18,210	\$ 18,321	\$ 15,869
Non-current	\$ 15,117	\$ 24,694	\$ 24,792

Range of discount rates for lease liabilities was as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Land	2%	2%	2%
Buildings	1.5%-5%	1.5%-5%	1.1%-5%
Office equipment	2%-4.75%	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%	1.5%-4.75%

	<u>Three Months Ended September 30</u>			
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Finance Costs				
Interest expense from lease liabilities	\$ 302	\$ 295	\$ 852	\$ 776

c. Material lease-in activities and terms

The Group leases lands and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>Three Months Ended September 30</u>			
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	\$ 7,493	\$ 4,800	\$ 18,802	\$ 13,837
Total cash outflow for leases			\$ 120,471	\$ 30,231

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Carrying amount</u>			
Land	\$ 291,345	\$ 237,889	\$ 234,175
Buildings	28,696	36,667	34,177
Other equipment	<u>811</u>	<u>332</u>	<u>409</u>
	<u>\$ 320,852</u>	<u>\$ 274,888</u>	<u>\$ 268,761</u>
<u>Nine Months Ended September 30</u>			
	<u>2025</u>	<u>2024</u>	
Additions to right-of-use assets			
Land			
Land	\$ 85,574	\$ -	
Buildings	5,725	25,288	
Other equipment	<u>735</u>	<u>-</u>	
	<u>\$ 92,034</u>	<u>\$ 25,288</u>	
<u>Three Months Ended September 30</u>			
	<u>2025</u>	<u>2024</u>	
Depreciation of right-of-use assets			
Land	\$ 3,107	\$ 2,891	\$ 9,836
Buildings	4,410	4,204	12,958
Other equipment	<u>85</u>	<u>92</u>	<u>256</u>
	<u>\$ 7,602</u>	<u>\$ 7,187</u>	<u>\$ 23,050</u>
<u>Nine Months Ended September 30</u>			
	<u>2025</u>	<u>2024</u>	
Depreciation of right-of-use assets			
Land	\$ 3,107	\$ 2,891	\$ 9,836
Buildings	4,410	4,204	12,958
Other equipment	<u>85</u>	<u>92</u>	<u>256</u>
	<u>\$ 7,602</u>	<u>\$ 7,187</u>	<u>\$ 23,050</u>

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the nine months ended September 30, 2025 and 2024.

b. Lease liabilities

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Carrying amount</u>			
Current	\$ 18,210	\$ 18,321	\$ 15,869
Non-current	<u>\$ 15,117</u>	<u>\$ 24,694</u>	<u>\$ 24,792</u>

Range of discount rates for lease liabilities was as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Land	2%	2%	2%
Buildings	1.5%-5%	1.5%-5%	1.1%-5%
Office equipment	2%-4.75%	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%	1.5%-4.75%

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Finance Costs				
Interest expense from lease liabilities	<u>\$ 302</u>	<u>\$ 295</u>	<u>\$ 852</u>	<u>\$ 776</u>

c. Material lease-in activities and terms

The Group leases lands and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	<u>\$ 7,493</u>	<u>\$ 4,800</u>	<u>\$ 18,802</u>	<u>\$ 13,837</u>
Total cash outflow for leases			<u>\$ 120,471</u>	<u>\$ 30,231</u>

17. INVESTMENT PROPERTY

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Effect of Exchange Rate Changes</u>	<u>Balance, September 30</u>
<u>Nine Months Ended September 30, 2025</u>				
Cost	<u>\$ 1,186,404</u>	<u>\$ -</u>	<u>(\$ 74,709)</u>	<u>\$ 1,111,695</u>
Accumulated depreciation	<u>(879,351)</u>	<u>(\$ 27,466)</u>	<u>(\$ 54,841)</u>	<u>(851,976)</u>
	<u><u>\$ 307,053</u></u>			<u><u>\$ 259,719</u></u>
<u>Nine Months Ended September 30, 2024</u>				
Cost	<u>\$ 1,124,985</u>	<u>\$ -</u>	<u>(\$ 44,340)</u>	<u>\$ 1,169,325</u>
Accumulated depreciation	<u>(798,668)</u>	<u>(\$ 28,122)</u>	<u>(\$ 32,590)</u>	<u>(859,380)</u>
	<u><u>\$ 326,317</u></u>			<u><u>\$ 309,945</u></u>

The investment properties are depreciated using the straight-line method over 20-50 years.

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. OTHER INTANGIBLE ASSETS

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Computer software	\$ 22,784	\$ 24,723	\$ 29,234
Goodwill	14,883	14,883	14,883
Others	<u>20,901</u>	<u>20,032</u>	<u>21,459</u>
	<u>\$ 58,568</u>	<u>\$ 59,638</u>	<u>\$ 65,576</u>

The computer software is amortized on a straight-line basis over 1 to 10 years.

19. OTHER PAYABLES

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Salaries and bonus	\$ 131,767	\$ 1,173,740	\$ 956,439
Compensation of employees and remuneration of directors	455,746	479,570	537,640
Payables for consumables, supplies and packing charges	297,089	200,099	235,925
Payables for annual leave	49,831	49,594	53,970
Others	<u>732,491</u>	<u>676,410</u>	<u>616,319</u>
	<u>\$ 2,666,924</u>	<u>\$ 2,579,413</u>	<u>\$ 2,400,293</u>

20. PROVISIONS

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Employee benefits (other non-current liabilities)	<u>\$ 2,357</u>	<u>\$ 2,338</u>	<u>\$ 2,332</u>

Employee benefits refer to estimates of certain long-term benefits.

21. RETIREMENT BENEFIT PLANS

Relevant pension cost of defined benefit plans recognized for the three months and nine months ended September 30, 2025 and 2024 were determined by the pension cost rates of actuarial valuation as of December 31, 2024 and 2023, amounting to NT\$325 thousand, NT\$368 thousand, NT\$1,168 thousand, and NT\$1,103 thousand, respectively.

22. EQUITY

a. Capital Stock

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Number of shares authorized (in thousands)	<u>313,000</u>	<u>313,000</u>	<u>313,000</u>
Capital authorized	<u>\$ 3,130,000</u>	<u>\$ 3,130,000</u>	<u>\$ 3,130,000</u>
Number of shares issued and fully paid (in thousands)	<u>279,244</u>	<u>279,244</u>	<u>279,244</u>
Capital issued	<u>\$ 2,792,439</u>	<u>\$ 2,792,439</u>	<u>\$ 2,792,439</u>

Each issued common stock with par value of NT\$10 is entitled the right to vote and receive dividends.

b. Capital surplus

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital	\$ 430,838	\$ 430,838	\$ 430,838
From convertible bonds	4,660,886	4,660,886	4,660,886
<u>May be used to offset a deficit only (2)</u>			
From changes in ownership interest of subsidiaries	183,844	183,844	183,844
From interest payable compensation of convertible bonds	74,343	74,343	74,343
Others - share options expired	<u>126,892</u>	<u>126,892</u>	<u>126,892</u>
	<u>\$ 5,476,803</u>	<u>\$ 5,476,803</u>	<u>\$ 5,476,803</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, and/or from the relevant payable interest compensation and stock options occurred in converting the corporate bonds and not received before expiration time.

c. Retained earnings and dividends policy

According to the earnings distribution policy of the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 24.

In accordance with Article 240 of Company Act, the dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash in accordance with Article 241 of the Company Act after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting.

Under the Company Law of the ROC and the Company's Articles of Incorporation, in deciding its stock dividend policy, the Company should consider that it is currently expanding and has a great demand for capital. Thus, for a stable dividend policy, the board of directors should take into account the results of operations, financial position and capital demand of the Company when deciding the type of dividends (cash or shares) to be distributed. Total dividends paid should be less than 90% of retained earnings available for appropriation, and the cash dividends must be more than 10% of total dividends paid.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient for allocation, the after-tax net income plus items other than the after-tax net income of the current period will be added into the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2024 and 2023 were as follows:

	Amounts		Dividends Per Share(NT\$)	
	2024	2023	2024	2023
Legal reserve	\$ 163,666	\$ 71,493		
Special reserve (reversed)	(363,136)	87,063		
Cash dividends	1,116,976	502,639	<u>\$ 4.00</u>	<u>\$ 1.80</u>

The above appropriation for cash dividends for 2024 and 2023 were resolved by the Company's board of directors in March, 2025 and 2024, and the other proposed appropriations were already resolved by the shareholders meetings in May, 2025 and 2024.

23. NET REVENUES

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenues from Contracts with customers				
Sale of goods	<u>\$ 7,152,524</u>	<u>\$ 6,827,802</u>	<u>\$ 19,469,403</u>	<u>\$ 16,730,464</u>

The rate of discount is estimated using the most likely amount, taking into account the Group's accumulated historical experience of discount. The balance of refund liability (classified as other current liability) was as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Refund liability	<u>\$ 36,951</u>	<u>\$ 36,951</u>	<u>\$ 36,951</u>

a. Contract information

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>	<u>January 1, 2024</u>
Notes receivable and trade receivables	<u>\$ 6,032,953</u>	<u>\$ 4,897,154</u>	<u>\$ 5,384,784</u>	<u>\$ 4,376,295</u>
Contract liabilities				
Sale of goods	<u>\$ 368,932</u>	<u>\$ 374,558</u>	<u>\$ 396,536</u>	<u>\$ 393,691</u>

b. Disaggregation of revenues

Refer to Note 34 for information about disaggregation of revenues.

<u>Nine Months Ended September 30</u>	
2025	2024

Timing of revenue recognition

Obligation satisfied at a point in time	<u>\$19,469,403</u>	<u>\$16,730,464</u>
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24. NET INCOME FROM CONTINUING OPERATIONS

a. Other income

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2025	2024	2025	2024
Rental income (Note 30)	\$ 4,543	\$ 5,906	\$ 14,195	\$ 17,216
Others	<u>30,930</u>	<u>4,852</u>	<u>47,101</u>	<u>37,491</u>
	<u><u>\$ 35,473</u></u>	<u><u>\$ 10,758</u></u>	<u><u>\$ 61,296</u></u>	<u><u>\$ 54,707</u></u>

b. Other gains and losses

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2025	2024	2025	2024
Gain on disposal of property, plant and equipment	\$ 109	\$ 387	\$ 77	\$ 958
Other losses	(1,893)	(198)	(969)	(615)
	<u>(\$ 1,784)</u>	<u>\$ 189</u>	<u>(\$ 892)</u>	<u>\$ 343</u>

c. Employee benefits, depreciation and amortization expenses

	<u>Three Months Ended September 30</u>					
	<u>2025</u>			<u>2024</u>		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$994,354	\$366,435	\$1,360,789	\$ 884,295	\$ 381,676	\$ 1,265,971
Other employee benefits	98,976	40,169	139,145	98,128	38,067	136,195
Post-employment benefits						
Defined contribution plans	62,498	27,768	90,226	48,492	20,180	68,672
Defined benefit plans	115	210	325	131	237	368
Depreciation	117,420	63,608	181,028	128,713	46,552	175,265
Amortization	164	9,195	9,359	241	9,406	9,647

	Nine Months Ended September 30					
	2025			2024		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$2,658,389	\$1,055,684	\$3,714,073	\$ 2,311,302	\$ 979,348	\$ 3,290,650
Other employee benefits	284,836	123,372	408,208	274,701	112,699	387,400
Post-employment benefits						
Defined contribution plans	165,881	66,352	232,233	133,659	59,708	193,367
Defined benefit plans	538	630	1,168	391	712	1,103
Depreciation	361,812	187,925	549,737	363,399	132,449	495,848
Amortization	681	25,972	26,653	703	27,401	28,104

d. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company shall accrue compensation of employees and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net income before income tax. According to the amendments to Securities and Exchange Act in August, 2024, the Company approved the resolution to the amendments to the Company's Articles of Incorporation by 2025 Annual General Shareholders' Meeting, and the amount of employee compensation shall be distributed no less than 1% to the junior staff. The compensation of employees and remuneration of directors for the three months and nine months ended September 30, 2025 and 2024 respectively, were as follows:

	Three Months Ended September 30			
	2025		2024	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$ 106,033	16%	\$ 141,764
Remuneration of directors	2%	14,138	2%	17,221

	Nine Months Ended September 30			
	2025		2024	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$ 321,027	16%	\$ 241,764
Remuneration of directors	2%	42,804	2%	30,221

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in next year.

The compensation of employees and remuneration of directors for the year ended December 31, 2024 and 2023 were resolved by the board of directors in March 2025 and 2024, respectively, as follows:

	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$ 310,500	16%	\$ 160,000
Remuneration of directors	2%	40,000	2%	20,000

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the accrued amount in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major Components of tax expense in profit or loss

Income tax expense consisted of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Current tax expense				
Current tax expense recognized in the current period	\$ 169,788	\$ 127,666	\$ 395,120	\$ 267,427
Undistributed retained earnings surcharge	-	-	52,216	8,873
Income tax adjustments on prior years	874	1,185	(6,000)	(9,190)
	170,622	128,851	441,336	267,110
Deferred income tax expense				
Current tax expense recognized in the current period	48,127	130	114,133	(61,748)
Income tax expense recognized in profit or loss	\$ 218,789	\$ 128,981	\$ 555,469	\$ 205,362

b. Income tax assessment

The income tax returns of the Company and Taiwan Top Optical Co., Ltd. through 2023 have been examined. The income tax returns of Asia Tech and AOE Optronics through 2022 have been examined.

26. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (In Thousands) (Denominator)	Earnings Per Share (In Dollars)
<u>Three months ended September 30, 2025</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 520,443	279,244	\$ 1.86

Dilutive effects			
Subsidiaries' compensation of employees	(4,241)	-	
Company's compensation of employees	_____ -	2,025	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 516,202</u>	<u>281,269</u>	<u>\$ 1.82</u>

Three months ended September 30, 2024

Basic EPS			
Net income available to shareholders of the common shares	\$ 684,707	279,244	<u>\$ 2.46</u>
Dilutive effects			
Subsidiaries' compensation of employees	(301)	-	
Company's compensation of employees	_____ -	2,121	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 684,406</u>	<u>281,365</u>	<u>\$ 2.42</u>

Nine months ended September 30, 2025

Basic EPS			
Net income available to shareholders of the common shares	\$ 1,539,878	279,244	<u>\$ 5.51</u>
Dilutive effects			
Subsidiaries' compensation of employees	(7,344)	-	
Company's compensation of employees	_____ -	2,395	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 1,532,534</u>	<u>281,639</u>	<u>\$ 5.44</u>

Nine months ended September 30, 2024

Basic EPS			
Net income available to shareholders of the common shares	\$ 1,241,643	279,244	<u>\$ 4.45</u>
Dilutive effects			
Subsidiaries' compensation of employees	(953)	-	
Company's compensation of employees	_____ -	2,695	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 1,240,690</u>	<u>281,939</u>	<u>\$ 4.40</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares, if dilutive, are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. NON-CASH TRANSACTIONS

For the nine months ended September 30, 2025 and 2024, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

The Group reclassified prepayments for equipment in the amount of \$44,877 thousand and \$65,107

thousand to property, plant and equipment for the nine months ended September 30, 2025 and 2024, respectively.

28. CAPTAIL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

29. FINCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>September 30, 2025</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 4,471	\$ -	\$ 4,471
Domestic unlisted shares		19,478		19,478
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Foreign unlisted shares	-	4,760	-	4,760
Domestic unlisted shares	-	27,896	-	27,896
Financial assets at FVTOCI				
Foreign unlisted shares	-	54,749	-	54,749
<u>September 30, 2024</u>				
Financial assets at FVTPL				
Foreign unlisted shares	-	106,431	-	106,431
Domestic unlisted shares	-	29,957	-	29,957
Financial assets at FVTOCI				
Foreign unlisted shares	-	64,410	-	64,410

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic/foreign Unlisted shares	Market approach: using the market transaction price and other relevant information of same or comparable (similar) assets and liabilities, or a group of assets and liabilities (e.g., operation). Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment. Asset approach: measuring the fair value of individual assets and liabilities at net asset value.

b. Categories of financial instruments

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<u>Financial assets</u>			
at amortized cost (Note 1)	\$ 17,405,294	\$ 18,248,115	\$ 17,360,705
Financial assets at FVTPL			
Mandatorily at FVTPL	23,949	32,656	136,388
Financial assets at FVTOCI			
Equity instruments	28,985	54,749	64,410
<u>Financial liabilities</u>			
at amortized cost (Note 2)	7,320,930	5,553,805	5,809,417

(Note 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other financial assets and refundable deposits and so on.

(Note 2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency

risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or loss associated with the New Taiwan dollar strengthening 1% against the relevant currency:

	Nine Months Ended September 30	
	2025	2024
Profit or loss		
USD impact	\$ 1,146	\$ 8,697
RMB impact	9,076	9,048
JPY impact	2,603	629

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

2) Interest rate risk

The Group was exposed to interest rate risk because the Group's deposits and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and lease liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Fair value interest rate risk			
Financial assets	\$ 8,829,639	\$ 10,594,956	\$ 9,560,018
Lease liabilities	33,327	43,015	40,661
Cash flow interest rate risk			
Financial assets	2,350,423	2,504,081	2,208,130

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the nine months ended September 30, 2025 and 2024 would have increased/decreased by \$1,851 thousand and \$1,909 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest

rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount that may be payable in relation to financial guarantees issued by the Group, regardless of its probability.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Liquidity risk

The Group's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
<u>September 30, 2025</u>				
Non-interest bearing payables	\$ 7,313,572	\$ 7,358	\$ -	\$ 7,320,930
Lease liabilities	<u>18,546</u>	<u>19,956</u>	<u>585</u>	<u>39,087</u>
	<u>\$ 7,332,118</u>	<u>\$ 27,314</u>	<u>\$ 585</u>	<u>\$ 7,360,017</u>

December 31, 2024

Non-interest bearing payables	\$ 5,545,957	\$ 7,848	\$ -	\$ 5,553,805
Lease liabilities	<u>19,226</u>	<u>24,716</u>	<u>629</u>	<u>44,571</u>
	<u>\$ 5,565,183</u>	<u>\$ 32,564</u>	<u>\$ 629</u>	<u>\$ 5,598,376</u>

September 30, 2024

Non-interest bearing payables	\$ 7,349,726	\$ 7,740	\$ -	\$ 7,357,466
Lease liabilities	<u>16,788</u>	<u>24,916</u>	<u>651</u>	<u>42,355</u>
	<u>\$ 7,366,514</u>	<u>\$ 32,656</u>	<u>\$ 651</u>	<u>\$ 7,399,821</u>

30. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Dong-Guan Nikon	Associate

b. Trading transactions

Line Item	Related Party Category	Three Months Ended September 30		Nine Months Ended September 30	
		2025	2024	2025	2024
Net revenues	Associate	\$ 4	\$ 5	\$ 174	\$ 5
Purchase of goods	Associate	\$ 14,959	\$ 13,794	\$ 52,605	\$ 36,663
Rental income	Associate	\$ 367	\$ 396	\$ 1,138	\$ 1,171

The sales terms and selling price to related parties were not significantly different from these sales to third parties.

Purchases were made at discounted market price to reflect the quantity of goods purchased and relationships between the parties. The payment terms to related parties were not significantly different from those of purchases from third parties.

The rentals were based on the market rentals in the area, and were paid monthly.

c. Receivables from related parties

Line Item	Related Party Category	September 30, 2025	December 31, 2024	September 30, 2024
Other Receivables	Associate	\$ 132	\$ -	\$ 139
Trade Receivables	Associate	\$ 3	\$ -	\$ -

d. Payables to related parties

Line Item	Related Party Category	September 30, 2025	December 31, 2024	September 30, 2024
Trade payables	Associate	\$ 8,838	\$ 5,244	\$ 12,182

e. Compensation of key management personnel

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 80,142	\$ 40,697	\$ 99,327	\$ 58,520

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group were as follows:

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of NT\$1.2 billion thousand with Chinatrust Commercial Bank and the related management group. The Company is required to maintain its current ratio at no less than 100%, debt ratio less than 110%, interest coverage ratio at no less than 4 times and the value of net tangible assets at no less than NT\$12 billion during the contractual period of the loan agreement. The Group has not drawn against the credit line as of September 30, 2025.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	September 30, 2025		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 110,593	30.445 (USD:NTD)	\$ 3,367,004
USD	186,179	7.1055 (USD:RMB)	5,668,220
USD	12,192	58.19 (USD:PHP)	371,185
JPY	3,081,823	0.0483 (JPY:RMB)	638,038

JPY	2,241,470	0.2058	(JPY:NTD)	464,043
RMB	211,869	0.1407	(RMB:USD)	907,564

Financial liabilities

Monetary items

USD	255,283	30.445	(USD:NTD)	7,772,091
USD	30,424	7.1055	(USD:RMB)	926,259
USD	27,022	58.19	(USD:PHP)	822,685
JPY	4,066,303	0.2058	(JPY:NTD)	841,830

December 31, 2024

Foreign Currency	Exchange Rate	Carrying Amount
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Financial assets

Monetary items

USD	\$ 174,611	32.785	(USD:NTD)	\$ 5,724,622
USD	174,990	7.1884	(USD:RMB)	5,737,047
USD	12,538	57.8117	(USD:PHP)	411,058
JPY	2,390,261	0.0460	(JPY:RMB)	501,469
JPY	1,784,696	0.2099	(JPY: NTD)	374,472
RMB	201,131	0.1391	(RMB:USD)	917,237

Financial liabilities

Monetary items

USD	239,461	32.785	(USD:NTD)	7,850,729
USD	30,870	7.1884	(USD:RMB)	1,012,073
USD	22,545	57.8117	(USD:PHP)	739,138
JPY	4,387,406	0.2099	(JPY:NTD)	920,583

September 30, 2024

Foreign Currency	Exchange Rate	Carrying Amount
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Financial assets

Monetary items

USD	\$ 124,449	31.65	(USD:NTD)	\$ 3,938,811
USD	187,897	7.0074	(USD:RMB)	5,946,940
USD	15,221	56.0276	(USD:PHP)	481,745
JPY	2,135,819	0.0491	(JPY:RMB)	473,191
JPY	1,687,467	0.2223	(JPY: NTD)	373,858
RMB	200,344	0.1427	(RMB:USD)	904,845

Financial liabilities

Monetary items

USD	242,867	31.65	(USD:NTD)	7,686,741
USD	33,356	7.0074	(USD:RMB)	1,055,717
USD	23,865	56.0276	(USD:PHP)	755,327
JPY	4,107,012	0.2223	(JPY:NTD)	909,909

For three and nine months ended September 30, 2025 and 2024, realized and unrealized net foreign exchange were loss NT\$160,734 thousand, gain NT\$47,439 thousand, NT\$156,893 thousand, and

NT\$81,412 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): None.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$100 million or 20% of the paid-in capital: Table 2.
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 6) Other: Intercompany relationships and significant intercompany transactions: Table 4.

b. Information on investees: Table 5.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 6.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 2.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 2.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 30.

34. SEGMENT INFORMATION

The analysis of revenue and profits by reportable segments are as below:

a. Segment revenue and results

	Segment Revenue		Segment Profit (Loss)	
	Nine Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Optical components	\$ 9,379,069	\$ 8,114,427	\$ 754,604	\$ 286,872
Digital camera	3,712,108	2,143,968	387,963	118,258
Contact image sensor modules	3,026,737	3,285,677	416,564	431,082
Optronics components	2,572,903	2,227,784	231,959	190,828
Optronics products	<u>1,216,705</u>	<u>1,238,952</u>	<u>67,650</u>	<u>215,968</u>
	<u><u>\$ 19,907,522</u></u>	<u><u>\$ 17,010,808</u></u>	<u><u>\$ 1,858,740</u></u>	<u><u>\$ 1,243,008</u></u>

b. Reconciliation of segment revenue and segment profit (loss)

1) Segment revenue

	Nine Months Ended September 30	
	2025	2024
Reportable segment revenue	\$ 19,907,522	\$ 17,010,808
Eliminated intersegment revenue	<u>(438,119)</u>	<u>(280,344)</u>
Net revenue	<u><u>\$ 19,469,403</u></u>	<u><u>\$ 16,703,464</u></u>

2) Segment profit (loss)

	Nine Months Ended September 30	
	2025	2024
Reportable segment profit	\$ 1,858,740	\$ 1,243,008
Other segment profit and loss	(124)	(1,724)
Other income	60,404	55,050
Financial costs	(1,026)	(776)
Share of profit of associates	5,378	2,630
Interest income	274,495	336,771
Foreign exchange gain, net	156,893	81,412
Gain (Loss) on fair value of financial assets at FVTPL	<u>(8,418)</u>	<u>30,690</u>
Income before income tax	<u><u>\$ 2,346,342</u></u>	<u><u>\$ 1,747,061</u></u>

Segment profit represents the profit earned by each segment without allocation of central administration expenses and directors' compensation, share of profit of associates, interest income, rental income, dividend income, gain or loss on disposal of assets, net exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the amount reported to the chief operating

decision maker for the purposes of resource allocation and assessment of segment performance.

TABLE 1**ASIA OPTICAL CO., INC. AND SUBSIDIARIES**

FINANCING PROVIDED TO OTHERS
NINE MONTHS ENDED SEPTEMBER 30, 2025
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	\$ 116,943 (RMB 27,300)	\$ 104,948 (RMB 24,500)	\$ 104,948 (RMB 24,500)	0.5	Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 1,000,000	\$ 2,000,000
Total					\$ 104,948	\$ 104,948				\$ -		\$ -		\$ -		

Note 1: The lending amount to a company shall not exceed forty percent (40%) of the net worth of the Company, and the aggregate amount for lending shall not exceed fifty percent (50%) of the net worth of the Company. The restriction of these term shall not apply to inter-company loans for funding between 100% owned subsidiaries, and the Group sets an additional rule that the amount available for lending purpose between 100% owned subsidiaries shall be (a) no more than NT\$1 billion for the individual financier and (b) no more than NT\$2 billion in total.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 2

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2025
(In Thousands of New Taiwan Dollars)**

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note 1	Purchases	\$ 754,732	22	30-180 days	-	-	(\$ 1,422,285)	(21)	Note 2
	Dong-Guan Sintai	Note 1	Purchases	337,182	10	30-180 days	-	-	(327,241)	(5)	Note 2
	Dong-Guan Tailien	Note 1	Purchases	165,845	5	30-180 days	-	-	(177,209)	(3)	Note 2
	Scopro	Note 1	Sales	(192,323)	(4)	30-180 days	-	-	163,037	13	Note 2
	Scopro	Note 1	Purchases	403,988	12	30-180 days	-	-	(195,760)	(3)	Note 2
	Myanmar Asia	Note 1	Purchases	657,603	19	30-180 days	-	-	(757,119)	(11)	Note 2
Asia International	Shen Zhen Sintai	Note 1	Purchases	504,797	4	30-180 days	-	-	(814,405)	(32)	Note 2
	Myanmar Asia	Note 1	Purchases	338,700	3	30-180 days	-	-	-	-	Note 2
Asia Tech	Asia Tech Samoa	Note 1	Purchases	2,466,812	100	30-180 days	-	-	(1,563,911)	(100)	Note 2
Asia Tech Samoa	Asia Tech	Note 1	Sales	(2,466,812)	(100)	30-180 days	-	-	1,563,911	100	Note 2
Shen Zhen Atii	Shen Zhen Atii	Note 1	Purchases	1,475,559	59	30-180 days	-	-	(1,273,747)	(70)	Note 2
AOE Shen Zhen	Asia Tech Samoa	Note 1	Sales	(1,475,559)	(94)	30-180 days	-	-	1,273,747	98	Note 2
	Shen Zhen Sintai	Note 1	Purchases	480,030	13	30-180 days	-	-	(94,260)	(4)	Note 2
	AOE Cayman	Note 1	Sales	(861,863)	(18)	30-180 days	-	-	76,718	3	Note 2
	AOE Cayman	Note 1	Purchases	362,160	10	30-180 days	-	-	(193,318)	(8)	Note 2
	Don-Guan Tailien	Note 1	Sales	(100,143)	(2)	30-180 days	-	-	26,140	1	Note 2
AOE Cayman	AOE Shen Zhen	Note 1	Sales	(362,160)	(33)	30-180 days	-	-	208,018	40	Note 2
	AOE Shen Zhen	Note 1	Purchases	861,863	65	30-180 days	-	-	(76,718)	(15)	Note 2
	AOE Optronics	Note 1	Sales	(656,058)	(59)	30-180 days	-	-	70,574	13	Note 2
AOE Optronics	AOE Cayman	Note 1	Purchases	656,058	80	30-180 days	-	-	(70,574)	(42)	Note 2
	AISIA SCOPRO	Note 1	Purchases	133,563	16	30-180 days	-	-	(93,525)	(56)	Note 2
Dong-Guan Tailien	AOE Shen Zhen	Note 1	Purchases	100,143	23	30-180 days	-	-	(26,410)	(10)	Note 2
Shen Zhen Sintai	Asia Optical	Note 1	Sales	(165,845)	(23)	30-180 days	-	-	180,433	39	Note 2
	Asia International	Note 1	Sales	(504,797)	(20)	30-180 days	-	-	975,470	33	Note 2
	Asia Optical	Note 1	Sales	(754,732)	(30)	30-180 days	-	-	1,511,806	52	Note 2
	AOE Shen Zhen	Note 1	Sales	(480,030)	(19)	30-180 days	-	-	126,554	4	Note 2
Myanmar Asia	Asia International	Note 1	Sales	(338,700)	(34)	30-180 days	-	-	-	-	Note 2
	Asia Optical	Note 1	Sales	(657,603)	(66)	30-180 days	-	-	764,922	100	Note 2
Doan-Guan Yorkey	Yorkey Technology	Note 1	Sales	(879,469)	(37)	30-180 days	-	-	1,867,649	76	Note 2
Dong-Guan Sintai	Asia Optical	Note 1	Sales	(337,182)	(95)	30-180 days	-	-	331,445	80	Note 2
Yorkey Technology	Dong-Guan Yorkey	Note 1	Purchases	879,469	80	30-180 days	-	-	(1,867,649)	(96)	Note 2
SCOPRO	Asia Optical	Note 1	Sales	(403,988)	(100)	30-180 days	-	-	193,956	100	Note 2
	Asia Optical	Note 1	Purchases	192,323	63	30-180 days	-	-	(162,348)	(38)	Note 2
ASIA SCOPRO	AOE Optronics	Note 1	Sales	(133,563)	(100)	30-180 days	-	-	93,525	74	Note 2

Note 1: Refer to Note 12 to the consolidated financial statements.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 3

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party (Note 2)	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia Optical	Scopro	Affiliate	\$ 163,037	Note 1	\$ -	-	\$ 18,266	\$ -
	AOPI	Subsidiary of Asia Optical	192,716	Note 1	-	-	-	-
	AOE CAYMAN	Affiliate	109,705	Note 1	-	-	10,973	-
Asia International	Myanmar Asia	Subsidiary of Asia International	1,291,223	Note 1	-	-	-	-
	AOE Cayman	Affiliate	179,011	Note 1	-	-	197,915	-
	Asia Optical	Parent company of Asia International	3,317,183	Note 1	-	-	68,759	-
AOE Cayman	Dong-Guan Tailien	Affiliate	169,754	Note 1	-	-	169,753	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	886,742	Note 1	-	-	-	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	208,018	Note 1	-	-	-	-
Dong-Guan Sintai	ASIA SCOPRO	Affiliate	218,037	Note 1	-	-	23,904	-
	Asia Optical	Parent company of Asia International	331,445	Note 1	-	-	42,884	-
	Dong-Guan Tailien	Parent company of Asia International	180,433	Note 1	-	-	16,169	-
Shen Zhen Sintai	Shen Zhen Sintai	Parent company of Shen Zhen Sintai	975,470	Note 1	-	-	-	-
	Shang Hai Sintai	Affiliate	109,179	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	1,511,806	Note 1	-	-	-	-
Myanmar Asia	AOE Shen Zhen	Affiliate	126,554	Note 1	-	-	63,194	-
	Asia Optical	Parent company of Asia International	764,922	Note 1	-	-	37,188	-
	Powerlink Cayman	Affiliate	211,180	Note 1	-	-	-	-
Asia Tech Samoa	Scopro	Parent company of Asia Scopro	177,752	Note 1	-	-	-	-
	Asia Scopro	Parent company of Asia Tech	1,563,911	Note 1	-	-	244,976	-
	Asia Tech	Parent company of Asia Tech Samoa	1,273,747	Note 1	-	-	29,939	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,867,649	Note 1	-	-	59,375	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	193,956	Note 1	-	-	44,197	-
Scopro	Asia Optical	Affiliate						

Note 1: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transaction; thus, turnover analysis was not suitable.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 4

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

NINE MONTHS ENDED SEPTEMBER 30, 2025

(In Thousands of New Taiwan Dollars)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction In Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	Asia Optical	Asia International	1	Trade payables	\$ 3,164,192	30-180 days	12
				Other payables	214,443	-	1
				Dong-Guan Tailien	165,845	30-180 days	1
				Trade payables	177,209	30-180 days	1
				Purchases	337,182	30-180 days	2
				Trade payables	327,241	-	1
				Purchases	754,732	30-180 days	4
				Trade payables	1,422,285	-	5
				Purchases	657,603	30-180 days	3
				Trade payables	757,119	-	3
1	Asia International	Scopro	1	Sales	192,323	30-180 days	1
				Purchases	403,988	30-180 days	2
				Trade receivables	163,037	30-180 days	1
				Trade payables	195,760	30-180 days	1
				AOPI	192,716	-	1
				Purchases	504,797	30-180 days	3
				Trade payables	814,405	30-180 days	4
				Other payables	161,065	30-180 days	1
				Trade receivables	1,291,223	30-180 days	5
				Purchases	338,700	30-180 days	2
2	AOE Optronics	AOE Cayman	2	Trade receivables	179,011	30-180 days	1
				Dong-Guan Tailien	169,754	30-180 days	1
				AOIDC	173,595	30-180 days	1
				AOE Cayman	656,058	30-180 days	3
				Asia Scopro	133,563	30-180 days	1
3	AOE Shen Zhen	Dong-Guan Tailien	2	Sales	100,143	30-180 days	1
4	Asia Tech	Asia Tech Samoa	2	Purchases	2,466,812	30-180 days	13
				Trade payables	1,563,911	30-180 days	6
5	Asia Tech Samoa	Shen Zhen Atii	2	Purchases	1,475,559	30-180 days	8
				Trade payables	1,273,747	30-180 days	5

(Continue)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction In Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
6	AOE Cayman	Asia Scopro	2	Trade receivables	\$ 218,037	30-180 days	1
		AOE Shen Zhen		Sales	362,160	30-180 days	2
			2	Purchases	861,863	30-180 days	4
				Trade receivables	208,018	30-180 days	1
				Other financial assets-current	886,742	-	3
7	Shen Zhen Sintai	AOE Shen Zhen	2	Sales	480,030	30-180 days	2
				Trade receivables	211,180	30-180 days	1
8	Powerlink Cayman	Scopro	2	Trade receivables	177,752	30-180 days	1
		Asia Scopro					
9	Yorkey Technology	Dong-Guan Yorkey	2	Purchases	879,469	30-180 days	5
				Trade payables	1,867,649	30-180 days	7

(Concluded)

Note 1: 1. From the parent company to the subsidiary.

2. From the subsidiary to the subsidiary.

Note 2: The percentage of transactions to consolidated assets and liabilities items are calculated at the balance as of the end of reporting period; income and expense items are calculated at the accumulated amount of consolidated sales.

Note 3: Intercompany accounts and transactions have been eliminated.

TABLE 5

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
 NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	\$ 2,701,520	\$ 2,701,520	15,686,000	100	\$ 13,610,537	\$ 576,151	\$ 576,151	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	832,496	303,610	79,623	Subsidiary
	Powerlink Cayman	Cayman Islands	Holding company	44,392	44,392	1,500,000	100	536,108	(43,581)	(43,581)	Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	1,938,431	1,938,431	19,179,577	91	1,206,868	258,776	234,504	Subsidiary
	Richman	British Virgin Islands	Holding company	99,520	99,520	2,566,000	100	183,368	27,385	27,385	Subsidiary
	Taiwan Top	Changhua	Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,105	588,105	8,248,348	94	132,483	(8,341)	(7,809)	Subsidiary
Asia International	Powerlink	British Virgin Islands	Holding company	14,000	14,000	50,000	100	(75,657)	8,606	8,606	Subsidiary
	AOPI	Malvar, Philippines	Manufacture and trade of riflescopes, telescopes, lenses and optical components	53,149	6,509	978,700	100	47,809	(3,280)	(3,280)	Subsidiary
	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	2,175,812	322,094	306,732	Indirect subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	298,179	298,179	506,880	2	31,896	258,776	6,211	Subsidiary
Powerlink Cayman	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	28,095	1,423	1,423	Indirect subsidiary
	Myanmar Asia	Myanmar Yangon	Manufacture of lens and related products	985,581	634,082	5,582,305	100	(35,166)	192,275	192,275	Indirect subsidiary
	Asia Scopro	Calamba, Philippines	Manufacture and trade of riflescopes, telescopes, lenses and optical component	17,043	17,043	241,000	100	(109,724)	(37,066)	(37,066)	Indirect subsidiary
Asia Tech	ASAM	Calamba, Philippines	Anode processing factory	9,690	9,690	150,000	100	25,739	(6,574)	(6,574)	Indirect subsidiary
	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensors	845,520	845,520	18,662,310	100	2,680,857	24,313	24,313	Indirect subsidiary
Powerlink	Scopro	Manila, Philippines	Manufacture and trade of riflescopes, lenses and optical components	5,119	5,119	4,000,000	100	(83,485)	9,705	9,705	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	112,090	322,094	15,783	Indirect subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(3,542)	(68)	(68)	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of cell phone related products	1,311,447	1,311,447	44,176,066	100	1,143,457	323,024	323,024	Indirect subsidiary
	AOE Thailand	Thailand	Design, manufacture of cell phone related products	1,808	-	20,000	100	1,419	(474)	(474)	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	1,089,823	317,303	317,303	Indirect subsidiary

TABLE 6

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2025	Accumulated Repatriation of Investment Income as of September 30, 2025
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US\$ 38,000	(2)	\$ 1,270,274 (US\$ 38,000)	\$ -	\$ -	\$ 1,270,274 (US\$ 38,000)	\$ 52,712	100	\$ 52,712	\$ 3,169,396	\$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US\$ 16,600	(2)	1,234,670 (US\$ 35,937)	-	-	1,234,670 (US\$ 35,937)	13,200	100	13,200	484,281	(US\$ 454,587 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US\$ 10,000	(2)	170,256 (US\$ 5,400)	-	-	170,256 (US\$ 5,400)	(5,640)	26	(1,556)	443,299	-
Shang Hai Sintai	Manufacture and sale of parts of DV and DSC	US\$ 34,000	(2)	1,098,606 (US\$ 34,000)	-	-	1,098,606 (US\$ 34,000)	(4,699)	100	(4,699)	53,486	-
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US\$ 3,160	(2)	123,440 (US\$ 4,000)	-	-	123,440 (US\$ 4,000)	94,065	61	57,584	200,327	149,145 (US\$ 4,778)
			(3)	11,163 (US\$ 420)	-	-	11,163 (US\$ 420)	94,065	17	16,076	56,069	57,727 (US\$ 1,823)
			(2)	22,614 (US\$ 700)	-	-	22,614 (US\$ 700)	94,065	12	10,831	37,768	31,070 (US\$ 971)
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US\$ 20,680	(2)	291,289 (US\$ 9,079)	-	-	291,289 (US\$ 9,079)	268,393	5	13,151	110,027	-
			(2)	2,663,778 (US\$ 93,994)	-	-	2,663,778 (US\$ 93,994)	268,393	95	255,663	2,135,771	-
Dong-Guan Nikon	Research and manufacture of equipment for electronic use	US\$ 2,000	(2)	27,772 (US\$ 800)	-	-	27,772 (US\$ 800)	13,444	40	5,378	55,104	-
AOE Shen Zhen	Manufacture of cell phone related products	US\$ 12,000	(2)	360,186 (US\$ 12,000)	-	-	360,186 (US\$ 12,000)	323,105	91	292,750	173,247	-
Guangdong Xinwei	Manufacture of car parts	RMB\$ 9,100	(3)	-	-	-	-	323,105	2	7,755	4,548	-
								-	38	-	4,471	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 7,791,858 (US\$ 235,131)	\$ 10,280,622 (US\$ 328,042)	(Note 3)

Note 1: The investments were made as follows:

- (1) The investment was made directly by a subsidiary located in mainland China.
- (2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China (refer to Note 12 to the accompanying consolidated financial statements; in addition, Asia International is the investor of Dong-Guan Nikon).
- (3) Others

Note 2: Investment gain (loss) was recognized based on the financial un-reviewed statements except for Shen Zhen Sintai, Shen Zhen Atii, and AOE Shen Zhen.

Note 3: Under the "Regulations for the Screening of Applications to Engage in Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the amount of investment in mainland China has no limit since the parent company, Asia Optical Co., Inc. had acquired the approval by the Industrial Development Bureau to establish operating headquarters in Taiwan.