

Mildef Crete Inc.
Parent Company Only Financial
Statements and Certified Public
Accountant's Audit Report
2025 and 2024

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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Certified Public Accountant's Audit Report

To the Board of Directors of Mildef Crete Inc.:

Opinion

We have audited balance sheets of Mildef Crete Inc. as of December 31, 2025 and 2024, as well as statements of comprehensive income, changes in equity and cash flows for 2025 and 2024 from January 1 to December 31, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned parent company only financial statements have been prepared in all material aspects according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the financial position of Mildef Crete Inc. as of December 31, 2025 and 2024, its financial performance and cash flow for the periods from January 1 to December 31, 2025 and 2024.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Mildef Crete Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Mildef Crete Inc. for the year 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We judge that they key audit matters to be communicated in the audit report are as follows:

Inventory Valuation

As to detailed accounting policies related to inventory valuation refer to Note 4 (7) to the parent company only financial statements; for details on estimation and hypothesis uncertainty of inventory valuation, refer to Note 5 to the parent company only financial statements; concerning provision for inventory write-down, refer to Note 6 (4) to the parent company only financial statements.

Explanations of key audit matters:

Inventories shall be measured based on the cost or the net realizable value whichever is lower. Mildef Crete Inc. is engaged in manufacturing and selling rugged computers. Generally, the life cycle of rugged computers is long. In consideration of businesses, inventories of certain key components shall be maintained for in a relatively long term. However, future requirements might change. As a consequence, related components would not be sold as expected and their inventories would become obsolete and slow-moving. In that case, inventory costs would exceed their net realizable value. The net realizable value of inventories has to be estimated dependent upon subjective judgment of the management, so inventory valuation is one of the important matters for evaluation in our audit of the financial statements of Mildef Crete Inc.

Corresponding audit procedures:

Our audit procedures performed in respect of the above key audit matter mainly included checking the inventory aging reports provided by Mildef Crete Inc. and analyzing changes in inventory age in different phases; randomly checking correctness of the inventory aging report; performing inventory valuation and confirming implementation of existing accounting policies by Mildef Crete Inc.; and evaluating appropriateness of the past provision for obsolete and slow-moving inventories by the management.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Mildef Crete Inc.

Accountants' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high degree of assurance, but audits performed in accordance with audit standards cannot guarantee that the existence of material misstatements in an audit will be detected. Misstatements might arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements resulting from fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of Mildef Crete Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the verification evidence obtained, the conclusion is drawn as to whether there is a material uncertainty regarding the appropriateness of management adopting a going concern accounting basis and the event or circumstance that may raise significant doubts on the ability of Mildef Crete Inc. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Mildef Crete Inc. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and content of the parent company only financial reports (including related notes) and whether the parent company only financial reports are fair presentation of related transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of the invested company by using the equity method to express opinions on the parent company only financial statements. We are responsible for direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion issued in respect of the parent company only financial statements.

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

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

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

KPMG Taiwan

CPA:

Kao Ching-Wen

Tang Tzu-Chieh

Competent Securities
Authority's Approval
Document No.

Jin-Guan-Zheng-Shen-Zi No.
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March 11, 2026

Mildef Crete Inc.
Balance Sheets
2025 and 2024

Unit: NT\$1000

Assets	2025.12.31		2024.12.31			Liabilities and equity	2025.12.31		2024.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities:				
1100 Cash and cash equivalents (Note 6 (1))	\$ 1,431,536	30	431,684	10	2130	Contract liabilities - current (Notes 6 (15) and 7)	\$ 213,707	4	162,781	4
1110 Financial assets at fair value through profit or loss - current (Note 6 (2))	301,057	6	210,499	5	2150	Notes payable	56,700	1	26,774	-
1120 Financial assets at fair value through other comprehensive income - current (Notes 6 (2) and 11)	576,846	12	-	-	2170	Accounts payable (Note 7)	185,885	4	108,244	3
1150 Notes and accounts receivable, net (Notes 6 (3) and (15))	85,402	2	61,619	1	2209	Other Payables (Note 6 (16))	139,348	3	147,552	4
1180 Accounts receivable - related parties, net (Notes 6 (3), (15) and 7)	11,544	-	167,751	4	2230	Current income tax liabilities	255,694	5	122,015	3
130X Inventories (Note 6 (4))	1,254,026	26	1,263,811	31	2280	Lease liabilities - current (Note 6 (9))	26,799	1	29,351	-
1476 Other financial assets - current (Note 6 (1))	167,900	4	234,771	6	2399	Other current liabilities	849	-	616	-
1479 Other current assets (Note 7)	60,528	1	17,738	-		Total current liabilities	878,982	18	597,333	14
Total current assets	3,888,839	81	2,387,873	57		Non-current liabilities:				
Non-current assets:					2552	Provisions for warrant liabilities (Note 6 (10))	12,492	-	21,621	1
1517 Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	389,974	8	1,248,678	30	2570	Deferred income tax liabilities (Note 6 (12))	114,451	3	237,627	6
1550 Investments accounted for using the equity method (Note 6 (5))	65,722	1	43,748	1	2580	Lease liabilities - non-current (Note 6 (9))	25,734	1	32,493	1
1600 Property, plant and equipment (Notes 6 (6) and 7)	317,134	7	317,412	8	2640	Net defined benefit liabilities - non-current (Note 6 (11))	7,114	-	11,651	-
1755 Right-of-use assets (Note 6 (7))	52,243	1	61,595	2		Total non-current liabilities	159,791	4	303,392	8
1780 Intangible assets (Note 6 (8))	3,593	-	3,880	-		Total liabilities	1,038,773	22	900,725	22
1840 Deferred income tax assets (Note 6 (12))	78,402	2	77,807	2		Equity (Notes 6(2), (5), (13) and 7):				
1900 Other non-current assets (Note 8)	15,564	-	16,686	-	3100	Share capital	586,855	12	586,855	14
Total non-current assets	922,632	19	1,769,806	43	3200	Capital surplus	74,381	2	74,381	2
					3300	Retained earnings	2,816,141	58	1,925,319	46
					3400	Other equity	295,321	6	670,399	16
						Total equity	3,772,698	78	3,256,954	78
Total assets	\$ 4,811,471	100	4,157,679	100		Total liabilities and equity	\$ 4,811,471	100	4,157,679	100

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Statements of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: NT\$1000

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (15) and 7)	\$ 2,832,763	100	2,839,413	100
5000	Operating cost (Notes 6 (4), (6), (7), (8), (10), (11), (16), 7 and 12)	2,015,290	71	1,991,116	70
	Gross operating profit	817,473	29	848,297	30
5910	Less: Unrealized gain from sales	114	-	21	-
	Realized gross operating profit	817,359	29	848,276	30
	Operating expenses (Notes 6 (3), (6), (7), (8), (9), (11), (16), 7 and 12):				
6100	Selling and marketing expenses	157,412	5	169,153	6
6200	General and administrative expenses	73,983	3	62,301	2
6300	Research and development expenses	104,558	4	99,472	4
	Total operating expenses	335,953	12	330,926	12
	Net operating profit	481,406	17	517,350	18
	Non-operating income and expenses (Notes 6(9), (17) and 7):				
7100	Interest income	34,932	1	10,931	-
7010	Other income	5,392	-	65,719	2
7020	Other gains and losses	2,222	-	20,786	1
7375	Recognition of profits from subsidiary companies using the equity method	24,899	1	12,283	1
7510	Financial cost	(1,040)	-	(1,125)	-
	Total non-operating income and expenses	66,405	2	108,594	4
	Net profit before tax	547,811	19	625,944	22
7950	Minus: Income tax expense (Note 6 (12))	113,737	4	130,723	5
	Current net profit	434,074	15	495,221	17
8300	Other comprehensive income (Notes 6 (11), (12), (13), and (18)):				
8310	Items not reclassified as income and loss				
8311	Defined benefits plans remeasurement	968	-	12,270	1
8316	Unrealized gain on investments in equity instruments as at fair value through other comprehensive income	547,220	19	660,732	23
8349	Minus: Income tax related to items not reclassified	115,291	4	131,810	5
	Total amount of items not reclassified to profit or loss	432,897	15	541,192	19
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	1,349	-	(428)	-
8367	Unrealized valuation gains (losses) on investments in debt instruments at fair value through other comprehensive income	(580)	-	531	-
8399	Minus: Income tax related to potentially classifiable items	(117)	-	106	-
	Total amount of items that may be reclassified subsequently to profit or loss	886	-	(3)	-
8300	Other comprehensive income	433,783	15	541,189	19
	Total amount of other current comprehensive gains and losses	<u>\$ 867,857</u>	<u>30</u>	<u>1,036,410</u>	<u>36</u>
	Earnings per share (NT\$; (Note 6 (14))				
	Basic earnings per share	<u>\$ 7.40</u>		<u>8.44</u>	
	Diluted earnings per share	<u>\$ 7.31</u>		<u>8.31</u>	

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Statement of Changes in Equity
January 1 to December 31, 2025 and 2024

Unit: NT\$1000

	Retained earnings					Other Equity Items				Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Defined benefits plans remeasurement	Total	
Balance on January 1, 2024	\$ 586,855	74,113	542,578	1,091,986	1,634,564	20	252,022	(10,396)	241,646	2,537,178
Current net profit	-	-	-	495,221	495,221	-	-	-	-	495,221
Other comprehensive income	-	-	-	-	-	(428)	531,801	9,816	541,189	541,189
Total amount of other current comprehensive gains and losses	-	-	-	495,221	495,221	(428)	531,801	9,816	541,189	1,036,410
Appropriation and distribution of earnings:										
Appropriation of legal reserve	-	-	47,304	(47,304)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(316,902)	(316,902)	-	-	-	-	(316,902)
Differences between equity price paid and book value of subsidiaries disposed of (Note 6 (5))	-	268	-	-	-	-	-	-	-	268
Disposal of equity instruments designated at fair value through other comprehensive income (Note 6 (2))	-	-	-	112,436	112,436	-	(112,436)	-	(112,436)	-
Balance on December 31, 2024	586,855	74,381	589,882	1,335,437	1,925,319	(408)	671,387	(580)	670,399	3,256,954
Current net profit	-	-	-	434,074	434,074	-	-	-	-	434,074
Other comprehensive income	-	-	-	-	-	1,349	431,659	775	433,783	433,783
Total amount of other current comprehensive gains and losses	-	-	-	434,074	434,074	1,349	431,659	775	433,783	867,857
Appropriation and distribution of earnings:										
Appropriation of legal reserve	-	-	60,765	(60,765)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(352,113)	(352,113)	-	-	-	-	(352,113)
Disposal of equity instruments designated at fair value through other comprehensive income (Note 6 (2))	-	-	-	808,861	808,861	-	(808,861)	-	(808,861)	-
Balance on December 31, 2025	<u>\$ 586,855</u>	<u>74,381</u>	<u>650,647</u>	<u>2,165,494</u>	<u>2,816,141</u>	<u>941</u>	<u>294,185</u>	<u>195</u>	<u>295,321</u>	<u>3,772,698</u>

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Statement of Cash Flow
January 1 to December 31, 2025 and 2024

Unit: NTS1000

	2025	2024
Cash flows from operating activities:		
Net income before tax	\$ 547,811	625,944
Adjustments for:		
Profit and loss		
Depreciation expense	63,127	58,068
Amortization expense	1,245	4,444
Expected credit loss (reversal gain) loss	(417)	498
Net gain on financial assets at fair value through profit or loss	(2,954)	(1,509)
Interest expense	1,040	1,125
Interest income	(34,932)	(10,931)
Dividend income	(4,058)	(61,203)
Unrealized exchange gain on financial assets measured at fair value through other comprehensive income	(7,826)	-
Share of gain/loss of associates recognized under equity method	(24,899)	(12,283)
Loss (gain) on disposal of property, plant and equipment	684	(346)
Unrealized gain from sales	114	21
Lease modification benefits	-	(4)
Total profit/(loss)	(8,876)	(22,120)
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(23,515)	57,133
Accounts receivable from related parties	156,356	142,581
Inventories	9,785	(16,014)
Other current assets	(44,251)	4,067
Total net changes in assets related to operating activities	98,375	187,767
Net changes in liabilities related to operating activities:		
Contract liabilities	50,926	(74,858)
Notes payable	29,926	(3,706)
Accounts payable	77,641	(12,254)
Provisions for warranty liabilities	(9,129)	8,469
Other accounts payable and other current liabilities	(7,971)	10,853
Net defined benefit liabilities	(3,569)	(6,380)
Total amount of net changes in liabilities related to operating activities	137,824	(77,876)
Total amount of net changes in assets and liabilities related to operating activities	236,199	109,891
Total adjustments	227,323	87,771
Net cash generated from/(used in) operations	775,134	713,715
Interest received	29,835	10,913
Income tax paid	(212,292)	(179,567)
Net cash inflow from operating activities	592,677	545,061
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(391,547)	(18,918)
Disposal of financial assets at fair value through other comprehensive income	1,227,871	297,478
Purchase of financial assets at fair value through profit or loss	(300,000)	(410,000)
Disposal of financial assets at fair value through profit or loss	212,242	201,010
Acquisition of property, plant and equipment (including prepayment for equipment)	(25,989)	(86,362)
Proceeds from the disposal of property, plant and equipment	-	346
(Increase) decrease in other current financial assets	66,871	(28,671)
(Increase) decrease in refundable deposits	218	(1,115)
Acquisition of intangible assets	(958)	(3,214)
Increase in other non-current assets	(4,606)	(3,860)
Dividends received	8,218	72,446
Net cash inflow from investing activities	792,320	19,140
Cash flows from financing activities:		
Payment of the principal portion of lease liabilities	(31,992)	(32,915)
Payments of cash dividends	(352,113)	(316,902)
Disposal of equity in subsidiaries (without control lost)	-	1,008
Interests paid	(1,040)	(1,125)
Net cash outflows from financing activities	(385,145)	(349,934)
Increase in cash and cash equivalents	999,852	214,267
Beginning cash and cash equivalents balance	431,684	217,417
Ending cash and cash equivalents balance	\$ 1,431,536	431,684

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong

Manager: Shen Yi-Tong

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc.
Notes to Parent Company Only Financial Statements
2025 and 2024

(In thousands of NT\$, except otherwise specified)

I. Company History

Mildef Crete Inc. (hereinafter referred to as the “Company”) was incorporated on March 15, 1990 with the approval of the Ministry of Economic Affairs. Its registered address is 7F, No. 250, Section 3, Beishen Road, Shenkeng District, New Taipei City. The Company mainly operates in research, design, planning, manufacturing, sales, import and export trade business of various computer software and hardware and its components, manufacturing and installation of related computer software and hardware combination and consulting services thereof, and reinvestment of related businesses.

II. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved and released by the Board of Directors on March 11, 2026.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the application of new and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) as endorsed by the Financial Supervisory Commission (FSC)

The Company has applied the following newly revised IFRS accounting standards since January 1, 2025, which has not caused any material impact on its parent company only financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

(II) Effect of the IFRSs as endorsed by the FSC, but not yet adopted

The Company has evaluated to apply the following newly revised IFRSs effective since January 1, 2026, which will not cause any significant impact on its parent company only financial statements.

- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRSs
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the International Accounting Standards Board but not yet endorsed by FSC may be relevant to the Company as follows:

New and amended standards	Main amendments	Effective date announced by the IASB
International Financial Reporting Standard No. 18 "Presentation and Disclosure of Financial Statements"	<p>The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.</p> <ul style="list-style-type: none"> • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note: On September 25, 2025, the Financial Supervisory Commission (FSC) issued a press release announcing that Taiwan will adopt IFRS 18 beginning with fiscal year 2028. If a company intends to adopt the standard earlier, it may elect early adoption upon receiving approval from the FSC.</p>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

The Company is in the process of continuously assessing the impact of the above standards and interpretations on the financial position and results of operations of the Company. The relevant impact will be disclosed upon completion of the assessment.

The Company expects that the following other newly issued and amended standards that have not yet been endorsed, will not have a significant impact on the parent company only financial statements.

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

IV. Summary of Significant Accounting Policies

The summary of significant accounting policies used in this parent company only financial report is as follows. The following accounting policies have been applied consistently throughout the reporting period of this parent company only financial statement.

(I) Declaration of compliance

This parent company only financial statement is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of preparation

1. Basis of measurement

Except for the following important items in the balance sheet, this parent company only financial statements is prepared on the basis of historical costs:

- (1) Financial assets measured at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income; and
- (3) Net defined benefit liabilities are measured at the present value of defined benefit obligations, and the effect of the cap referred to Note 4 (15) less the fair value of pension fund assets.

2. Functional currencies and presentation currencies

The Company uses the currency of the primary economic environment in which it operates as its functional currency. This parent company only financial statements are presented in the functional currency of the Company - NT\$. Unless otherwise indicated, all financial information presented in NT\$ is presented in NT\$ thousand.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into functional currencies at the exchange rates of the trading day. Foreign currency monetary items at the end of each subsequent reporting period (hereinafter referred to as the “reporting date”) are translated into functional currencies at the exchange rate on that date. Foreign currency non-monetary items measured at fair value are converted into functional currency at the exchange rate on the date when the fair value is measured, while foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction. Foreign currency exchange differences resulting from conversion are normally recognized in profit and loss, except for equity instruments that are designated as being measured at fair value through other comprehensive income.

2. Foreign operating institutions

Assets and liabilities of foreign operating institutions, including goodwill and fair value adjustments arising at the time of acquisition, are translated into currencies presented in the parent company only financial statements at the exchange rate on the reporting date; income and expense items are translated into currencies presented in the parent company only financial report at the average exchange rate of the current period. Exchange differences arising therefrom are recognized in other comprehensive income.

When the disposal of a foreign operating institution results in a loss of significant influence, the accumulated exchange difference related to the foreign operating institution shall be fully reclassified to profit or loss. When partially disposing of a subsidiary that includes overseas operating entities, any related cumulative translation adjustments are proportionately reattributed to non-controlling interests. When partial disposal includes investments in associates of foreign operating institutions, the relevant accumulated exchange difference shall be classified proportionally into profit and loss.

If there is no settlement plan for monetary receivables or payables from foreign operating entities, and it is not possible to settle them in the foreseeable future, any foreign exchange gains or losses arising from them are recognized as part of the net investment in the foreign operating entity and classified as other comprehensive income.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(IV) Criteria for Classification of Assets and Liabilities as Current and Non-current

The Company classifies assets as current assets if they meet any of the following criteria, while all other assets not qualifying as current assets are classified as non-current assets:

1. The asset is expected to be realized during the entity's normal operating cycle or intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset constitutes cash or cash equivalents (as defined by International Accounting Standard 7), unless the exchange or use of the asset to settle liabilities is restricted for at least twelve months after the reporting period.

The Company classifies liabilities as current liabilities if they meet any of the following criteria, while all other liabilities not qualifying as current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled during the entity's normal operating cycle;
2. The liability is held primarily for trading purposes;
3. The liability is due to be settled within twelve months after the reporting period; or
4. The entity does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, cheque deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed cash with minimal risk of changes in value. Time deposits that meet the above definition and are held for short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and issued debt securities are initially recognized at the time they are generated. All other financial assets and financial liabilities were initially recognized when the Company became a party to the financial instruments contract. Financial assets at fair value through profit or loss (excluding accounts receivable that do not contain a significant financial component), or financial liabilities are initially measured at fair value plus transaction costs directly attributable to the acquisition or

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

issuance. Accounts receivable that do not include a significant financial component are initially measured at the transaction price.

1. Financial assets

Financial assets at the time of initial recognition are classified as: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. When purchasing or selling financial assets according to transaction practice, accounting treatment on the transaction date is adopted. The Company reclassified all affected financial assets from the first day of the next reporting period only when the business model of the managed financial assets was changed.

(1) Financial assets at amortization cost

Financial assets are measured at amortization cost when they meet all the following conditions, and are not designated as measured at fair value through profit or loss:

- The financial asset is held under the business model for the purpose of collecting contractual cash flows.
- The contractual terms of these financial assets give rise to cash flows at a specified date, exclusively for the payment of principal and interest on the outstanding principal amount.

After the initial recognition of these financial assets, the effective interest rate method is used to measure the amortized cost less the impairment loss. Interest income, foreign currency exchange gain or loss, and impairment loss are recognized in profit or loss. When de-recognized, the accumulated profit or loss is recognized in profit or loss.

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

Debt instrument investments are measured at fair value through other comprehensive income when they meet the following conditions and are not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell the asset.
- The contractual terms of these financial assets give rise to cash flows at a specified date, exclusively for the payment of principal and interest on the outstanding principal amount.

At the time of initial recognition, the Company may make an irrevocable choice to report the subsequent changes in fair value of equity

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

instrument investments not held for trading in other comprehensive income. The aforementioned choices are made on a tool-by-tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amounts of other comprehensive income under equity are reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit or loss. Other net gain or loss is recognized as other comprehensive income. When derecognizing, other comprehensive income accumulated under equity items is reclassified to retained earnings, not reclassified to profit or loss.

Dividend income from equity investments is recognized at the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income (such as those held for trading and those managed and evaluated for performance on a fair value basis), including derivative financial assets, are measured at fair value through profit or loss. At the time of initial recognition, the Company irrevocably designated the financial assets that meet the fair value measurement conditions according to the cost after amortization or other comprehensive income as financial assets measured at fair value through profit or loss, in order to eliminate or significantly reduce accounting mismatch.

These assets are subsequently measured at fair value and their net profit or loss (including any dividend and interest income) is recognized as profit or loss.

(4) Evaluate whether the contractual cash flow is fully paid for principal and interest on the outstanding principal amount

For the purpose of evaluation, principal is the fair value of a financial asset at the time of its initial recognition, and interest consists of the following considerations: the time value of the currency, the credit risk associated with the amount of the principal outstanding during a given period, and other basic lending risks/costs/profit margin.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

When evaluating whether the contractual cash flows are exclusively interest on the principal paid and the amount of principal outstanding, the Company considers the terms of the financial instruments contract, including whether the financial assets contain a contractual clause that can change the timing or amount of the contractual cash flows, such that it does not meet this condition. In evaluating, the Company considers:

- Any contingency that would change the timing or the amount of the contractual cash flow;
- Possible adjustments to the terms of the contractual coupon rate, including the characteristics of the variable interest rate;
- Early repayment and extension characteristics; and
- The Company's claims are limited to the terms of cash flows originating from specific assets (e.g. non-recourse features).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses for financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable (including related party receivables), refundable deposits, and other financial assets) as well as for debt instrument investments measured at fair value through other comprehensive income.

For the following financial assets, the loss allowance is measured at the amount of expected credit losses for 12 months, and the rest are measured at the amount of lifetime expected credit losses:

- Debt securities determined to have low credit risk as of the reporting date; and
- Other debt securities and bank deposits whose credit risk (i.e., the risk of default during the expected life of the financial instrument) has not significantly increased since initial recognition.

Loss allowance on accounts receivable is measured on the basis of the amount of lifetime expected credit loss.

In determining whether there has been a significant increase in credit risk since the initial recognition, the Company has considered information that is reasonable and substantiated (obtain without undue cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit assessment and forward-looking information.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

If the credit risk rating of a financial instrument is equivalent to what is globally defined as "investment grade" (such as Standard & Poor's BBB-, Moody's Baa3, or Taiwan Ratings twA, or higher), the Company considers the credit risk of the debt securities to be low.

Lifetime expected credit losses are expected credit losses arising from all possible defaults during the expected lifetime of the financial instrument; expected credit losses for 12 months are expected credit losses arising from potential defaults within period of 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The maximum period for which expected credit losses are measured is the maximum contract period for which the Company is exposed to credit risk.

Expected credit losses are weighted estimates of the probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is, the difference between the cash flows collectible by the Company under the contract and the cash flows expected to be collected by the Company. Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Company evaluates whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income have experienced credit impairment. A financial asset is deemed to have experienced credit impairment if one or more adverse events affecting the estimated future cash flows of the asset have occurred. Evidence of credit impairment in a financial asset includes observable data relating to the following:

- Significant financial difficulty of the borrower or issuer;
- Default, such as delays or overdue payments exceeding 90 days;
- Concessions granted by the Company to the borrower that the Company would not have otherwise considered, due to the borrower's financial difficulties;
- High likelihood of the borrower filing for bankruptcy or undergoing financial restructuring; or
- Disappearance of an active market for the financial asset due to financial difficulties.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Loss allowance on financial assets measured at amortized cost is deducted from the carrying amount of the assets. The allowance for losses on debt instrument investments measured at fair value through other comprehensive income is adjusted in profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the Company is unable to reasonably expect the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Company analyzes the point of time and amount of write off individually on the basis of whether it is reasonably expected to be recoverable. The Company does not expect that the amount write off will be significantly reversed. However, the write off financial assets remain enforceable to comply with the Company's procedures for the recovery of past due amounts.

(6) Derecognition of financial assets

The Company de-recognizes financial assets only when the contractual right of the cash flow from the asset is terminated, or the financial asset has been transferred while substantially all the risks and rewards of the ownership of the asset have been transferred to other enterprises, or substantially all the risks and rewards of the ownership have not been transferred or retained and the control of the financial asset has not been retained.

The Company enters into transactions for the transfer of financial assets and continues to recognize them in the balance sheet to the extent that it retains all or substantially all of the risks and rewards of the ownership of the transferred assets.

2. Financial liabilities

(1) Financial liabilities

Financial liabilities are classified at amortized cost or at fair value through profit or loss. Financial liabilities that are held for trading, derivatives, or designated at initial recognition are classified as being measured at fair value through profit or loss. Financial liabilities that are measured at fair value through profit or loss are recognized at their fair value. Any resulting net income or loss, including interest expenses, is recorded in the income statement.

Financial liabilities measured at amortization cost are subsequently measured at cost after amortization using the effective interest method. Interest expense and gain or loss on conversion are recognized in profit or

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

loss. Any gains or losses at the time of derecognition are also recognized in profit or loss.

(2) Derecognition of financial liabilities

The Company de-recognizes financial liabilities only when the contractual obligations have been fulfilled, cancelled or matured. When the terms of the financial liabilities are modified and the cash flow of the liabilities after the modification is materially different, the original financial liabilities shall be de-recognized and the new financial liabilities shall be recognized at fair value on the basis of the modified terms.

When financial liabilities are de-recognized, the difference between the carrying amount and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

(3) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company currently has a legally enforceable right to offset and intends to make net settlement or simultaneously realize the assets and settle the liabilities on a net basis.

(VII) Inventories

The original cost of inventory includes the necessary expenditures incurred to bring the inventory to a state and location suitable for sale or production. Fixed manufacturing costs are allocated to finished goods and work-in-progress based on the normal capacity of production facilities. If the actual production is not significantly different from normal capacity, allocation may also be based on actual output. Variable manufacturing costs are allocated based on actual production volume. Thereafter, it is calculated at the lower of the cost and net realizable value. The cost is calculated by the monthly weighted average method. The net realizable value is calculated on the basis of the estimated selling price under normal business conditions at the balance sheet date less the cost and selling expenses that need to be invested until completion.

(VIII) Investment in Subsidiary

In the preparation of the parent company only financial statements, the Company applies the equity method to evaluate the controlling investee company. Under the equity method, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as the apportion of the current profit or loss and other comprehensive income in the consolidated financial statements attributable to the owner of the parent company. In addition, the owner's equity in the

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

parent company only financial statements shall be the same as the equity attributable to parent company in the consolidation statements.

Changes in the Company's ownership interest in subsidiaries that do not result in the loss of control, are treated as an equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalization borrowing costs) less accumulated depreciation and any accumulated impairment.

When the useful life of a major component of property, plant and equipment is different, it is treated as a separate item (the main component) of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of assets less residual value, and is recognized in profit or loss using a straight-line method over the estimated useful life of each component.

Except for the land which is not depreciated, the estimated useful life of the remaining assets in the current period and the comparison period is as follows:

- | | |
|-------------------------------|---------------|
| (1) Houses and buildings: | 40 years. |
| (2) Machinery and equipment: | 5 to 8 years. |
| (3) Transportation equipment: | 5 years. |
| (4) Office equipment: | 5 years. |
| (5) Other equipment: | 3 to 5 years. |

The depreciation method, useful life, and residual value are reviewed at each reporting date and adjusted appropriately if necessary.

(X) Leases

The Company evaluates whether the contract is or contains a lease on the date of its contractual conclusion, and if the contract transfers control over the use of the

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

identified assets for a period in exchange for consideration, the contract is or contains a lease.

The Company recognizes the right-of-use assets and lease liabilities at the commencement date of the lease. The right-of-use assets are measured at initial cost, which includes the initial measurement amount of the lease liability, adjusting any lease payments made on or before the commencement date of the lease, adding the initial direct costs incurred and the estimated costs of dismantling or removing the targeted assets, reinstating its location or the targeted asset, and subtracting any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to the end of the useful life or the end of the lease term, whichever is earlier. In addition, the Company periodically evaluates whether the impairment of the right-of-use assets has occurred and deals with any impairment losses that have occurred, and adjusts the right-of-use assets in conjunction with the remeasurement of the lease liabilities.

Lease liabilities are initial measurements of the present value of lease benefits unpaid on the start date of the lease. If the interest rate implicit in the lease is readily determinable, the discount rate will be that interest rate, or if it is not readily determinable, the incremental borrowing rate of interest of the Company will be applied. In general, the Company adopts the increased borrowing interest rate as the discount rate.

Lease benefits measured by lease liabilities include:

1. Fixed benefits, including substantial fixed benefits;
2. Depending on the variable lease benefits based on an index or rate, the index or rate at the start date of the lease is used as the initial measurement;
3. The exercise price or penalty payable upon reasonable determination that the purchase option or the lease termination option will be exercised.

Lease liabilities are subsequently accrued on the basis of the effective interest method and the amount is remeasured when:

1. Changes in future lease benefits due to changes in the index or rate used to determine lease benefits;
2. Changes in the assessment of the lease term as a result of change in the assessment of whether to exercise the extension or termination option;
3. Modification of the subject, scope or other terms of the lease.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

When lease liability is remeasured as a result of the aforementioned change in the index or rate used to determine the lease benefits and the change in valuation because of extension or termination, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasured amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that change the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or complete termination of the lease. The difference between the amount and the remeasurement amount of the lease liability is recognized in profit or loss.

With respect to short-term leases of parking spaces, the Company chooses not to recognize the right-of-use assets and lease liabilities, but recognized the relevant lease benefits as expenses on a straight-line basis over the lease term.

(XI) Intangible assets

Intangible assets are the cost of software purchased externally, which are measured at cost less the accumulated amortization and accumulated impairment, and are amortized into profit or loss on average over three to five years according to future economic benefit. The Company reviews the residual value, amortization period, and amortization method of intangible assets at each reporting date and adjusts them appropriately if necessary.

(XII) Impairment of Non-financial Assets

At each reporting date, the Company assesses whether there are indications that the carrying amount of non-financial assets (excluding inventory, deferred tax assets, and assets arising from employee benefits) may be impaired. If any indication exists, the recoverable amount of the asset is estimated.

For the purpose of impairment testing, the smallest identifiable Company of assets that generates cash inflows largely independent of those from other individual assets or Company of assets is considered. Goodwill acquired in a business combination is allocated to each cash-generating unit or Company of cash-generating units expected to benefit from the synergies of the merger.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit less disposal costs and its value in use. When assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset or cash-generating unit.

If the recoverable amount of the individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Impairment losses are immediately recognized in the current profit or loss, and the carrying amount of goodwill allocated to the cash-generating unit is reduced first, followed by proportionate reductions to the carrying amounts of other assets within the unit. For non-financial assets other than goodwill, reversal of impairment losses is limited to the carrying amount that would have been determined had no impairment loss been recognized in previous years (deducted for depreciation or amortization).

(XIII) Provision for Liabilities

The recognition of the provision for liabilities is a present obligation due to past events, which makes it very probable that the Company will need to release economically effective resources in the future to meet such obligation, and the amount of such obligation can be reliably estimated.

The provision for warranty liabilities is recognized at the time of the sale of goods or services. This provision is measured based on estimates derived from historical warranty data.

(XIV) Revenue from customer contracts

Income is measured at the consideration to which the transfer of goods or services is expected to be entitled. The Company recognizes income when the control of goods or services is transferred to the client and the performance obligation is satisfied. The Company's main income items are described as follows:

1. Sale of goods - rugged computers

The Company manufactures and sells rugged computers to clients. The Company recognizes income when the control of product is transferred to client. The transfer of control over such product means that such product has been delivered to the client. The client can fully determine the sales channel and price of the product, and there is no longer any unfulfilled obligation that would affect the client's acceptance of such product. Delivery is the point at the time when the client has accepted the product under the terms of the transaction, the risks of obsolescence and loss have been transferred to the client, and the Company has objective evidence that all the acceptance conditions have been satisfied.

The Company provides warranty for the sales of rugged computer in accordance with the agreed specifications and has recognized provision for warranty liabilities in respect of such obligation. For details, please refer to Note 6 (10).

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

2. Sale of goods - business laptops

The Company sells commercial laptops in the retail market and recognizes income when the product entity delivers it to the client. Prices are mostly paid immediately when the client purchases the product.

3. Labor service income

The Company provides clients with laptop repair services and recognizes the related income upon completion of the provision of the services.

4. Financial component

The Company does not adjust the monetary time value of the transaction price, as the Company expects to transfer goods or services to the client within one year of the point in time when the client pays for such goods or services.

(XV) Employee benefits

1. Defined contribution plan

The obligation to determine the contribution to pension plan is recognized as expense during employee's period of service.

2. Defined benefit plan

The net obligation of the Company under the defined benefit plan is measured at the discounted value of the amount of future benefits earned by employees during the current or prior period of service, less the fair value of the plan assets.

The Company's defined benefit obligations are actuarially determined annually by a qualified actuarial practitioner using the projected unit benefit method. Where the result of the calculation may be beneficial to the Company, the asset is recognized to the extent of the present value of any economic benefits to be derived in the form refund of the plan's contribution or reduction of the future contributions from the plan. In calculating the present value of economic benefits, any minimum funding requirement shall be considered.

The remeasurement of the net defined benefit liability (asset), including any changes in actuarial gains and losses, returns on plan asset (excluding interest) and the impact of the asset cap (excluding interest), is recognized immediately in other comprehensive income and accumulated in other equity. The net interest expense of the net defined benefit liability (asset) determined by the Company refers to the use of the net defined benefit liability (asset) and the discount rate determined at the beginning of the annual reporting period. The net interest

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the changes in benefits related to the past service costs or reduced benefits or losses are immediately recognized as profit or loss. The Company recognizes the profit or loss from the settlement of the defined benefit plan when the settlement occurs.

3. Short-term employee benefits

The obligation for short-term employee benefits is measured on non-discounted basis, and is recognized as an expense when the relevant services are rendered. The amount expected to be paid under the short-term cash bonus or dividend scheme is recognized as liability when the Company has a current legal or constructive obligation to pay as a result of the services provided by the employee in the past and such obligation can be reliably estimated.

(XVI) Income tax

Income tax includes current and deferred income tax. Except for items related to business combination or direct recognition in equity or other comprehensive income, income tax and deferred income tax for the current period are recognized in profit or loss.

Income tax for the current period includes income tax payable or refundable calculated on the basis of taxable income (loss) for the current year, and any adjustment to income tax payable or refundable for the previous year. The amount is measured based on the best estimated value of payments to be made or received, using the statutory tax rate or the substantively enacted tax rate as of the reporting date.

Deferred income tax is recognized by measuring the temporary difference between the carrying amount of assets and liabilities for financial reporting purpose and their tax base. Deferred income tax is not recognized for temporary differences arising under the following circumstances:

1. Assets or liabilities that are not initially recognized in transactions that are not business combinations and do not (i) impact accounting profit and taxable income (loss) at the time of the transaction, and (ii) do not create equal temporary differences for taxable and deductible purposes.
2. Temporary differences arising from investments in interests of subsidiaries, associates and joint venture, and the Company may control the point in time at which temporary difference is reversed and is probable not to reverse in the foreseeable future; and
3. Taxable temporary differences arising from initial recognition of goodwill.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Unused tax losses and unused income tax credits carried forward, and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is probable to be available. In addition, it shall be reevaluated at each reporting date to reduce the relevant income tax benefit to the extent that it is not probable to be realized; or to reverse the previously reduced amount to the extent that it is probable to be sufficient for taxable income.

Deferred income tax is measured at the tax rate expected to apply when the temporary differences reverse, based on the statutory tax rate or substantively enacted tax rate as of the reporting date, and reflects any uncertainties related to income taxes (if applicable).

The Company will offset deferred tax assets and deferred tax liabilities only if the following conditions are met simultaneously:

1. Have the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxable entities subject to income tax levied by the same tax authorities;
 - (1) The same taxable entity; or
 - (2) Different taxable entities, provided that each entity intends to settle the current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period of expected recovery of deferred tax assets and expected settlement of deferred tax liabilities to a material amount.

(XVII) Earnings per share

The Company presents basic and diluted earnings per share attributable to the ordinary equity holders of the Company. The basic earnings per share of the Company are calculated by dividing the profit or loss attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is attributed to the profit or loss of the ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, and is calculated after adjusting the effect of all potential diluted ordinary shares. The Company's potential diluted ordinary shares are employee remuneration with the option to issue shares.

(XVIII) Segment Information

The Company has disclosed division information in the consolidated financial statements. Therefore, the parent company only financial statements do not disclose division information.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

When preparing this parent company only financial report, management must make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the application of accounting policies as well as the reported amounts of assets, liabilities, revenue, and expenses. Actual results may vary from estimates, and we will continually assess and adapt based on historical experience and other factors.

Management continuously reviews estimates and underlying assumptions to align with the Company's risk management and climate-related commitments. Changes in estimates are deferred to the period of change and future periods impacted.

The following assumptions and uncertainties in estimates present significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year. Relevant information is as follows:

Since the inventory is measured at the lower of cost and net realizable value, the Company must use judgment and evaluation to determine the net realizable value of inventory at the reporting date. Based on business considerations, the Company is sometimes required to establish a longer-term inventory of some key components, but future demand is probable to change. The Company assesses the amount of inventory reported as obsolete or lower than the market selling price and offsets the inventory cost to the net realizable value. This inventory valuation is primarily based on estimates of goods demand over specified period in the future. Therefore, it might be subject to significant changes. Please refer to Note 6 (4) for details of inventory valuation.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	<u>2025.12.31</u>	<u>2024.12.31</u>
Cash on hand	\$ 396	402
Checks and demand deposits	725,533	431,282
Time deposits with original maturities of three months or less	705,607	-
	<u>\$ 1,431,536</u>	<u>431,684</u>

As of December 31, 2025 and 2024, the Company's bank time deposits with original maturity dates exceeding three months amounted to NT\$167,900,000 and NT\$234,771,000, respectively, and were reported under other financial assets - current.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(II) Financial instruments

1. Financial Assets Measured at Fair Value through Profit or Loss - Current

	<u>2025.12.31</u>	<u>2024.12.31</u>
Money funds	<u>\$ 301,057</u>	<u>210,499</u>

Please refer to Note 6 (17) for the amount re-measured at fair value and recognized in profit or loss.

2. Financial assets at fair value through other comprehensive income

	<u>2025.12.31</u>	<u>2024.12.31</u>
Debt instruments measured at fair value through other comprehensive income:		
Foreign government bonds	\$ 18,522	-
Foreign corporate bonds	139,344	19,449
Domestic corporate bonds	201,958	-
Equity instruments measured at fair value through other comprehensive income:		
Unlisted stocks	-	141,640
Foreign-listed company stocks	606,996	1,087,589
Total	<u>\$ 966,820</u>	<u>1,248,678</u>
Current	\$ 576,846	-
Non-current	389,974	1,248,678
Total	<u>\$ 966,820</u>	<u>1,248,678</u>

(1) Debt instrument investments measured at fair value through other comprehensive income

The Company assesses that its bond investments are held within a business model aimed at achieving objectives through the collection of contractual cash flows and the sale of financial assets. Therefore, they are reported as financial assets measured at fair value through other comprehensive income.

(2) Equity investments measured at fair value through other comprehensive income

The Company holds these equity investments as long-term strategic investments, not for trading purposes. Therefore, they are designated as measured at fair value through other comprehensive income.

During 2025 and 2024, the Company sold part of the aforementioned shares of foreign-listed companies due to investment strategies. The fair

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

values at the time of disposal were NT\$959,568,000 and NT\$297,478,000, respectively, with cumulative disposal gains (net of tax) of NT\$619,990,000 and NT\$112,436,000, respectively. These cumulative gains have been reclassified from other equity to retained earnings.

In March 2025, the Company disposed of its entire equity interest in Roda Computer GmbH, an unlisted company, to Mildef Consolidated Company AB. The total transaction consideration amounted to NT\$268,303 thousand, comprising cash of NT\$198,687 thousand (EUR 5,600 thousand), 110 thousand shares of Mildef Consolidated Company AB stock (with a fair value of NT\$58,419 thousand), and contingent consideration of NT\$11,197 thousand. The cumulative disposal gain (after tax) totaled NT\$188,871 thousand, and the aforementioned cumulative gain has been reclassified from other equity to retained earnings. The aforementioned Mildef Consolidated Company AB shares acquired are subject to a two-year lock-up period (until March 2027). In addition, pursuant to the share disposal agreement, the Company is entitled to receive additional consideration based on the profit performance of Roda Computer GmbH for 2024. Such contingent consideration was actually received in August 2025 in the amount of NT\$11,401 thousand.

As of December 31, 2025 and 2024, the aforementioned financial assets of the Company were not pledged as collateral.

(III) Notes and accounts receivable (related parties)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Notes and accounts receivable	\$ 85,483	61,968
Less: Allowance for losses	(81)	(349)
	<u>85,402</u>	<u>61,619</u>
Accounts receivable from related parties	11,544	167,900
Less: Allowance for losses	-	(149)
	<u>11,544</u>	<u>167,751</u>
	<u>\$ 96,946</u>	<u>229,370</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

The Company applies a simplified approach to the estimate of expected credit losses for all notes and accounts receivable, which is measured at the expected credit losses over the lifetime, with forward-looking information incorporated. Expected credit losses on notes and accounts receivable of the Company are analyzed as follows:

	2025.12.31		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 97,003	0.08247%	80
Payment is due within 30 days	24	3.27610%	1
	<u>\$ 97,027</u>		<u>81</u>

	2024.12.31		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 220,641	0.08879%	196
Payment is due within 30 days	9,227	3.27611%	302
	<u>\$ 229,868</u>		<u>498</u>

The changes in allowance for loss on notes receivable and accounts receivable are as follows:

	2025	2024
Opening balance	\$ 498	-
Recognized impairment loss	-	498
Reversal of impairment loss	(417)	-
Ending balance	<u>\$ 81</u>	<u>498</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(IV) Inventories

	<u>2025.12.31</u>	<u>2024.12.31</u>
Merchandise	\$ 146,702	135,730
Finished goods	1,348	435
Semi-finished goods	200,980	157,837
Work in process	206,781	231,945
Raw materials	698,215	737,864
	<u>\$ 1,254,026</u>	<u>1,263,811</u>

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

	<u>2025</u>	<u>2024</u>
Costs of inventories sold	\$ 2,012,998	1,928,673
Warranty provision (reversal)	(7,476)	10,828
Inventory valuation loss	9,768	51,615
	<u>\$ 2,015,290</u>	<u>1,991,116</u>

The above inventory valuation loss is recognized by the Company due to the write-down of the inventory to the net realizable value and is recognized under the accounts of operating costs.

(V) Investments accounted for using the equity method

The investments of the Company using the equity method at the report date are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	<u>\$ 65,722</u>	<u>43,748</u>

1. For additional information, please consult the consolidated financial report for the fiscal year 2025.
2. On January 26, 2024, the Company sold 1.5% of its subsidiary, Flexbasis, for cash consideration of NT\$1,008 thousand to key management personnel of the Company. The change in the subsidiary's equity was recognized in Additional Paid-in Capital – Difference between the proceeds from disposal of subsidiary's shares and the carrying amount, amounting to NT\$268 thousand.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(VI) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:							
Balance on January 1, 2025	\$ 147,478	76,876	135,478	6,042	1,846	115,517	483,237
Additions	-	3,608	5,151	-	642	14,150	23,551
Disposal	-	-	(2,493)	-	-	(1,845)	(4,338)
Reclassification (Note)	-	-	-	-	-	9,381	9,381
Balance on December 31, 2025	<u>\$ 147,478</u>	<u>80,484</u>	<u>138,136</u>	<u>6,042</u>	<u>2,488</u>	<u>137,203</u>	<u>511,831</u>
Balance on January 1, 2024	\$ 147,478	75,609	65,505	6,042	1,846	87,150	383,630
Additions	-	1,267	55,133	1,500	-	27,088	84,988
Disposal	-	-	(13,718)	(1,500)	-	-	(15,218)
Reclassification (Note)	-	-	28,558	-	-	1,279	29,837
Balance on December 31, 2024	<u>\$ 147,478</u>	<u>76,876</u>	<u>135,478</u>	<u>6,042</u>	<u>1,846</u>	<u>115,517</u>	<u>483,237</u>
Accumulated depreciation:							
Balance on January 1, 2025	\$ -	33,359	46,935	4,360	617	80,554	165,825
Depreciation	-	3,037	10,625	757	211	16,464	31,094
Disposal	-	-	(2,458)	-	-	(1,196)	(3,654)
Reclassification (Note)	-	-	-	-	-	1,432	1,432
Balance on December 31, 2025	<u>\$ -</u>	<u>36,396</u>	<u>55,102</u>	<u>5,117</u>	<u>828</u>	<u>97,254</u>	<u>194,697</u>
Balance on January 1, 2024	\$ -	30,094	52,217	5,115	424	68,216	156,066
Depreciation	-	3,265	8,436	745	193	12,338	24,977
Disposal	-	-	(13,718)	(1,500)	-	-	(15,218)
Balance on December 31, 2024	<u>\$ -</u>	<u>33,359</u>	<u>46,935</u>	<u>4,360</u>	<u>617</u>	<u>80,554</u>	<u>165,825</u>
Book value:							
December 31, 2025	<u>\$ 147,478</u>	<u>44,088</u>	<u>83,034</u>	<u>925</u>	<u>1,660</u>	<u>39,949</u>	<u>317,134</u>
January 1, 2024	<u>\$ 147,478</u>	<u>45,515</u>	<u>13,288</u>	<u>927</u>	<u>1,422</u>	<u>18,934</u>	<u>227,564</u>
December 31, 2024	<u>\$ 147,478</u>	<u>43,517</u>	<u>88,543</u>	<u>1,682</u>	<u>1,229</u>	<u>34,963</u>	<u>317,412</u>

(Note) Transferred from prepaid equipment and other non-current assets.

(VII) Right-of-use assets

Details of the changes in the cost and accumulated depreciation of the Company's leased houses and houses and buildings are as follows:

	Buildings
Cost of right-of-use assets:	
Balance on January 1, 2025	\$ 194,358
Additions	22,681
Balance on December 31, 2025	<u>\$ 217,039</u>
Balance on January 1, 2024	\$ 172,813
Additions	37,872
Decrease	(16,327)
Balance on December 31, 2024	<u>\$ 194,358</u>
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2025	\$ 132,763
Depreciation in this period	32,033
Balance on December 31, 2025	<u>\$ 164,796</u>
Balance on January 1, 2024	\$ 115,001
Depreciation in this period	33,091
Decrease	(15,329)
Balance on December 31, 2024	<u>\$ 132,763</u>
Book value:	
December 31, 2025	<u>\$ 52,243</u>
January 1, 2024	<u>\$ 57,812</u>
December 31, 2024	<u>\$ 61,595</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(VIII) Intangible assets

	<u>Computer software</u>
Cost:	
Balance on January 1, 2025	\$ 43,588
Additions in current period	<u>958</u>
Balance on December 31, 2025	<u>\$ 44,546</u>
Balance on January 1, 2024	\$ 40,374
Additions in current period	<u>3,214</u>
Balance on December 31, 2024	<u>\$ 43,588</u>
Accumulated amortization:	
Balance on January 1, 2025	\$ 39,708
Amortization in current period	<u>1,245</u>
Balance on December 31, 2025	<u>\$ 40,953</u>
Balance on January 1, 2024	\$ 36,696
Amortization in current period	<u>3,012</u>
Balance on December 31, 2024	<u>\$ 39,708</u>
Book value:	
Balance on December 31, 2025	<u>\$ 3,593</u>
Balance on January 1, 2024	<u>\$ 3,678</u>
Balance on December 31, 2024	<u>\$ 3,880</u>

Amortization expenses of intangible assets for the years 2025 and 2024 are reported under the following items in the statement of comprehensive income:

	<u>2025</u>	<u>2024</u>
Operating costs	\$ 151	1,117
Operating expenses	<u>1,094</u>	<u>1,895</u>
Total	<u>\$ 1,245</u>	<u>3,012</u>

(IX) Lease liabilities

The carrying amount of the Company's lease liabilities is as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Current	<u>\$ 26,799</u>	<u>29,351</u>
Non-current	<u>\$ 25,734</u>	<u>32,493</u>

For maturity analysis, please refer to Note 6 (18) Financial Instruments.

The amount recognized in profit or loss is as follows:

	<u>2025</u>	<u>2024</u>
Interest expenses on lease liabilities	<u>\$ 746</u>	<u>877</u>
Short-term lease expenses	<u>\$ 105</u>	<u>189</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

The amounts recognized in the cash flow statement are as follows:

	<u>2025</u>	<u>2024</u>
Total cash outflow from leases	<u>\$ 32,843</u>	<u>33,981</u>

The Company leases retail stores and factories, with lease terms typically ranging from one to five years. Upon expiration of the lease period, the lease agreements are renegotiated for the lease duration and payment terms.

The Company rents locomotive parking spaces, these leases are short-term leases, and the Company chooses to apply the exemption without recognizing its relevant right-of-use assets and lease liabilities.

(X) Provision for Liabilities

	<u>Warranty</u>
Balance on January 1, 2025	\$ 21,621
Liability provisions reversed during the period	(7,476)
Provision for liabilities used in the current period	<u>(1,653)</u>
Balance on December 31, 2025	<u>\$ 12,492</u>
Balance on January 1, 2024	\$ 13,152
Provision for new liabilities in the current period	10,828
Provision for liabilities used in the current period	<u>(2,359)</u>
Balance on December 31, 2024	<u>\$ 21,621</u>

The provision for warranty liabilities primarily relates to computer sales. The provision is estimated based on historical warranty data for the sold goods. The Company expects that the majority of these liabilities will be incurred gradually over one to three years following the sale.

(XI) Employee benefits

1. Defined benefit plan

Adjustments between the present value of the Company's defined benefit obligations and the fair value of the planned assets are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Present value of defined benefit obligation	\$ 75,582	76,663
Fair value of planned assets	<u>(68,468)</u>	<u>(65,012)</u>
Net defined benefit liabilities	<u>\$ 7,114</u>	<u>11,651</u>

The Company's defined benefit plan is a special reserve for employee retirement appropriated to the Bank of Taiwan. The payment of employee's pension benefit is calculated based on the base number upon the years of service and the average salary of the six months prior to retirement.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(1) Composition of planned assets

The Retirement Fund appropriated by the Company in accordance with the Labor Standards Act, is subject to the unified management by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," as the operation of the fund, the annual minimum income allocated shall not be lower than the accumulated interest calculated at the average yearly rate of the local bank's two-year time deposit rate in the same period.

As of December 31, 2025 and 2024, the balance in the Company's Taiwan Bank Labor Retirement Reserve Account amounted to NT\$68,468,000 and NT\$65,012,000, respectively. For information on the utilization of the assets of the Labor Retirement Fund (including the fund's earning rate and asset allocation), please refer to the information published on the website of the Bureau of Labor Fund.

(2) Changes in present value of defined benefit obligations

The changes in present value of the Company's defined benefit obligations are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations as of January 1	\$ 76,663	87,674
Current service cost	111	62
Interest cost	1,515	1,393
Retirement benefits paid - special account for employee pension reserve	(5,892)	(5,988)
Net remeasurement of defined benefit liabilities		
— Actuarial loss (gain) resulting from empirical adjustments	1,834	(4,124)
— Actuarial loss (gain) arising from changes in financial assumptions	1,351	(2,354)
Defined benefit obligations on December 31	<u>\$ 75,582</u>	<u>76,663</u>

(3) Changes in fair value of planned assets

The changes in the fair value of the Company's defined benefit plan assets are as follows:

	<u>2025</u>	<u>2024</u>
Fair value of defined benefit planned assets on January 1	\$ 65,012	57,373
Amount allocated to plan	3,875	6,903
Interest income	1,320	932

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Amount of retirement fund paid	(5,892)	(5,988)
Net remeasurement of defined benefit liabilities		
— return on planned assets (excluding current interest)	4,153	5,792
Fair value of defined benefit planned assets on December 31	<u>\$ 68,468</u>	<u>65,012</u>

(4) Changes in cap asset effects

The Company had no cap asset effect change in the defined benefit plans of 2025 and 2024.

(5) Expense recognized and included in profit or loss

Expenses reported and included as profit or loss by the Company are as follows:

	<u>2025</u>	<u>2024</u>
Current service cost	\$ 111	62
Interest on net defined benefit liabilities	195	461
	<u>\$ 306</u>	<u>523</u>
Operating costs	\$ 30	44
Operating expenses	276	479
	<u>\$ 306</u>	<u>523</u>

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of its defined benefit obligations at the end of the financial reporting period are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Discount rate	1.750%	2.000%
Future salary increase rate	3.000%	3.000%

The Company expects to contribute NT\$3,828,000 to the defined benefit plan within one year after December 31, 2025.

The weighted average duration of defined benefit plans is 11.6 years.

(7) Sensitivity analysis

As of December 31, 2025 and 2024, the carrying amounts of the Company's net defined benefit liabilities were NT\$7,114,000 and

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

NT\$11,651,000, respectively. When the discount rate and employee salary increase rate are adjusted by $\pm 0.25\%$, the changes in the present value of the Company's defined benefit obligations as of December 31, 2025 and 2024 are as follows:

	2025.12.31			
	Discount rate		Rate of salary changes	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
Increase (decrease) in present value of defined benefit obligations	<u>\$ (1,352)</u>	<u>1,390</u>	<u>1,341</u>	<u>(1,312)</u>

	2024.12.31			
	Discount rate		Rate of salary changes	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
Increase (decrease) in present value of defined benefit obligations	<u>\$ (1,501)</u>	<u>1,563</u>	<u>1,508</u>	<u>(1,464)</u>

The above sensitivity analysis is based on the influence of a single assumption change while the others remain unchanged. In practice, changes in many assumptions might be linked. The method adopted for sensitivity analysis is consistent with the method used to calculate the net pension benefit liabilities on the balance sheet.

The methods and assumptions applied in preparing sensitivity analysis in this period are identical to those in the preceding periods.

2. Defined contribution plan

The Company's defined contribution plan is schemed according to the Labor Pension Act, allocated to the Labor Pension Personal Account prescribed by the Bureau of Labor Insurance, at the contribution rate of 6% of the employee's monthly wage. Under such plan, upon appropriation of the fixed amount to the Bureau of Labor Insurance, the Company shall bear no statutory or constructive obligation to pay an additional amount.

The retirement benefit expenses under the defined contribution plan of the Company for 2025 and 2024, were NT\$11,132,000 and NT\$11,058,000, respectively.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(XII) Income tax

1. Income tax expenses

The details of income tax expense of the Company in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Income tax expenses in current period		
Incurred in current period	\$ 149,675	173,742
Adjustment of current income tax incurred in the preceding period	793	(5,516)
	<u>150,468</u>	<u>168,226</u>
Deferred income tax expenses		
Occurrence and reversal of temporary differences	(36,731)	(37,503)
Income tax expenses	<u><u>\$ 113,737</u></u>	<u><u>130,723</u></u>

Details of income tax expense recognized under other comprehensive income are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefits plans remeasurement	\$ 193	2,454
Equity investments measured at fair value through other comprehensive income	89,766	101,247
Disposal of equity instrument investments measured at fair value through other comprehensive income	25,332	28,109
Debt instrument investments measured at fair value through other comprehensive income	(117)	106
Total	<u><u>\$ 115,174</u></u>	<u><u>131,916</u></u>

Adjustments between the income tax expenses in 2025 and 2024 and the net profit before tax of the Company are as follows:

	<u>2025</u>	<u>2024</u>
Net profit before tax	<u><u>\$ 547,811</u></u>	<u><u>625,944</u></u>
Income tax calculated at the domestic tax rate of the Company	\$ 109,562	125,189
Surtax on undistributed earnings	8,473	4,553
Prior period (over)underestimation	793	(5,516)
Others	(5,091)	6,497
	<u><u>\$ 113,737</u></u>	<u><u>130,723</u></u>

2. Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities in 2025 and 2024 are as follows:

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Deferred income tax assets:

	Defined benefit plan	Allowance for Loss on Inventory Valuation	Others	Total
January 1, 2025	\$ 1,262	69,022	7,523	77,807
Statement of profit or loss - credit (debit)	(713)	1,954	(453)	788
Other comprehensive income - credit (debit)	(193)	-	-	(193)
December 31, 2025	\$ 356	70,976	7,070	78,402
January 1, 2024	\$ 4,992	58,699	9,626	73,317
Statement of profit or loss - credit (debit)	(1,276)	10,323	(2,103)	6,944
Other comprehensive income - credit (debit)	(2,454)	-	-	(2,454)
December 31, 2024	\$ 1,262	69,022	7,523	77,807

Deferred income tax liabilities:

	Financial assets at fair value through other comprehensive income
January 1, 2025	\$ 237,627
Statement of profit or loss - debit (credit)	(35,943)
Other comprehensive income - debit (credit)	(87,233)
December 31, 2025	\$ 114,451
January 1, 2024	\$ 166,833
Statement of profit or loss - debit (credit)	(30,559)
Other comprehensive income - debit (credit)	101,353
December 31, 2024	\$ 237,627

- The Company has submitted tax return applications until the year of 2023, as prescribed by the tax authority, upon settlement and audit.

(XIII) Capital and other equity

- Ordinary share capital

As of December 31, 2025 and 2024, the Company had an authorized capital of NT\$700,000,000, with a par value of NT\$10 per share. The total number of shares was 70,000,000, divided equally, and the number of issued shares was 58,685,000.

- Capital surplus

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

The details of the Company's capital surplus balance are as follows:

	<u>2025.12.31</u>	<u>2024.12.31</u>
Premium on share issuance	\$ 72,650	72,650
Difference between actual disposal of subsidiary equity and book value	<u>1,731</u>	<u>1,731</u>
	<u>\$ 74,381</u>	<u>74,381</u>

According to the provisions of the Company Act, the capital surplus must be preferentially used to cover losses before it can be issued to new shares or cash in proportion to the shareholders' original ratio. Realized capital surplus, as referred to in the preceding paragraph, includes the excess of the proceeds of issuing shares over the par value and the gains incurred from gifts received. According to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the aggregate annual appropriation of the capital surplus available for allocation shall not exceed ten percent of the paid-up capital.

3. Retained earnings

(1) Legal reserve

When there is no loss in the Company, the legal reserve can be used to issue new shares or cash upon resolution at the Shareholders' Meeting, but must be limited to the part of the reserve that has exceeded 25% of the paid-up capital.

(2) Special reserve

In accordance with the provisions of the Financial Supervisory Commission, when the Company distributes distributable earnings, based on the net deduction of other shareholders' equity of the current period, the special reserve of the same amount shall be drawn from the profit or loss of the current period and the undistributed earnings of the previous period; For the net deduction of other shareholders' equity in the previous period, special reserve of the same amount drawn from the undistributed earnings of the previous period shall not be distributed. If other shareholders' equity deduction has been reversed, the surplus may be distributed in accordance with the reversed portion.

(3) Earnings distribution

In accordance with the provisions of the Articles of Incorporation of the Company, if there is any profit in the annual general accounts of the Company, the Company shall withhold the tax to make up the past losses, and withhold a legal reserve by 10%. However, when the legal reserve has

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

reached the amount of the paid-in capital of the Company, it shall not be withheld anymore. In addition, after the special reserve is raised or transferred as required by laws and regulations, the Company shall accumulate the undistributed earnings, and the Board of Directors shall propose the allocation of surplus to the Shareholders' Meeting for resolution and distribution.

The Company's dividend distribution policy is based on the Company's capital budget, medium-term and long-term operational plan and financial position, and is distributed after the resolution of the shareholders' meeting in accordance with the following principles:

- A. Except for the distribution of reserve in accordance with the following item B, the company shall not distribute dividends when there is no surplus, but when the legal reserve has exceeded 50% of the total capital, the excess part can be distributed. The distribution of surplus can be made in the form of stock dividends or cash dividends, and the distribution ratio considerations are as follows:
 - (A) To meet the Company's needs of expanding its scale of operations in the future;
 - (B) To maintain a balance in the profitability of the Company's earnings per share;
 - (C) To consider the Company's cash flow and operating earnings situation.

Among them, cash dividends shall account for 20% ~ 100% of the total dividends, and the share dividends shall account for 0% ~ 80% of the total dividends. Upon decision by the Board of Directors, the dividends shall be distributed by the resolution of the shareholders' meeting.

- B. When the Company has no distributable surplus available in the current year, or the amount of the surplus is much lower than the surplus distributed by the Company in the preceding year, or distribute all or part of the reserves for financial, business, and operation considerations according to the laws and regulations, or the regulations of the competent authorities.

The annual shareholders' meeting passed the resolutions for the 2024 and 2023 earnings distribution proposals on June 11, 2025 and June 12, 2024, respectively. The dividends distributed to owners are as follows:

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

	2024		2023	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends distributed to owners of ordinary shares:				
Cash	\$ 6.00	<u>352,113</u>	5.40	<u>316,902</u>

On March 11, 2026, the Board of Directors of the Company proposed the following profit distribution plan for 2025:

	2025	
	Dividend per share (NT\$)	Amount
Dividends distributed to owners of ordinary shares:		
Cash	\$ 7.00	<u>410,799</u>

4. Other equity (net after-tax)

	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain or loss on financial assets at fair value measurement through other comprehensive income	Remeasurement of defined benefit plan	Total
Balance on January 1, 2025	\$ (408)	671,387	(580)	670,399
Exchange differences arising from the net assets of foreign operations	1,349	-	-	1,349
Unrealized loss on financial assets at fair value through other comprehensive income	-	431,659	-	431,659
Determination of net after tax actuarial gains and losses of benefit plans	-	-	775	775
Disposal of equity instruments designated at fair value through other comprehensive income	-	(808,861)	-	(808,861)
Balance on December 31, 2025	<u>\$ 941</u>	<u>294,185</u>	<u>195</u>	<u>295,321</u>
Balance on January 1, 2024	\$ 20	252,022	(10,396)	241,646
Exchange differences arising from the net assets of foreign operations	(428)	-	-	(428)
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	531,801	-	531,801
Determination of net after tax actuarial gains and losses of benefit plans	-	-	9,816	9,816
Disposal of equity instruments designated at fair value through other comprehensive income	-	(112,436)	-	(112,436)
Balance on December 31, 2024	<u>\$ (408)</u>	<u>671,387</u>	<u>(580)</u>	<u>670,399</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(XIV) Earnings per share

1. Basic earnings per share

	<u>2025</u>	<u>2024</u>
Net income attributable to holders of the Company's ordinary shares	<u>\$ 434,074</u>	<u>495,221</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	<u>58,685</u>	<u>58,685</u>
Basic earnings per share (NT\$)	<u>\$ 7.40</u>	<u>8.44</u>

2. Diluted earnings per share

	<u>2025</u>	<u>2024</u>
Net income attributable to holders of the Company's ordinary shares	<u>\$ 434,074</u>	<u>495,221</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	58,685	58,685
The effect of employee remuneration	682	928
Weighted average number of outstanding ordinary shares (after adjustment for the effect of potentially dilutive ordinary shares)	<u>59,367</u>	<u>59,613</u>
Diluted earnings per share (NT\$)	<u>\$ 7.31</u>	<u>8.31</u>

(XV) Revenue from customer contracts

1. Breakdown of income

	<u>2025</u>	<u>2024</u>
Major sales market:		
Asia	\$ 1,645,277	1,575,353
Europe	1,067,061	1,048,769
Americas	61,074	187,469
Oceania	59,351	27,822
	<u>\$ 2,832,763</u>	<u>2,839,413</u>
Main product/service lines:		
Business computer	\$ 1,414,656	1,362,038
Rugged computer	1,353,570	1,393,782
Repair and maintenance services and others	64,537	83,593
	<u>\$ 2,832,763</u>	<u>2,839,413</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

2. Contract balance

	<u>2025.12.31</u>	<u>2024.12.31</u>	<u>2024.1.1</u>
Notes and accounts receivable (related parties)	\$ 97,027	229,868	429,582
Less: Allowance for losses	(81)	(498)	-
Total	<u>\$ 96,946</u>	<u>229,370</u>	<u>429,582</u>
Contract liabilities (including related parties) — products sales	<u>\$ 213,707</u>	<u>162,781</u>	<u>237,639</u>

Please refer to Note 6(3) for the notes and accounts receivable and impairment thereof disclosed.

Contract liabilities are mainly generated by advance receipts from the sale of rugged computers, which will be transferred to income by the Company at the delivery of products. The initial balance of contract liabilities on January 1, 2025 and 2024, which were recognized as revenue, respectively, amounted to NT\$37,929,000 and NT\$102,842,000, respectively.

(XVI) Remuneration to employees and directors

On June 11, 2025, the Company's shareholders' meeting resolved to amend the Articles of Incorporation. According to the amended Articles, if the Company has earnings in a given year, 5% to 10% shall be appropriated as employee compensation and up to 3% as director compensation. Of the employee compensation mentioned above, no less than 10% shall be allocated to frontline employees. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. Prior to the amendment, the Articles of Incorporation provided that, if the Company had earnings in a given year, 5% to 10% should be appropriated as employee compensation and up to 3% as director compensation. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at subsidiaries who meet certain criteria.

The estimated amount of employee compensation of the Company for 2025 and 2024 amounted to NT\$59,300,000 and NT\$67,752,000, respectively. The director's estimated remuneration amounted to NT\$11,885,000 and NT\$13,579,000, respectively. The estimated amount is calculated on the net profit before tax of the Company, without deducting employee and director compensation, and multiplied by the distribution percentages of employee and director remuneration, as prescribed by the Articles of Incorporation of the Company. It is recognized and included as operating cost or operating expenses for 2025 and 2024. If the employee remuneration is issued in the form of shares, the number of shares allotted shall be calculated based on the closing market price of ordinary shares on the day ahead of the meeting of Board of Directors.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

In case of a difference between the actual amount allocated and the estimated amount, it shall be treated as a change in accounting estimates.

The remuneration of employees and directors assigned by the resolution of the Board of Directors of the Company does not differ from the aforementioned amount estimated in the 2025 and 2024 financial statements of the Company, and is fully distributed in cash. For relevant information, please refer to the Market Observation Post System (MOPS).

(XVII) Non-operating income and expenses

1. Interest income

	<u>2025</u>	<u>2024</u>
Interest income		
Interest income from cash in banks	\$ 21,872	6,236
Other interest income	13,060	4,695
	<u>\$ 34,932</u>	<u>10,931</u>

2. Other income

	<u>2025</u>	<u>2024</u>
Dividend income	\$ 4,058	61,203
Others	1,334	4,516
	<u>\$ 5,392</u>	<u>65,719</u>

3. Other gains and losses

	<u>2025</u>	<u>2024</u>
Foreign exchange gains (losses)	\$ (17)	18,980
Gains on financial assets measured at fair value through profit or loss	2,954	1,509
Gains (losses) from disposal of property, plant and equipment	(684)	346
Others	(31)	(49)
	<u>\$ 2,222</u>	<u>20,786</u>

4. Financial cost

	<u>2025</u>	<u>2024</u>
Interest expense		
Lease liabilities	\$ (746)	(877)
Others	(294)	(248)
	<u>\$ (1,040)</u>	<u>(1,125)</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(XVIII) Financial instruments

1. Types of financial instruments

(1) Financial assets

	<u>2025.12.31</u>	<u>2024.12.31</u>
Financial assets at fair value through profit or loss - current:		
Money funds	\$ 301,057	210,499
Financial assets at fair value through other comprehensive income - current		
Foreign-listed company stocks	576,846	-
Financial assets at fair value through other comprehensive income - non-current:		
Foreign government bonds	18,522	-
Foreign corporate bonds	139,344	19,449
Domestic corporate bonds	201,958	-
Unlisted stocks	-	141,640
Overseas listed stocks	-	1,087,589
Overseas listed stocks subject to lock-up period	30,150	-
Financial assets at amortized cost:		
Cash and cash equivalents	1,431,536	431,684
Notes and accounts receivable (related parties)	96,946	229,370
Other financial assets - current	167,900	234,771
Other non-current assets - guarantee deposits paid	8,336	8,554
Total	<u>\$ 2,972,595</u>	<u>2,363,556</u>

(2) Financial liabilities

	<u>2025.12.31</u>	<u>2024.12.31</u>
Financial liabilities at amortized cost:		
Lease liabilities	\$ 52,533	61,844
Notes and accounts payable (including related parties)	242,585	135,018
Other payables (including related parties)	139,348	147,552
Total	<u>\$ 434,466</u>	<u>344,414</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

2. Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit risk exposure. The Company's maximum amounts of credit risk exposure as of December 31, 2025 and 2024 were NT\$2,972,595,000 and NT\$2,363,556,000, respectively.

(2) Concentration of credit risk

A significant concentration of credit risk that occurs when the trading counterpart to a financial instrument has a significant concentration of one person, or when there are several counterparts to a financial instrument. Most of them are engaged in similar commercial activities and have similar economic characteristics, so their ability to perform their contracts is similarly affected by economic or other conditions. Of the net accounts receivable (including accounts receivable from related parties) of the Company as of December 31, 2025 and 2024, a total of 96% and 90% were composed of four of the clients, which made the Company have a concentration of credit risk. In order to reduce credit risk, the Company continuously assesses the financial position of clients and strictly monitors the credit line.

(3) Credit risk of accounts receivable and debt securities

For credit risk exposure information related to notes and accounts receivable (including related parties), please refer to Note 6(3).

Other financial assets measured at amortized cost (including other current financial assets and non-current assets – deposits paid), as well as debt instrument investments measured at fair value through other comprehensive income (investments in foreign government bonds, foreign corporate bonds, and domestic corporate bonds), are all considered low credit risk financial assets. Accordingly, the allowance for the period is measured based on the 12-month expected credit losses. (For the Company's criteria for determining low credit risk, refer to Note 4(6).) As of December 31, 2025 and 2024, no expected credit losses were recognized upon evaluation.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

3. Liquidity risk

The contract maturity date of the Company's financial liabilities, including the estimated interest, is analyzed as follows:

	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 year(s)</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2025						
Notes and accounts payable (including related parties)	\$ (242,585)	(242,585)	-	-	-	-
Lease liabilities	(53,208)	(14,811)	(12,309)	(25,320)	(768)	-
Other payables (including related parties)	(139,348)	(139,348)	-	-	-	-
	<u>\$ (435,141)</u>	<u>(396,744)</u>	<u>(12,309)</u>	<u>(25,320)</u>	<u>(768)</u>	<u>-</u>
December 31, 2024						
Notes and accounts payable (including related parties)	\$ (135,018)	(135,018)	-	-	-	-
Lease liabilities	(63,109)	(16,059)	(13,925)	(24,748)	(8,377)	-
Other payables (including related parties)	(147,552)	(147,552)	-	-	-	-
	<u>\$ (345,679)</u>	<u>(298,629)</u>	<u>(13,925)</u>	<u>(24,748)</u>	<u>(8,377)</u>	<u>-</u>

The Company does not expect that the cash flow analyzed on the maturity date will occur significantly earlier, or that the actual amount will be significantly different.

4. Exchange rate risk

(1) Risk exposures of foreign exchange rate risk

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risks are as follows:

2025.12.31						
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NT\$</u>	<u>Exchange rate fluctuation</u>	<u>Impact on profit or loss (before tax)</u>	
<u>Financial assets</u>						
<u>Monetary item</u>						
USD	\$	31,192	31.430	980,316	1%	9,803
AUD		721	21.010	15,148	1%	151
SEK		74,457	3.420	254,643	1%	2,546
EUR		42	36.900	1,560	1%	16
<u>Non-monetary item</u>						
SEK		177,484	3.420	606,996	-	-
AUD		1,664	21.010	34,969	-	-

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

		2024.12.31				
		Foreign currency	Exchange rate	NT\$	Exchange rate fluctuation	Impact on profit or loss (before tax)
<u>Financial assets</u>						
<u>Monetary item</u>						
USD	\$	8,599	32.785	281,929	1%	2,819
AUD		972	20.390	19,813	1%	198
EUR		6	34.140	203	1%	2
<u>Non-monetary item</u>						
EUR		4,149	34.140	141,640	-	-
SEK		363,742	2.990	1,087,589	-	-
AUD		660	20.390	13,453	- %	-

(2) Exchange gains or losses incurred from monetary items

Due to the variety of currencies involved in the Company's transactions, the exchange gains and losses for monetary items are disclosed in a summarized manner. The foreign exchange gains (losses), including realized and unrealized amounts, were NT\$(17,000) and NT\$18,980,000 for 2025 and 2024, respectively.

5. Interest rate risk

As of December 31, 2025 and 2024, the Company had no interest-bearing debt obligation, and the change in interest rate did not have significant influence on the Company's financial assets value. Therefore, the Company's management believes that the change in interest rate has no significant influence on the short-term profit or loss of the Company.

6. Fair value information

(1) Financial instruments not at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost are close to their fair values in the Parent Company Only Financial Statements of Mildef Crete Inc.

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

The Company's financial assets are measured at fair value through profit or loss and other comprehensive income, is measured at fair value on the basis of repeatability. The fair value levels are defined as follows:

- A. Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

- B. Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices) for assets or liabilities.
- C. Level 3: Unobservable inputs for assets or liabilities not based on observable market data (unobservable inputs).

		2025.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current						
Money funds	\$	301,057	301,057	-	-	301,057
Financial assets at fair value through other comprehensive income - non-current						
Foreign government bonds	\$	18,522	-	18,522	-	18,522
Foreign corporate bonds		139,344	-	139,344	-	139,344
Domestic corporate bonds		201,958	201,958	-	-	201,958
Foreign-listed company stocks		576,846	576,846	-	-	576,846
Overseas listed stocks subject to lock-up period		30,150	-	-	30,150	30,150
		<u>\$ 966,820</u>	<u>778,804</u>	<u>157,866</u>	<u>30,150</u>	<u>966,820</u>

		2024.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current						
Money funds	\$	210,499	210,499	-	-	210,499
Financial assets at fair value through other comprehensive income - non-current						
Foreign corporate bonds	\$	19,449	-	19,449	-	19,449
Unlisted stocks		141,640	-	-	141,640	141,640
Foreign-listed company stocks		1,087,589	1,087,589	-	-	1,087,589
		<u>\$ 1,248,678</u>	<u>1,087,589</u>	<u>19,449</u>	<u>141,640</u>	<u>1,248,678</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

There were no financial assets and liabilities transferred at fair value levels in 2025 and 2024.

(3) Fair value valuation techniques for financial instruments at fair value

When the quoted market price of a financial instrument is available, the price shall be adopted as the fair value.

A financial instrument is considered to have a quoted price in an active market if such quotes can be obtained promptly and regularly from exchanges, brokers, underwriters, industry associations, pricing services, or regulatory agencies, and if the price represents actual and frequent fair market transactions. If these conditions are not met, the market is deemed inactive. Generally, wide bid-ask spreads, significant increases in bid-ask spreads, or minimal trading volume are indicators of an inactive market.

There are standard terms and conditions for the money funds, overseas listed stocks and domestic corporate bonds held by the Company, and such funds and stocks are traded in active markets; thus, the fair values thereof are determined as per the quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the balance sheet date.

The fair value of foreign government bonds and foreign corporate bonds held by the Company is determined based on quotes provided by third-party institutions. Shares of foreign listed companies held during the critical period are primarily measured based on the market prices of the listed companies, adjusted for discounts reflecting the lack of market liquidity of the equity securities. For unlisted (OTC) companies with no active market, fair value is primarily estimated using the income approach, specifically a discounted cash flow model. The key assumption is that the expected future cash flows of the investee are discounted at a rate reflecting the time value of money and investment risk.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(4) Details of changes in the level 3

	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Contingent consideration	Equity instruments
January 1, 2025	\$ -	141,640
Total profit or loss		
Recognized in profit or loss	204	-
Recognized in other comprehensive income	-	98,395
Acquisition	11,197	58,419
Disposal	(11,401)	(268,304)
December 31, 2025	<u>\$ -</u>	<u>30,150</u>
January 1, 2024	\$ -	18,262
Total profit or loss		
Recognized in other comprehensive income	-	123,378
December 31, 2024	<u>\$ -</u>	<u>141,640</u>

The above total gains or losses are presented in the statement of comprehensive income under “Other gains and losses” and “Unrealized gains on equity investments measured at fair value through other comprehensive income.”

Of which, those related to assets still held as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Total profit or loss		
Recognized in other comprehensive income (presented under “Unrealized gains (losses) on equity instruments at fair value through other comprehensive income”)	\$ (28,269)	123,378

(5) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Company's financial instruments measured at fair value and classified as Level 3 consist of financial assets at fair value through other comprehensive income - overseas listed stocks subject to lock-up period and unlisted company stocks.

Quantitative information on significant unobservable inputs is listed as follows:

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
Financial assets measured at fair value through other comprehensive income - overseas listed stocks subject to lock-up period	Market approach	• Discount for lack of market liquidity (33.06% as of December 31, 2025)	• The higher the discount for lack of market liquidity, the lower the fair value
Financial assets at fair value through other comprehensive income - unlisted stocks	Discounted cash flow method	• Cost of equity capital (8.51% as of December 31, 2024)	• The higher the cost ratio of shareholders' equity funds, the lower the fair value

(6) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The Company's fair value measurement of financial instruments is reasonable. However, the adoption of different valuation approaches or valuation parameters may result in different valuation results. For the financial instruments classified as Level 3 in 2025 and 2024, in case of changes in the valuation parameters, the impact on other comprehensive income in the current period is as follows:

	Input	Increase or decrease change	Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2025				
Financial assets at fair value through other comprehensive income				
Overseas listed stocks subject to lock-up period	Market liquidity discount	5.00%	<u>\$ 2,252</u>	<u>2,252</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

	Input	Increase or decrease change	Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	1.00%	<u>\$ 2,579</u>	<u>2,502</u>

Favorable and adverse changes in the Company refer to fair value fluctuations, which are using valuation techniques based on different degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the statement above only reflects the effect of changes in the single input value, without taking the correlation and variability between the input values into account.

(XIX) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risks) as a result of its business activities. This note presents the Company's risk exposure information for each of the above risks and the Company's objectives, policies, and procedures for measuring and managing the risks. Further quantitative disclosures are provided in the notes to the financial statements.

The Board of Directors of the Company is responsible for developing and controlling of the Company's risk management policy. The establishment of the risk management policies is aimed at recognizing and analyzing the risks of the Company, setting the appropriate risk limits and controls, and supervising compliance of the risk controls and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operation of the Company.

The Company supervises and reviews financial activities in accordance with relevant regulations and internal control policies. The internal auditors serve a supervisory role and regularly report the results to the Board of Directors.

1. Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to customers or counterparties of financial instruments failing to fulfill their contractual obligations. The primary sources of credit risk are the Company's accounts receivable from customers and investments.

(1) Accounts receivable

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

The Company has established a credit policy. In accordance with this policy, it individually analyzes the financial condition of each customer to determine their credit limit and regularly evaluates the financial status of customers to manage exposure to credit risk.

(2) Investments

The credit risks associated with bank deposits, fixed-income investments, and other financial instruments are measured and monitored by the Company's finance department. Since the counterparties and performing parties of the Company's transactions are reputable banks and financial institutions with investment-grade ratings or higher, there are no significant concerns regarding performance obligations, and thus, no substantial credit risk.

2. Liquidity risk

Liquidity risk is the risk that occurs when the Company fails to deliver cash or other financial assets to settle its financial liabilities and perform its relevant obligations. The capital and working capital of the Company are sufficient to meet all contractual obligations. Therefore, there is no liquidity risk of being unable to raise funds to meet contractual obligations.

3. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and other market price fluctuations, may affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to control the degree of market risk exposure within an acceptable extent and optimize the return on investment.

(1) Exchange rate risk

The Company is exposed to exchange rate risk arising from sales and purchasing transactions that are not denominated in the functional currency (NT\$) of the Company. The major currency in which these transactions are denominated in USD. The management of our company believes that, in addition to effectively managing the company's foreign currency net exposure within acceptable levels, the exchange rate risk for our company is not significant.

(2) Interest rate risk

The Company mainly operates with its funds, without interest-bearing debt obligations, and the value of financial assets held is not materially

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

affected by the changes in interest rates. Therefore, the Company's management believes that the company's interest rate risk is not material.

(3) Other market risks

A. Equity instrument price risk

The Company is exposed to the risk of changes in the price of equity arising from investments in equity securities of publicly quoted entities, which are not held for trading, but long-term strategic investments.

The sensitivity analysis of equity instrument price risk is based on changes in fair value at the end of the financial reporting period. If the price of the equity instruments increase/decrease by 5%, the amount of other comprehensive income for 2025 and 2024 would have increased/decreased by NT\$30,350,000 and NT\$61,461,000, respectively.

B. Debt instrument price risk

The Company invests in foreign government bonds, foreign corporate bonds, and domestic corporate bonds. The prices of these debt instruments are affected by uncertainties regarding the future value of the underlying investments.

The sensitivity analysis for debt instrument price risk is based on fair value changes as of the end of the financial reporting period. If the price of the debt instruments increase/decrease by 5%, the amount of other comprehensive income for 2025 and 2024 would have increased/decreased by NT\$17,991,000 and NT\$972,000, respectively.

C. The Company holds stable yields and insignificant price risk characterize monetary funds. Therefore, the Company does not expect significant market risk for the monetary funds held.

(XX) Capital management

Based on the current operating characteristics of the industry and the prospect of the Company, taking the changes in the external environment and other factors into account, the Company planned the working capital, research and development expenses, dividend expenses, and other needs to ensure the continuous operation of the Company, rewarding shareholders while taking into account the interests of other stakeholders, and maintained an optimal capital structure to enhance shareholder value in the long term.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(XXI) Non-cash transactions in investing and financing activities

- Please refer to Note 6 (7) for details of right-of-use assets acquired by way of leasing.
- The reconciliation of liabilities from financing activities is as follows:

	<u>2025.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2025.12.31</u>
			<u>Additions</u>	<u>Decrease</u>	
Lease liabilities	<u>\$ 61,844</u>	<u>(31,992)</u>	<u>22,681</u>	<u>-</u>	<u>52,533</u>

	<u>2024.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2024.12.31</u>
			<u>Additions</u>	<u>Decrease</u>	
Lease liabilities	<u>\$ 57,889</u>	<u>(32,915)</u>	<u>37,872</u>	<u>(1,002)</u>	<u>61,844</u>

- Investing activities involving partial cash payments only

	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment \$	23,551	84,988
Add: Equipment prepayments at end of period	2,622	1,558
Less: Equipment prepayments at beginning of period	(1,558)	(30,021)
Add: Increase in equipment prepayments	1,374	29,837
Cash paid during the current period	<u>\$ 25,989</u>	<u>86,362</u>

VII. Related-Party Transactions

(I) Name of related party and relations

During the period covered by this parent company only financial statements, the related parties and subsidiaries who had transactions with the Company are as follows:

<u>Name of related party</u>	<u>Relationship with the Company</u>
Flexbasis Technology Inc.	Subsidiaries of the Company
MilDef Crete Australasia Pty. Ltd.	Subsidiaries of the Company
Roda Computer GmbH	The Company is one of the three shareholders of this company (Note)
Chou Yung-Hsiang	One of the Group's key management personnel

(Note) The Company disposed of its entire equity interest in Roda Computer GmbH on March 6, 2025. From that date forward, the company is no longer a related party of the Company.

(II) Significant Transactions with Related Parties

- Operating revenue

	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 59,019	28,115

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Other related parties

Roda Computer GmbH (Note 1)	233,235	928,676
	<u>\$ 292,254</u>	<u>956,791</u>

Note 1: No longer a related party from March 6, 2025; therefore, related transaction amounts and related balances are no longer presented from that date forward.

The transaction prices for the Company's sales to related parties, except for some products with different specifications that have no comparable regular market prices, generally do not differ significantly from regular sales. Additionally, the credit period was originally set at 45 days upon receipt of goods. Starting from July 2023, other related parties may extend the credit period up to 90 days depending on the sales situation.

2. Purchase

	<u>2025</u>	<u>2024</u>
Subsidiaries	<u>\$ 81,235</u>	<u>113,596</u>

The transaction conditions and payment terms of the Company's purchases from related parties are not significantly different from those of general manufacturers.

3. Accounts receivable from related parties

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	\$ 11,544	16,330
Other related parties		
Roda Computer GmbH	-	151,421
	<u>\$ 11,544</u>	<u>167,751</u>

4. Other payables (including related parties)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	<u>\$ -</u>	<u>8</u>

5. Property, plant and equipment

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	<u>\$ 1,935</u>	<u>270</u>

The Company acquired various equipment from its subsidiary.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

6. Prepaid balances with related parties (recorded as other current assets)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	<u>\$ 11,928</u>	<u>-</u>

Represents advance payments for purchases.

7. Accounts payable to related parties (accounted as accounts payable)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	<u>\$ 10,820</u>	<u>22,002</u>

8. Contract liabilities with related party (under contract liabilities)

	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	\$ 255	-
Other related parties		
Roda Computer GmbH	-	38,093
	<u>\$ 255</u>	<u>38,093</u>

9. Maintenance and other income

	<u>Maintenance and other income</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 519	37
Other related parties (Note 1)	657	3,977
	<u>\$ 1,176</u>	<u>4,014</u>

All receivables from the above transactions have been received.

10. Technical service fees, repair and maintenance fees, and others

	<u>Technical service fees, repair and maintenance fees, and others</u>		<u>Other accounts payable</u>	
	<u>2025</u>	<u>2024</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Subsidiaries	\$ 2,224	606	-	-
Other related parties (Note 1)	118	1,911	-	22
	<u>\$ 2,342</u>	<u>2,517</u>	<u>-</u>	<u>22</u>

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

11. Equity transaction

On January 26, 2024, the Company sold 1.5% equity in the subsidiary, Flexbasis, to Chou Yung-Hsiang for NT\$1,008,000 in cash. Said transaction payment was already received.

(III) Remuneration to key management personnel

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 21,009	20,616
Post-employment benefits	347	279
	<u>\$ 21,356</u>	<u>20,895</u>

VIII. Pledged Assets

The detailed book value of the assets pledged and guaranteed by the Company are as follows:

<u>Name of asset</u>	<u>Item pledged as collateral</u>	<u>2025.12.31</u>	<u>2024.12.31</u>
Time deposit (under “other non-current assets”)	Customs guarantee	<u>\$ 1,000</u>	<u>1,000</u>

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments: None.

X. Major Disaster Losses: None.

XI. Material Events After the Balance Sheet Date

Between January 1, 2026 and March 11, 2026, the Company sold 124 thousand shares of Mildef Consolidated Company AB stock. The fair value at disposal was NT\$59,303 thousand, resulting in cumulative disposal gains (after tax) of NT\$35,311 thousand. The aforementioned cumulative gains will be reclassified from other equity to retained earnings.

XII. Others

Employee benefits, depreciation, and amortization expenses by functions are summarized as follows:

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

By function By nature	2025			2024		
	Related to operating costs	Related to operating expenses	Total	Related to operating costs	Related to operating expenses	Total
Cost of employee benefits						
Salary and wages	95,362	174,872	270,234	98,062	173,138	271,200
Labor and health insurance	8,397	15,689	24,086	7,983	15,474	23,457
Pension	3,767	7,671	11,438	3,675	7,906	11,581
Directors' remuneration	-	12,149	12,149	-	13,857	13,857
Other employee benefits	932	1,901	2,833	910	1,928	2,838
Depreciation expense	34,545	28,582	63,127	28,134	29,934	58,068
Amortization expense (Note)	151	1,094	1,245	2,549	1,895	4,444

(Note) Includes amortization expenses for leasehold improvements recorded under other non-current assets.

The additional information on the employee number and employee benefits expenses of the Company in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Number of employees	<u>293</u>	<u>301</u>
Number of directors who are not current employees	<u>6</u>	<u>6</u>
Average employee benefits expense	<u>\$ 1,075</u>	<u>1,048</u>
Average employee remuneration expense	<u>\$ 942</u>	<u>919</u>
Adjustment of average employee remuneration expense	<u>2.50%</u>	
Rremuneration of supervisor	<u>\$ -</u>	<u>-</u>

Information on the Company's remuneration policy (including directors, managers, and employees) is as follows:

1. The Company has established a Remuneration Committee, which is responsible for reviewing the Company's overall remuneration, the remuneration of directors, senior managers, and the form of remuneration payment.
2. The directors of the Company are unpaid officers, and their remuneration shall be paid in accordance with Article 20 of the Articles of Incorporation. The performance policy rationality of the remuneration of director is mainly based on the approach and procedure for the performance evaluation of the Board of Directors, the overall operational performance of the Company, and the future operational needs and development of the industry. Reasonable remuneration shall be given, taking the contribution of individuals to

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

the operation of the Company into consideration, subject to the professional deliberation of the Remuneration Committee, and to be reviewed and approved by the Board of Directors.

3. The remuneration paid to the independent directors of the Company shall be reasonable based on the evaluation results of the "Remuneration Management Measures for Directors and Managers", considering the time invested by individual independent directors. The remuneration standard and composition of independent directors shall be reported to the Board of Directors for resolution after being approved by the Remuneration Committee.
4. The appointment, dismissal and remuneration of the general manager and deputy general manager of the Company shall be approved by the Board of Directors in accordance with the regulations of the Company. The remuneration standard shall be agreed upon by Human Resource Department of the Company in accordance with the relevant policies of the Company's performance evaluation, based on individual performance and contribution to the overall operation of the Company, as well as the principles of the market standard, and shall be proposed to the Board of Directors after the resolution of the Remuneration Committee and approved by the Board of Directors.
5. The Company's employee remuneration policy is based on the individual's competence, contribution to the Company, and performance. It is positively correlates with operating performance. The overall remuneration package mainly includes basic salary, bonuses, and employee remuneration. As for the standard of remuneration, the basic salary is determined based on the market review of the employee's position; the bonus and employee remuneration are issued in connection with the achievement of employee, department goals or the Company's business performance.

XIII. Additional Disclosures

(I) Information on Material Transactions

In accordance with the requirements of the Preparation Standards, for the year 2025, the information related to significant transactions that should be disclosed is as follows:

1. Loans to Others: None.
2. Endorsements/Guarantees provided to others: None.
3. Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

Unit: In thousands of shares/thousands of units/thousands of NT\$

Company	Type and name of securities held	Relations with the securities issuer	Account	End of the period			
				Number of shares	Carrying amount	Shareholding ratio	Fair value/Net worth
The Company	Kingdom of Saudi Arabia Government 5.75% USD Foreign Bond due 01/16/54		Financial assets at fair value through other comprehensive income - non-current	6	18,522	-	18,522
The Company	Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	-	"	17	46,207	-	46,207
The Company	Saudi Arabian Petrodollar Bonds		"	10	30,943	-	30,943
The Company	SoftBank Corporate Bonds		"	10	31,377	-	31,377
The Company	Ford Motor Company Corporate Bonds		"	10	30,817	-	30,817
The Company	Fubon Life Insurance Unsecured Corporate Bonds		"	200	201,958	-	201,958
The Company	Shares of MilDef Consolidated Company AB (lock-up period)		"	110	30,150	0.23 %	30,150
The Company	Shares of MilDef Group AB	-	Financial assets at fair value through other comprehensive income - current	1,408	576,846	2.99 %	576,846
The Company	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,745	150,515	-	150,515
The Company	UPAMC James Bond Money Market Fund	-	"	8,523	150,542	-	150,542

4. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital:

Unit: NT\$1000

Goods purchasing (sales) company	Name of trading counterpart	Relationships	Transaction details				Situation and reason why transaction conditions are different from general transactions		Notes and accounts receivable (payable)		Remark
			Purchase (sales) of goods	Amount	Ratio of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable (Payable)	
The Company	Roda Computer GmbH	The Company is one of the three shareholders of this company (Note 2)	(Sale of goods)	233,235	8.23 %	45 days from delivery	(Note 1)	-	-	-	

(Note 1) The prices at which the Company sells goods to related parties, except for certain product specifications that lack comparable market prices, are generally not significantly different from regular market prices.

(Note 2) No longer a related party from March 6, 2025; therefore, transaction amounts and related balances are no longer presented from that date forward.

5. Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.

Notes to Parent Company Only Financial Statements of Mildef Crete Inc. (continued)

(II) Information on Investees:

The information on the Company's reinvestment business in 2025 is as follows:

Unit: In thousands of shares/thousands of NT\$

Name of investor	Name of investee	Location	Main business	Initial investment amount		End of the period			Profit or loss of investee in the current period	Recognized profit or loss in the period	Remark
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
The Company	Flexbasis Technology Inc.	New Taipei City	Manufacturing	23,424	23,424	2,080	56.22%	30,753	2,692	4,618	
The Company	MilDef Crete Australasia Pty. Ltd.	Australia	Trade	12,548	12,548	600	100.00%	34,969	20,281	20,281	

(III) Information on Investment in Mainland China: None.

XIV. Segment Information

Please refer to the 2025 Consolidated Financial Report.

Mildef Crete Inc.

Detailed Statement of Cash and Cash Equivalents

December 31, 2025

Unit: NTS1000

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		\$ 396
Bank deposits		
Check deposit		12,152
Demand deposits		355,662
Foreign currency demand deposits	USD 3,245,000 × exchange rate 31.43	101,984
Foreign currency demand deposits	SEK 73,269,000 × exchange rate 3.42	250,580
Foreign currency demand deposits	AUD 171,000 × exchange rate 21.01	3,595
Foreign currency demand deposits	Others	1,560
Foreign currency time deposits	USD 16,087,000 × exchange rate 31.43	505,607
NTD time deposits		<u>200,000</u>
		<u>1,431,536</u>

Financial assets measured at fair value through profit or loss-current details

<u>Name of financial instrument</u>	<u>Description</u>	<u>Unit (thousands)</u>	<u>Acquisition cost</u>	<u>Fair value</u>		<u>Remark</u>
				<u>Unit price (NT\$)</u>	<u>Total amount</u>	
UPAMC James Bond Money Market Fund	Money funds	8,523	\$ 150,000	17.6220	150,542	
Hua Nan Phoenix Money Market Fund	Money funds	8,745	<u>150,000</u>	17.2111	<u>150,515</u>	
			<u>\$ 300,000</u>		<u>301,057</u>	

MilDef Crete Inc.

Detailed Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income - Current

December 31, 2025

Unit: NT\$1000

Name	Beginning of period		Increase in the current period		Decrease in the current period		End of the period		Offering guarantees or pledges	
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Fair value	Change in unrealized gains (losses) on financial assets	Number of shares (thousand shares)		Fair value
MilDef Group				<u>\$ 1,087,589</u>						
AB	-	-	2,915	(Note)	1,507	<u>959,568</u>	<u>448,825</u>	1,408	<u>576,846</u>	None

(Note): Reclassified during the current period from financial assets at fair value through other comprehensive income – non-current.

Detailed Statement of Notes Receivable and Accounts Receivable

Client name	Amount
Non-related parties:	
RODA Computer GmbH	\$ 47,995
Syntrend Creative Park Co., Ltd.	30,352
Others (for amount less than 5% of the balance of the current account)	7,136
Less: Allowance for doubtful accounts	<u>(81)</u>
Total	<u>\$ 85,402</u>

Mildef Crete Inc.

Detailed Statement of Inventories

December 31, 2025

Unit: NT\$1000

Item	Amount	
	Book value (Note)	Net realizable value
Merchandise	\$ 146,702	148,247
Finished goods	1,348	3,098
Semi-finished goods	200,980	200,980
Work in process	206,781	206,781
Raw materials	698,215	698,215
Total	\$ 1,254,026	1,257,321

Note: Net amount upon the deduction of allowance for inventory valuation losses.

Detailed Statement of Other Current Assets

Item	Description	Amount
Other receivables	Advertising fees receivable, supplier incentives receivable, and interest receivable	\$ 30,028
Prepaid expenses	Prepaid maintenance fees, exhibition fees, and office repair expenses	6,407
Tax refund receivable	Refundable business tax	5,463
Prepayment for goods	Advance payments to suppliers for purchases of materials	12,211
Offset against business tax payable	Offset against business tax payable	3,266
Others (for amount less than 5% of the balance of the current account)		3,153
Total		\$ 60,528

Mildef Crete Inc.

Detailed Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current

From January 1, 2025, to December 31, 2025

Name	Beginning of period		Increase in the current period		Decrease in the current period		Change in unrealized gains (losses) on financial assets	End of the period		Offering guarantees or pledges
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount		Number of shares (thousand shares)	Fair value	
Roda Computer GmbH	8	\$ 141,640	-	-	8	268,303	126,663	-	-	None
MilDef Group AB	2,915	1,087,589	-	-	2,915	1,087,589 (Note)	-	-	-	None
Alliance Technology Co., Ltd	100	-	-	-	-	-	-	100	-	None
Kingdom of Saudi Arabia Government 5.75% USD Foreign Bond due 01/16/54	-	-	6	18,604	-	-	(82)	6	18,522	None
Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	6	19,449	12	29,829	-	-	(3,071)	18	46,207	None
Saudi Arabian Petrodollar Bonds	-	-	10	30,588	-	-	355	10	30,943	None
SoftBank Corporate Bonds	-	-	10	31,614	-	-	(237)	10	31,377	None
Ford Motor Company Corporate Bonds	-	-	10	30,319	-	-	498	10	30,817	None
Fubon Life Insurance Unsecured Corporate Bonds	-	-	200	200,000	-	-	1,958	200	201,958	None
Shares of MilDef Consolidated Company AB (lock-up period)	-	-	110	58,419	-	-	(28,269)	110	30,150	None
		<u>\$ 1,248,678</u>		<u>399,373</u>	(Note 1)	<u>1,355,892</u>	<u>97,815</u>		<u>389,974</u>	

(Note) Reclassified to financial assets at fair value through other comprehensive income - current.

(Note 1) The increase for the current period includes unrealized exchange gains of NT\$7,826 thousand.

Mildef Crete Inc.
Detailed Statement of Changes in
Investments by the Equity Method

From January 1, 2025, to December 31, 2025

Unit: NT\$ thousand/thousands of shares

Name	Opening balance		Increase in the current period		Decrease in the current period		Investment income (loss) recognized under the equity method	Exchange differences arising from the translation of the financial statements of foreign operations	Ending balance			Net value of equity		Offering guarantees or pledges
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount			Number of shares	Shareholding percentage	Amount	Unit price	Total price	
MilDef Crete Australasia Pty Ltd	600	\$ 13,453	-	-	-	(114) (Note 1)	20,281	1,349	600	100.00	34,969	58.28	34,969	None
Flexbasis Technology Inc.	2,080	<u>30,295</u>	-	<u>-</u>	-	<u>(4,160)</u> (Note 2)	<u>4,618</u>	<u>-</u>	2,080	56.22%	<u>30,753</u>	14.79	<u>30,753</u>	None
		<u>\$ 43,748</u>		<u>-</u>		<u>(4,274)</u>	<u>24,899</u>	<u>1,349</u>			<u>65,722</u>		<u>65,722</u>	

Note 1: Represents an adjustment for unrealized gross profit on sales amounting to NT\$114 thousand.

Note 2: Represents cash dividends of NT\$4,160 thousand distributed from earnings.

Mildef Crete Inc.

Detailed Statement of Other Non-current Assets

December 31, 2025

Unit: NT\$1000

Item	Description	Amount
Refundable deposits	Deposits for store and plant premises and operational-related guarantees	\$ 7,336
Refundable deposits	Tariff guarantee for collateralized assets	1,000
Payment made in advance for computer software	Payment made in advance for computer software	4,606
Payment made in advance for purchase of equipment	Payment made in advance for purchase of equipment	<u>2,622</u>
		<u>\$ 15,564</u>

Contract liabilities statement

Item	Amount
SCS Technologies Pte LTD	\$ 110,272
Roda Computer GmbH	86,099
Others (for amount less than 5% of the balance of the current account)	<u>17,336</u>
Total	<u>\$ 213,707</u>

Mildef Crete Inc.

Detailed statement of notes payable

December 31, 2025

Unit: NT\$1000

Manufacturer name	Description	Amount
Data Systems Co., Ltd.	System maintenance and procurement of intangible assets	\$ 5,574
PETERIC Technology Inc.	Purchase	5,198
Justing Precision Co., Ltd.	"	5,004
Lianzaki Precision Industry Co., Ltd.	"	4,433
LM PCB Co., Ltd.	"	3,753
Ruijia Enterprise Co., Ltd.	"	3,062
Others (for amount less than 5% of the balance of the current account)	"	<u>29,676</u>
		<u>\$ 56,700</u>

Detailed Statement of Accounts Payable

Manufacturer name	Description	Amount
Non-related parties		
Transcend Information, Inc.	Purchase	\$ 58,942
Synnex Technology International Corporation	"	36,862
Acer Inc.	"	18,881
Others (for amount less than 5% of the balance of the current account)	"	60,380
Related parties		
		<u>10,820</u>
		<u>\$ 185,885</u>

Mildef Crete Inc.

Detailed statement of other accounts payable

December 31, 2025

Unit: NTS1000

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Employee dividends payable		\$ 59,300
Salary payable		42,653
Payable bonus for unused off-day		17,976
Remuneration payable to directors		11,885
Others (for amount less than 5% of the balance of the current account)		<u>7,534</u>
Total		<u>\$ 139,348</u>

Detailed statement of lease liabilities

<u>Item</u>	<u>Description</u>	<u>Lease period</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Remark</u>
Buildings		2017/7-2029/2	1.35%	<u>\$ 52,533</u>	
Lease liabilities - current				<u>\$ 26,799</u>	
Lease liabilities - non-current				<u>\$ 25,734</u>	

Mildef Crete Inc.

Detailed statement of operating costs

From January 1, 2025, to December 31, 2025

Unit: NT\$1000

Item	Amount
Goods inventory at the beginning of the period	\$ 136,457
Add: Net purchase of goods in the current period	1,293,394
Less: Goods inventory at the end of the period	(147,843)
Inventory losses	(3)
Transfer to various expenses	(72)
Cost of good sold - goods	<u>1,281,933</u>
Raw materials in the beginning of the period	989,382
Add: Net material purchased in the current period	562,341
Transfer of sample fees	2,852
Transfer of work-in-progress and semi-finished goods	36,057
Less: Raw materials at the end of the period	(966,202)
Inventory losses	(111)
Actual amount incurred of after-sales service reserves	(1,653)
Transfer to various expenses	(3,273)
Cost of raw material sales	(45,585)
Consumption of raw materials	573,808
Direct Labor	68,140
Manufacturing expenses	<u>82,161</u>
Manufacturing costs	724,109
Products in process and semi-finished products in the beginning of the period	481,843
Add: Semi-finished products	77
Transfer of finished goods	35
Less: Products in process and semi-finished products at the end of the period	(492,835)
Transfer of raw materials	(36,057)
Transfer to various expenses	(18,257)
Sale of semi-finished products	(34,452)
Inventory losses	(10)
Manufacturing costs	624,453
Add: Finished products at the beginning of the period	1,241
Less: Finished products at the end of the period	(2,026)
Transfer to work-in-progress and semi-finished goods	(35)
Transfer to fixed assets	(5,513)
Cost of goods sold - finished goods	618,120
Cost of raw materials sold	45,585
Cost of semi-finished products sold	<u>34,452</u>
Cost of goods sold - manufacturing	<u>698,157</u>
Include: Costs for outsourced maintenance	5,988
Reversal of provision for after-sales service	(7,476)
Estimated employee bonus	26,796
Inventory valuation loss	9,768
Inventory losses	124
Total cost of goods sold	<u><u>\$ 2,015,290</u></u>

Mildef Crete Inc.

Detailed Statement of Operating Expense

From January 1, 2025, to December 31, 2025

Unit: NT\$1000

<u>Item</u>	<u>Selling and marketing expenses</u>	<u>General and administrative expenses</u>	<u>Research and development expenses</u>
Salary expenditure	\$ 97,648	26,574	50,650
Insurance premium	9,563	3,716	3,767
Depreciation	24,350	1,117	3,115
Amortization of various items	57	599	438
Sample expense	-	-	24,916
Entrusted research expenses	-	-	2,337
Commission expenditure	2,353	-	-
Retirement benefits	4,598	1,072	2,001
Labor expense	156	2,808	-
Bank charges	6,304	177	3
Other expenses	<u>12,383</u>	<u>37,920</u>	<u>17,331</u>
Total	<u>\$ 157,412</u>	<u>73,983</u>	<u>104,558</u>

For detailed statement of other financial assets - current, please refer to Note 6 (1) to the financial statements

For information regarding Accounts Receivable - Related Parties, please refer to Note 7 to the financial statements

For detailed statement of changes in property, plant and equipment, please refer to Note 6 (6) to the financial statements

For detailed statement of changes in right-of-use assets, please refer to Note 6 (7) to the financial statements

For detailed statement of changes in intangible assets, please refer to Note 6 (8) to the financial statements

For detailed statement of changes in warranty liability provisions, please refer to Note 6 (10) to the financial statement

For detailed statement deferred income tax assets, please refer to Note 6 (12) to the financial statements

For details statement of deferred income tax liabilities, please refer to Note 6 (12) to the financial statement

For detailed statement of operating income, please refer to note 6 (15) to the financial statements

For detailed statement of income, please refer to Note 6 (17) to the financial statements

For detailed statement of other income, please refer to Note 6 (17) of the financial statements

For detailed statement of other profits or losses, please refer to Note 6 (17) to the financial statements

For detailed statement of financial costs, please refer to Note 6 (17) to the financial statements