

Advanced Wireless Semiconductor Company

Financial Statements

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

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

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Independent Auditors' Report

To the Board of Directors of Advanced Wireless Semiconductor Company:

Opinion

We have audited the financial statements of Advanced Wireless Semiconductor Company (“the Company”), which comprise the balance sheet as of December 31, 2025 and 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition

Refer to note 4(13) for accounting policy and note 6(18) “Revenue from contracts with customers” of the financial statements for further information.

Description of key audit matter:

The revenue of the Company mainly comes from product sales to customers. Due to the large sales volume and the numerous transaction terms with customers, we consider revenue recognition as a key audit matter.



How the matter was addressed in our audit:

1. Understanding and testing the relevant internal controls over sales revenue, and performing tests for operating effectiveness.
2. Conducting sample tests on sales transactions for the current year, and verifying against customer orders and shipping documents.
3. Selecting transactions around the balance sheet date as samples, and reviewing the sales terms and shipping documents to assess whether close-to-year-end sales transactions are recognized in the appropriate period.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 5, 2026

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

	<u>2025</u>		<u>2024</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
4000	Operating revenue (note 6(18))	\$ 4,116,532	100	4,455,584	100
5000	Operating costs (notes 6(4), (13), (14), (19) and 7)	<u>3,026,623</u>	<u>74</u>	<u>3,570,491</u>	<u>80</u>
	Gross profit from operations	<u>1,089,909</u>	<u>26</u>	<u>885,093</u>	<u>20</u>
	Operating expenses (notes 6(13), (14),(19) and 7):				
6100	Selling expenses	27,159	1	26,231	1
6200	Administrative expenses	129,845	3	131,182	3
6300	Research and development expenses	<u>195,024</u>	<u>4</u>	<u>202,533</u>	<u>4</u>
		<u>352,028</u>	<u>8</u>	<u>359,946</u>	<u>8</u>
	Net operating income	<u>737,881</u>	<u>18</u>	<u>525,147</u>	<u>12</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(20))	58,383	1	38,123	1
7020	Other gains and losses (notes 6(20) and 7)	(11,296)	-	35,249	1
7050	Finance costs (notes 6(13) and (20))	<u>(4,498)</u>	<u>-</u>	<u>(1,496)</u>	<u>-</u>
		<u>42,589</u>	<u>1</u>	<u>71,876</u>	<u>2</u>
	Income before income tax	780,470	19	597,023	14
7950	Less: Income tax expenses (note 6(15))	<u>120,322</u>	<u>3</u>	<u>76,099</u>	<u>2</u>
	Net income	<u>660,148</u>	<u>16</u>	<u>520,924</u>	<u>12</u>
8300	Other comprehensive income (after tax)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 660,148</u>	<u>16</u>	<u>520,924</u>	<u>12</u>
	Earnings per share (NT dollars) (note 6(17))				
9750	Basic earnings per share	<u>\$ 3.36</u>		<u>2.65</u>	
9850	Diluted earnings per share	<u>\$ 3.35</u>		<u>2.64</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings		Total retained earnings	Total equity
			Legal reserve	Unappropriated retained earnings		
Balance at January 1, 2024	\$ 1,965,161	4,262,693	457,760	796,502	1,254,262	7,482,116
Net income for the period	-	-	-	520,924	520,924	520,924
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	520,924	520,924	520,924
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	8,273	(8,273)	-	-
Cash dividends of ordinary shares	-	-	-	(74,453)	(74,453)	(74,453)
Cash dividends from capital surplus	-	(122,062)	-	-	-	(122,062)
Balance at December 31, 2024	<u>1,965,161</u>	<u>4,140,631</u>	<u>466,033</u>	<u>1,234,700</u>	<u>1,700,733</u>	<u>7,806,525</u>
Net income for the period	-	-	-	660,148	660,148	660,148
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	660,148	660,148	660,148
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	52,092	(52,092)	-	-
Cash dividends of ordinary shares	-	-	-	(233,854)	(233,854)	(233,854)
Balance at December 31, 2025	<u>\$ 1,965,161</u>	<u>4,140,631</u>	<u>518,125</u>	<u>1,608,902</u>	<u>2,127,027</u>	<u>8,232,819</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Income before income tax	\$ 780,470	597,023
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	688,278	649,509
Amortization expenses	8,696	8,141
Net loss on financial assets or liabilities at fair value through profit or loss	1,484	1,832
Interest expense	4,498	1,496
Interest income	(58,383)	(38,123)
Loss (Gain) on disposal of property, plant and equipment	(295)	50
Recognition (reversal) of write-down of inventory	(3,972)	2,294
Provision for liabilities	1,760	-
Total adjustments to reconcile profit	<u>642,066</u>	<u>625,199</u>
Changes in operating assets and liabilities:		
Financial assets or liabilities at fair value through profit or loss	-	(1,832)
Notes and accounts receivable	(145,035)	(35,118)
Other receivables — related parties	(48)	-
Inventories	(107,891)	160,237
Prepayments of materials	(259)	279
Other financial assets	1,318	14,755
Other operating assets	(7,741)	62,805
Contract liabilities	54,675	(106,919)
Accounts payable	99,636	(109,673)
Other payables — related parties	180	(27)
Other operating liabilities	50,839	27,814
Total changes in operating assets and liabilities	<u>(54,326)</u>	<u>12,321</u>
Total adjustments	<u>587,740</u>	<u>637,520</u>
Cash inflow generated from operations	1,368,210	1,234,543
Interest received	57,468	37,734
Interest paid	(15,577)	(9,948)
Income taxes paid	(102,112)	(13,655)
Net cash flows generated from operating activities	<u>1,307,989</u>	<u>1,248,674</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(128,115)	-
Proceeds from disposal of financial assets at fair value through profit or loss	126,769	-
Acquisition of property, plant and equipment and prepayments of equipment	(225,049)	(862,531)
Proceeds from disposal of property, plant and equipment	296	-
Acquisition of intangible assets	(24,041)	(15,173)
Increase in other financial assets	(457,369)	(554)
Decrease in other operating assets	-	57,558
Net cash flows used in investing activities	<u>(707,509)</u>	<u>(820,700)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	150,000	-
Increase in long-term borrowings	315,000	660,000
Repayments of long-term borrowings	(199,377)	(34,409)
Decrease in guarantee deposits	-	(2,000)
Payment of lease liabilities	(8,005)	(8,005)
Cash dividends paid	(233,854)	(196,515)
Net cash flows generated from financing activities	<u>23,764</u>	<u>419,071</u>
Net increase in cash and cash equivalents	<u>624,244</u>	<u>847,045</u>
Cash and cash equivalents at beginning of period	<u>2,826,099</u>	<u>1,979,054</u>
Cash and cash equivalents at end of period	<u>\$ 3,450,343</u>	<u>2,826,099</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Advanced Wireless Semiconductor Company
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Advanced Wireless Semiconductor Company (the “Company”) was incorporated on December 30, 1998, as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other applicable regulations. The Company is primarily engaged in the research, development, production, testing, and manufacturing and sales of gallium arsenide (GaAs) wafers.

The common stocks of the Company had been traded in the Taipei Exchange since June 2009.

2. Approval date and procedures of the financial statements:

The financial statements were authorized for issue by the Board of Directors on March 5, 2026.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

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

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

- (3) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

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

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

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

4. Summary of material accounting policies:

The significant accounting policies presented in the financial statements are summarized below. the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

The financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

A. Basis of measurement

Except for financial assets measured at fair value through profit or loss, which are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The Company’s functional currency is the currency of the primary economic environment in which it operates. The financial statements are presented in the Company’s functional currency, New Taiwan dollars (NTD). Except for those specifically indicated, All financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currencies

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

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

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

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

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Company 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.

(5) Cash and cash equivalents

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

(6) Financial instruments

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

A. Financial assets

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

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

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

(a) Financial assets measured at amortized cost

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

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

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

(b) Impairment of financial assets

The Company recognizes the allowance for the expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company places its time deposits with, and engages in transactions with, financial institutions that have investment-grade or higher credit ratings. Accordingly, these financial assets are considered to have low credit risk.

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(c) Derecognition of financial assets

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

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

(c) Financial liabilities

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

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

(d) Derecognition of financial liabilities

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

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

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(e) Offsetting of financial assets and liabilities

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

(7) Inventories

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

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

(8) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

C. Depreciation

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

Land is not depreciated.

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

- (a) buildings: 31 to 50 years
- (b) machinery equipment: 3 to 15 years
- (c) Other equipment: 3 to 7 years

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

(9) Lease

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

A. As a lessee

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

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

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

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

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

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

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

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- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) there is any lease modification

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

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

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

For short-term leases of certain machinery and transportation equipment and leases of low-value underlying assets, the Company elects not to recognize right-of-use assets and lease liabilities. Instead, the related lease payments are recognized as expenses on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(10) Intangible assets

A. Recognition and measurement

Computer software that is acquired by the Company and has finite useful lives is measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

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

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C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives 0 to 5 years of intangible assets from the date that they are available for use.

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

(11) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

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

Impairment losses are recognized in profit or loss. And then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis

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

(12) Provision

Carbon fees

Carbon fees levied in accordance with Taiwan's Climate Change Response Act and Regulations Governing the Collection of Carbon Fees are recognized when the annual greenhouse gas emissions are probably to exceed the threshold. The provision for the carbon fee is measured based on the volume of greenhouse gas emissions incurred that exceeds the statutory threshold, using the rate expected to be applied, during the reporting period.

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(13) Revenue from contracts with customers

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

A. Sale of goods-GaAs

The Company is engaged in the manufacturing and sale of gallium arsenide products. Revenue is recognized when control of the products is transferred to the customer. Control is transferred when the products have been delivered to the customer, the customer has full discretion over the channel and pricing of the products, and there are no remaining performance obligations that could affect the customer's acceptance of the products. Delivery occurs when the products are transported to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all acceptance conditions have been satisfied.

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

B. Financing components

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

(14) Employee Benefits

A. Defined contribution plans

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

B. Short-term employee benefits

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

(15) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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

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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

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

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

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

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

(16) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration that has not been resolved by the Board of Directors and has been issued in the form of shares.

(17) Operating segment

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

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5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

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

The financial statements do not include accounting policies that involve significant judgments with a material impact on the amounts recognized.

The assumptions and estimates applied in preparing these financial statements are not subject to significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand	\$ 20	20
Demand deposits	149,474	49,606
Time deposit	3,262,849	2,612,473
Bond investments with repurchase agreements	<u>38,000</u>	<u>164,000</u>
	<u>\$ 3,450,343</u>	<u>2,826,099</u>

Please refer to note 6(21) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets and liabilities at fair value through profit or loss (“FVTPL”)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial liabilities at fair value through profit or loss – current:		
Forward exchange contracts	<u>\$ 138</u>	<u>-</u>

The Company uses derivative instruments to hedge the certain foreign exchange risk the Company exposures arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as financial liabilities at fair value through profit or loss:

	<u>December 31, 2025</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange sold	USD 1,160	USD to NTD	2026.1.5

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For details of the amounts remeasured at fair value through profit or loss, please refer to note 6(20).

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 697,600	557,086
Less: Loss allowance	-	(4,521)
	\$ 697,600	552,565

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provisions were determined as follows:

December 31, 2025			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 617,894	0%	-
1 to 30 days past due	79,706	0%	-
	\$ 697,600		-
December 31, 2024			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 380,901	0%	-
1 to 30 days past due	103,168	0%	-
31 to 60 days past due	68,496	0%	-
More than 181 days past due	4,521	100%	4,521
	\$ 557,086		4,521

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

	2025	2024
Balance at January 1	\$ 4,521	4,521
Amounts written off	(4,521)	-
	\$ -	4,521

The Company's notes and accounts receivable have not been pledged as collateral.

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(4) Inventories

	December 31, 2025	December 31, 2024
Work in progress	\$ 435,472	287,101
Raw materials	487,231	523,739
	\$ 922,703	810,840

The details of operating costs were as follows:

	For the year ended December 31,	
	2025	2024
Cost of goods sold	\$ 3,022,383	3,606,834
Write-down of inventories (Reversal of write-downs)	(3,972)	2,294
Unallocated fixed production overheads	117,927	80,280
Revenue from sales of scrap and waste materials	(109,715)	(118,917)
Total	\$ 3,026,623	3,570,491

The Company's inventories have not been pledged as collateral.

(5) Property, plant and equipment

	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:					
Balance at January 1, 2025	\$ 789,465	7,811,289	442,351	1,003,551	10,046,656
Additions	488	87,386	15,490	222,405	325,769
Disposals	-	(8,249)	-	-	(8,249)
Reclassification	-	506,975	(32,375)	(474,600)	-
Balance at December 31, 2025	\$ 789,953	8,397,401	425,466	751,356	10,364,176
Balance at January 1, 2024	\$ 608,885	6,871,115	434,133	1,320,299	9,234,432
Additions	-	68,542	43,698	704,178	816,418
Disposals	-	(4,194)	-	-	(4,194)
Reclassification	180,580	875,826	(35,480)	(1,020,926)	-
Balance at December 31, 2024	\$ 789,465	7,811,289	442,351	1,003,551	10,046,656

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Depreciation and impairment loss:					
Balance at January 1, 2025	\$ 88,880	4,500,232	309,073	-	4,898,185
Depreciation	16,193	650,339	14,803	-	681,335
Disposals	-	(8,248)	-	-	(8,248)
Balance at December 31, 2025	<u>\$ 105,073</u>	<u>5,142,323</u>	<u>323,876</u>	<u>-</u>	<u>5,571,272</u>
Balance at January 1, 2024	\$ 73,022	3,903,131	283,611	-	4,259,764
Depreciation	15,858	601,245	25,462	-	642,565
Disposals	-	(4,144)	-	-	(4,144)
Balance at December 31, 2024	<u>\$ 88,880</u>	<u>4,500,232</u>	<u>309,073</u>	<u>-</u>	<u>4,898,185</u>
Carrying amounts:					
Balance at December 31, 2025	<u>\$ 684,880</u>	<u>3,255,078</u>	<u>101,590</u>	<u>751,356</u>	<u>4,792,904</u>
Balance at January 1, 2024	<u>\$ 535,863</u>	<u>2,967,984</u>	<u>150,522</u>	<u>1,320,299</u>	<u>4,974,668</u>
Balance at December 31, 2024	<u>\$ 700,585</u>	<u>3,311,057</u>	<u>133,278</u>	<u>1,003,551</u>	<u>5,148,471</u>

A. Collateral

The Company's property, plant and equipment have not been pledged as collateral.

B. Property, plant and equipment construction in progress

In response to its capacity expansion plan, the Company incurred expenditures of \$751,356 thousand and \$1,003,551 thousand on construction in progress as of December 31, 2025 and 2024, respectively.

For the years ended December 31, 2025 and 2024, the Company capitalized borrowing costs of \$12,639 thousand and \$10,347 thousand, respectively, at capitalization rates ranging from 1.22% to 1.45% and from 1.08% to 1.32%, respectively.

(6) Right-of-use assets

	<u>Land</u>
Cost:	
Balance at December 31, 2025 (equal to the balance at January 1, 2025)	<u>\$ 120,241</u>
Balance at January 1, 2024	\$ 113,068
Additions	<u>7,173</u>
Balance at December 31, 2024	<u>\$ 120,241</u>

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	Land
Depreciation	
Balance at January 1, 2025	\$ 38,321
Depreciation	6,943
Balance at December 31, 2025	\$ 45,264
Balance at January 1, 2024	\$ 31,377
Depreciation	6,944
Balance at December 31, 2024	\$ 38,321
Carrying amounts:	
Balance at December 31, 2025	\$ 74,977
Balance at January 1, 2024	\$ 81,691
Balance at December 31, 2024	\$ 81,920
 (7) Intangible assets	
	Computer software
Cost:	
Balance at January 1, 2025	\$ 20,414
Additions	24,041
Disposals	(7,828)
Reclassification	(4,700)
Balance at December 31, 2025	\$ 31,927
Balance at January 1, 2024	\$ 18,878
Additions	15,173
Disposals	(13,637)
Balance at December 31, 2024	\$ 20,414
Amortization:	
Balance at January 1, 2025	\$ 6,616
Amortization	8,696
Disposals	(7,828)
Balance at December 31, 2025	\$ 7,484
Balance at January 1, 2024	\$ 12,112
Amortization	8,141
Disposals	(13,637)
Balance at December 31, 2024	\$ 6,616
Carrying amounts:	
Balance at December 31, 2025	\$ 24,443
Balance at January 1, 2024	\$ 6,766
Balance at December 31, 2024	\$ 13,798

The Company's intangible assets have not been pledged as collateral.

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(8) Other current and non-current financial assets

	December 31, 2025	December 31, 2024
Time deposits with maturities exceeding three months	\$ 458,000	-
Restricted assets	9,300	9,931
Others	3,266	3,669
	\$ 470,566	13,600
Current	\$ 470,447	13,481
Non-current	\$ 119	119

For details regarding the Company's restricted assets pledged as performance guarantees, please refer to note 8.

(9) Other current and non-current assets

	December 31, 2025	December 31, 2024
Prepayments of equipment	\$ 52,904	87,316
Tax refund receivables	6,788	1,898
Prepaid expenses	-	1,115
Others	87	1,207
	\$ 59,779	91,536
Other current assets	\$ 6,875	3,105
Other non-current assets	52,904	88,431
	\$ 59,779	91,536

(10) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank loans	\$ 150,000	-
Unused credit lines	\$ 1,900,000	1,450,000
Range of interest rates	1.89%	-

(11) Long-term borrowings

	December 31, 2025	
	Range of interest rates	Due date
Unsecured bank loans	1.320%~1.375%	2028.2~2028.5
Less: current portion		\$ 1,171,214
Total		(472,873)
Unused credit lines		\$ 698,341
		\$ 95,000

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	December 31, 2024		
	Range of interest rates	Due date	Amount
Unsecured bank loans	1.320%~1.375%	2028.2~2028.5	\$ 1,055,591
Less: current portion			(163,994)
Total			\$ 891,597
Unused credit lines			\$ 410,000

(12) Other current and non-current liabilities

	December 31, 2025	December 31, 2024
Lease liabilities	\$ 79,042	85,662
Guarantee deposit received	12,000	12,000
Other payables	159,638	86,994
Accrued remuneration of directors	6,861	5,251
Others	7,327	5,088
	\$ 264,868	194,995
Other current liabilities	\$ 180,559	103,953
Other non-current liabilities	84,309	91,042
	\$ 264,868	194,995

(13) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2025	December 31, 2024
Other current liabilities	\$ 6,733	6,620
Other non-current liabilities	\$ 72,309	79,042

For the maturity analysis, please refer to note 6(21).

The amounts recognized in profit or loss was as follows:

	For the year ended December 31,	
	2025	2024
Interest on lease liabilities	\$ 1,385	1,496
Expenses relating to short-term leases	\$ 230	244
Expenses relating to leases of low value assets, excluding short term leases of low value asset	\$ 539	539

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The amounts recognized in the statements of cash flows by the Company were as follows:

	For the year ended December 31,	
	2025	2024
Total cash outflow for leases	\$ 8,774	8,788

The Company leases land for use as plant sites and office premises. The lease terms are generally twenty years, and certain leases include options to extend the lease for a period equal to the original term upon expiration.

Lease payments under the land leases are linked to changes in the local consumer price index and are adjusted to reflect the amortized portion of public infrastructure reinvestment costs within the industrial parks.

(14) Employee benefits

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

The pension costs incurred from contributions to the Bureau of Labor Insurance amounted to \$25,974 thousand and \$30,786 thousand for the years ended December 31, 2025 and 2024, respectively.

(15) Income tax

A. The components of income tax expenses in the years 2025 and 2024 were as follows:

	For the year ended December 31,	
	2025	2024
Current tax expense	\$ 120,913	72,940
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(591)	3,159
	\$ 120,322	76,099

Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	For the year ended December 31,	
	2025	2024
Profit excluding income tax	\$ 780,470	597,023
Income tax using the Company's domestic tax rate	\$ 156,094	119,405
Adjustment for permanent differences	20	10
Investment tax credits	(32,465)	(43,306)
Prior year income tax adjustments	(3,327)	(10)
	\$ 120,322	76,099

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B. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

	January 1, 2024	Recognized in the profit or loss	December 31, 2024	Recognized in the profit or loss	December 31, 2025
Unrealized exchange gains	\$ -	-	-	(851)	(851)
Unused vacation bonus	4,881	(321)	4,560	754	5,314
Others	<u>7,654</u>	<u>(2,838)</u>	<u>4,816</u>	<u>688</u>	<u>5,504</u>
	<u>\$ 12,535</u>	<u>(3,159)</u>	<u>9,376</u>	<u>591</u>	<u>9,967</u>

C. Assessment of tax

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

(16) Capital and other equity

A. Ordinary shares

As of December 31, 2025 and 2024, the authorized ordinary shares of the Company amounted to \$5,000,000 thousand, with a par value of \$10 per share, of which \$300,000 thousand were reserved for employee stock options, and the issued and outstanding ordinary shares were 196,516 thousand shares.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Additional paid in capital	\$ 4,113,703	4,113,703
Expired stock options	25,765	25,765
Unclaimed cash dividends past the statutory claim period	<u>1,163</u>	<u>1,163</u>
	<u>\$ 4,140,631</u>	<u>4,140,631</u>

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

On May 28, 2024, the shareholders' meeting resolved to distribute cash dividends of \$122,062 thousand from capital surplus (\$0.62 per share). Relevant information is available on the Market Observation Post System (MOPS) and other public disclosure platforms.

Advanced Wireless Semiconductor Company
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C. Retained earnings

In accordance with the Company’s Articles of Incorporation, any earnings for the year shall first be used to pay taxes and to offset accumulated deficits. Thereafter, 10% of the remaining earnings shall be appropriated as legal reserve; however, this requirement does not apply once the legal reserve has reached the Company’s paid-in capital. In addition, a special reserve shall be appropriated when required by laws or regulations or deemed necessary for operating purposes.

Pursuant to Article 240, Paragraph 5 of the Company Act, when the Company distributes earnings in the form of cash together with the beginning unappropriated earnings, such distribution shall be approved by a resolution of the Board of Directors attended by at least two-thirds of all directors and approved by more than half of the directors present, and shall be reported to the shareholders’ meeting. When the distribution is made in the form of new shares, such distribution shall be submitted to the shareholders’ meeting for approval before allocation.

When distributing earnings, the Company is required to appropriate a special reserve for any debit balance in other equity items as of the balance sheet date in accordance with applicable regulations. When the debit balance is subsequently reversed, the reversed amount may be included in distributable earnings.

To balance dividend distribution with financial planning considerations, and to assess the potential dilution effects of stock dividends on future earnings per share, the Company aims to maintain a stable dividend policy without causing excessive dilution. Cash dividends shall not be less than 10% of the total dividends distributed, with the remainder distributed in the form of stock dividends.

(a) Legal reserve

Except for offsetting the Company’s deficits or being distributed as cash or stock dividends in proportion to shareholders’ existing shareholdings, this reserve may not be used. However, distributions of cash or stock dividends shall be limited to the portion of such reserve that exceeds 25% of the Company’s paid-in capital.

(b) Earnings distribution

On March 5, 2026, the Board of Directors approved the distribution of earnings for the year ended December 31, 2025. The amounts of cash dividends to be distributed to the owners is as follows:

	2025	
	Amount per share	Total amount
Dividends distributed to ordinary shareholder		
Cash	\$ 1.68	330,147

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On May 28, 2025, the shareholders' meeting approved the distribution of earnings for the year ended December 31, 2024. The amounts of cash dividends to be distributed to the owners of is as follows:

	2024	
	Amount per share	Total amount
Dividends distributed to ordinary shareholder		
Cash	\$ 1.19	233,854
 (17) Earnings per share		
A. Basic earnings per share		
	For the year ended December 31,	
	2025	2024
Profit attributable to the shareholders of the Company	\$ 660,148	520,924
Weighted average number of ordinary shares outstanding during the period (in thousands of shares)	196,516	196,516
Basic earnings per share (dollars)	\$ 3.36	2.65
B. Diluted earnings per share		
	For the year ended December 31,	
	2025	2024
Profit attributable to the shareholders of the Company	\$ 660,148	520,924
Weighted average number of ordinary shares outstanding during the period (in thousands of shares)	196,516	196,516
Effect of dilutive potential ordinary shares (in thousands of shares):		
Effect of employee stock remuneration	734	495
Weighted average number of ordinary shares outstanding (in thousands of shares)(diluted)	197,250	197,011
Diluted earnings per share (dollars)	\$ 3.35	2.64
 (18) Revenue from contracts with customers		
A. Details of revenue		
	For the year ended December 31,	
	2025	2024
<u>Primary geographical markets</u>		
Taiwan	\$ 687,354	849,146
Asia — others	2,501,672	2,479,251
America	855,955	959,685
Northeast Asia (Japan and Korea)	71,551	167,063
Other countries	-	439
	\$ 4,116,532	4,455,584
<u>Major product categories</u>		
GaAs wafers	\$ 4,116,532	4,455,584

Advanced Wireless Semiconductor Company
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B. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities	\$ 115,458	60,783	167,702

For the disclosures relating to notes and accounts receivable and their impairment, please refer to note 6(3)

The opening balances of contract liabilities as of January 1, 2025 and January 1, 2024 were recognized as revenue in 2025 and 2024 in the amounts of \$59,800 thousand and \$166,160 thousand, respectively.

Contract liabilities primarily arise from advance receipts under product sales contracts, and revenue is recognized when the products are delivered to the customers.

(19) Employee compensation and directors' and supervisors' remuneration

On May 28, 2025, the shareholders' meeting resolved to amend the Company's Articles of Incorporation. Under the amended Articles, when the Company generates profit for the year, 5% to 10% shall be allocated as employee compensation (of which no less than 50% shall be allocated to non-managerial employees) and no more than 2% shall be allocated as directors' remuneration. However, if the Company has accumulated deficits, amounts required to offset such deficits shall be reserved in advance. Employee compensation shall be distributed in the form of cash or shares as resolved by the Board of Directors, and the recipients may include employees of subsidiaries who meet certain eligibility criteria. Before the amendment, the Articles provided that 5% to 10% of annual profit shall be allocated as employee compensation and no more than 2% as directors' remuneration, and amounts required to offset accumulated deficits shall be reserved before such allocations. Employee compensation was likewise determined by the Board to be distributed in cash or shares, and could be granted to eligible subsidiary employees.

For the years ended December 31, 2025 and 2024, the Company accrued employee compensation of \$70,328 thousand (including non-managerial employee compensation) and \$53,825 thousand, respectively, and accrued directors' remuneration of \$6,861 thousand and \$5,251 thousand, respectively. These amounts were estimated based on the Company's profit before tax, before employee compensation and directors' remuneration, multiplied by the allocation percentages stipulated in the Articles of Incorporation, and were recognized as operating costs or operating expenses for the respective periods.

Any difference between the amounts actually distributed in the following year and the accrued amounts shall be accounted for as a change in accounting estimate and recognized in profit or loss of the following year. Relevant information is available on the MOPS. The amounts of employee compensation and directors' remuneration approved by the Board of Directors did not differ from the amounts accrued in the Company's separate financial statements for 2025 and 2024.

Advanced Wireless Semiconductor Company
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(20) Non-operating income and expenses

A. Interest income

	For the year ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 58,383	38,123

B. Other gains and losses

	For the year ended December 31,	
	2025	2024
Foreign exchange gains (losses)	\$ (10,518)	36,261
Gains (Losses) on disposal of property, plant and equipment	295	(50)
Losses on financial assets (liabilities) at fair value through profit or loss	(1,484)	(1,832)
Others	411	870
	\$ (11,296)	35,249

C. Finance costs

	For the year ended December 31,	
	2025	2024
Interest expense of lease liability	\$ 1,385	1,496
Interest expense of borrowings	15,752	10,347
Less: Amount of interest eligible for capitalization	(12,639)	(10,347)
	\$ 4,498	1,496

(21) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The main customers of the Company are from the GaAs wafer products and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the GaAs wafer products industry. As of December 31, 2025 and 2024, 61% and 72%, respectively, of the Company's notes and accounts receivable were from the 2 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the notes and accounts receivable and makes a corresponding allowance for doubtful accounts.

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B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2025							
Non-derivative financial liabilities							
Short-term borrowings	\$ 150,000	(151,106)	(101,005)	(50,101)	-	-	-
Accounts payable	337,465	(337,465)	(337,465)	-	-	-	-
Other payables - related parties	230	(230)	(230)	-	-	-	-
Accrued payroll and bonus	164,057	(164,057)	(153,031)	(11,026)	-	-	-
Accrued remuneration of directors	6,861	(6,861)	(6,861)	-	-	-	-
Other payables	159,638	(159,638)	(159,638)	-	-	-	-
Guarantee deposit received	12,000	(12,000)	-	-	-	-	(12,000)
Long-term borrowings	1,171,214	(1,199,620)	(209,165)	(279,443)	(555,372)	(155,640)	-
Lease liabilities	79,042	(87,226)	(4,003)	(4,003)	(8,005)	(22,164)	(49,051)
Forward exchange contracts	-	-	-	-	-	-	-
Outflows	138	(36,440)	(36,440)	-	-	-	-
Inflows	-	36,302	36,302	-	-	-	-
	<u>\$ 2,080,645</u>	<u>(2,118,341)</u>	<u>(971,536)</u>	<u>(344,573)</u>	<u>(563,377)</u>	<u>(177,804)</u>	<u>(61,051)</u>
December 31, 2024							
Non-derivative financial liabilities							
Accounts payable	\$ 237,829	(237,829)	(237,829)	-	-	-	-
Other payables - related parties	50	(50)	(50)	-	-	-	-
Accrued payroll and bonus	138,806	(138,806)	(128,579)	(10,227)	-	-	-
Accrued remuneration of directors	5,251	(5,251)	(5,251)	-	-	-	-
Other payables	86,994	(86,994)	(86,994)	-	-	-	-
Guarantee deposit received	12,000	(12,000)	-	-	-	-	(12,000)
Long-term borrowings	1,055,591	(1,093,131)	(80,717)	(97,139)	(373,286)	(541,989)	-
Lease liabilities	85,662	(95,231)	(4,003)	(4,003)	(8,005)	(22,858)	(56,362)
	<u>\$ 1,622,183</u>	<u>(1,669,292)</u>	<u>(543,423)</u>	<u>(111,369)</u>	<u>(381,291)</u>	<u>(564,847)</u>	<u>(68,362)</u>

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

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C. Currency risk

(a) Exposure to foreign currency risk

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

	December 31, 2025		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 27,208	31.43	855,139
JPY	36,218	0.2008	7,273
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	7,199	31.43	226,257
JPY	108,789	0.2008	21,845
<u>Non-monetary items</u>			
USD	1,160	31.43	Note
	December 31, 2024		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 21,242	32.785	696,423
JPY	4,753	0.2099	998
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	5,758	32.785	188,784
JPY	13,825	0.2099	2,902

Note: The Company measures its forward foreign exchange contracts at fair value as of the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Company's exposure to foreign exchange risk primarily arises from cash and cash equivalents, accounts receivable and other receivables denominated in foreign currencies, which result in foreign exchange gains or losses upon translation.

Assuming a 1% depreciation or appreciation of the NTD against the USD and JPY, with all other variables held constant, the Company's profit (loss) before tax for 2025 and 2024 would have increased or decreased by \$6,143 thousand and \$5,057 thousand, respectively.

The analysis for both periods was performed on the same basis.

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(c) Foreign exchange gain and losses on monetary exchange

The foreign exchange gains (losses) arising from the Company's monetary items (including realized and unrealized amounts) amounted to \$(10,518) thousand and \$36,261 thousand for 2025 and 2024, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company's financial assets and financial liabilities.

Assuming a 0.25% increase or decrease in interest rates, with all other variables held constant, the Company's profit for 2025 and 2024 would have decreased or increased by \$(2,063) thousand and \$(2,025) thousand, respectively. This is primarily attributable to the Company's variable-rate bank deposits and borrowings.

E. Fair value of financial instruments

(a) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	<u>Carrying amount</u>	<u>December 31, 2025</u>			<u>Total</u>
		<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,450,343				
Notes and accounts receivable	697,600				
Other receivables — related parties	48				
Other financial assets	<u>470,566</u>				
	<u>\$ 4,618,557</u>				
Financial liabilities at fair value through profit or loss — current:					
Forward exchange contract	<u>\$ 138</u>	<u>-</u>	<u>138</u>	<u>-</u>	<u>138</u>

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		December 31, 2025				
		Carrying	Fair value			Total
		amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured with amortized costs						
Short-term borrowings	\$	150,000				
Accounts payable		337,465				
Other payables — related parties		230				
Accrued payroll and bonus		164,057				
Accrued remuneration of directors		6,861				
Other payables		159,638				
Guarantee deposit received		12,000				
Long-term borrowings		1,171,214				
Lease liabilities		<u>79,042</u>				
		<u>\$ 2,080,507</u>				
		December 31, 2024				
		Carrying	Fair value			Total
		amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	2,826,099				
Notes and accounts receivable		552,565				
Other financial assets		<u>13,600</u>				
		<u>\$ 3,392,264</u>				
Financial liabilities measured with amortized costs						
Accounts payable	\$	237,829				
Other payables — related parties		50				
Accrued payroll and bonus		138,806				
Accrued remuneration of directors		5,251				
Other payables		86,994				
Guarantee deposit received		12,000				
Long term borrowings		1,055,591				
Lease liabilities		<u>85,662</u>				
		<u>\$ 1,622,183</u>				

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- (b) Valuation techniques of financial instruments not measured at fair value

The management of the company believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost in this financial report approximate their fair values.

(22) Financial risk management

A. Overview

The financial instrument that the Company is using is exposed to the following risks:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

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

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Internal audit assists the Board of Directors in their supervisory role. These personnel conduct regular and exceptional reviews of risk management controls and procedures, and report the results of these reviews to the Board of Directors.

The Company's risk management is executed by the Finance Department in accordance with policies approved by the Board of Directors. The Finance Department is responsible for identifying, assessing, and mitigating financial risks. The Board of Directors has established written principles for overall risk management and provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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(a) Accounts receivable and other receivables

The Company has established a credit policy, which requires an individual analysis of each new customer's credit rating before granting standard payment and delivery terms and conditions. Purchase limits are set for each customer and are reviewed periodically. Customers who do not meet the Company's standard credit rating are only allowed to transact with the Company on a prepayment basis.

(b) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

D. Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its financial liabilities by delivering cash or other financial assets and will fail to meet its obligations. The Company manages this risk by maintaining adequate levels of cash and cash equivalents to support its operations and mitigate fluctuations in cash flows. The Company also monitors the utilization of bank credit facilities on a regular basis and ensures compliance with the terms of loan agreements.

E. Market risk

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

(a) Currency risk

The Company is exposed to exchange rate risk arising from sales and purchase transactions denominated in currencies other than its functional currency. The Company's functional currencies are primarily the NTD. The main currencies used in these transactions are the NTD, USD, and JPY.

The Company enters into forward exchange contracts to hedge the foreign exchange risks arising from its operating activities. The use of such derivative financial instruments helps reduce, but does not completely eliminate, the effects of fluctuations in foreign currency exchange rates.

(b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to changes in market interest rates, or the risk of changes in the cash flow of financial instruments caused by changes in market interest rates. Please refer to note 6(21) for the related information.

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(23) Capital management

The Company's capital management goal is to protect the ability to going concern, to continue to provide shareholder remuneration and other stakeholders' interests, and to maintain an optimal capital structure to reduce capital costs.

In order to maintain or adjust the capital structure, the company may adjust the dividends paid to shareholders, reduce capital and return shareholders' shares, issue new shares or sell assets to pay off liabilities.

The Company is the same as its peers, which controls capital on the basis of the debt to equity ratios. The ratio is calculated as net debt divided by total equity. Net debt is the total liabilities shown on the balance sheet minus cash and cash equivalents. Total equity includes all components of equity (including share capital, capital surplus, retained earnings and other equity interests).

The Company's debt-to-equity ratios at the end of the reporting periods were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 2,292,636	1,757,609
Less: cash and cash equivalents	<u>(3,450,343)</u>	<u>(2,826,099)</u>
Net debts	<u>\$ (1,157,707)</u>	<u>(1,068,490)</u>
Total equity	<u>\$ 8,232,819</u>	<u>7,806,525</u>
Debt-to-equity ratio	<u>(14.06)%</u>	<u>(13.69)%</u>

(24) Investing and financing activities not affecting current cash flow

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

A. For right-of-use assets under leases, please refer to note 6(6).

B. Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Others</u>	<u>December 31, 2025</u>
Short-term borrowings	\$ -	150,000	-	150,000
Long-term borrowings	1,055,591	115,623	-	1,171,214
Guarantee deposits received	12,000	-	-	12,000
Lease liabilities	<u>85,662</u>	<u>(8,005)</u>	<u>1,385</u>	<u>79,042</u>
Total liabilities from financing activities	<u>\$ 1,153,253</u>	<u>257,618</u>	<u>1,385</u>	<u>1,412,256</u>

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	January 1, 2024	Cash flows	Others	December 31, 2024
Long-term borrowings	\$ 430,000	625,591	-	1,055,591
Guarantee deposits received	14,000	(2,000)	-	12,000
Lease liabilities	<u>84,998</u>	<u>(8,005)</u>	<u>8,669</u>	<u>85,662</u>
Total liabilities from financing activities	<u>\$ 528,998</u>	<u>615,586</u>	<u>8,669</u>	<u>1,153,253</u>

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Sino-American Silicon Products Inc. (“SAS”) is both the parent company and the ultimate controlling company. As of December 31, 2025, SAS owns 28.46% of all shares outstanding of Company and has issued the consolidated financial statements available for public use.

- (2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
SAS	Parent company of the Company
GlobalWafers Co., Ltd. (“GlobalWafers”)	A subsidiary of SAS
Crystalwise Technology Inc. (“CWT”)	A second-tier subsidiary of SAS
Sunrise PV Electric Power Five Co., Ltd.(“SPV5”)	A second-tier subsidiary of SAS

- (3) Significant transactions with related parties

A. Purchases

The amounts of purchases from related parties were as follows:

	For the year ended December 31,	
	2025	2024
Other related party – CWT	<u>\$ 64</u>	<u>63</u>

The purchase prices for transactions with related parties are not significantly different from those for transactions with non-related suppliers

For the period from January 1 to December 31, 2025 and 2024, the payment terms for purchases from non-related suppliers were generally 10 to 90 days after month-end, except for the procurement of precious metals, which required advance payments; whereas the payment terms for purchases from related parties were 30 days after month-end.

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B. Lease

The Company has entered into solar power generation system lease agreements with related parties. The details of the related lease income and the resulting receivables are as follows:

Categories of related parties		For the year ended December 31,	
		2025	2024
Other related party – SPV5		\$ 585	-

Items	Categories	December 31, 2025	December 31, 2024
Other receivables	Other related party – SPV5	\$ 48	-

C. Others

Related parties provide the Company with consumables and information security testing services. The details of the related costs, expenses, and the resulting payables are as follows:

Categories of related parties		For the year ended December 31,	
		2025	2024
Other related party—GlobalWafers		\$ 219	-
Other related party—CWT		-	2,177
Parent company		-	95
		\$ 219	2,272

Items	Categories	December 31, 2025	December 31, 2024
Other payables	Other related party— GlobalWafers	\$ 230	-
Other payables	Other related party—CWT	-	50
		\$ 230	50

(4) Key management personnel compensation

Key management personnel compensation comprised of:

	For the year ended December 31,	
	2025	2024
Short-term employee benefits	\$ 20,775	19,637
Post-employment benefits	108	108
	\$ 20,883	19,745

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8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits (recognized in other financial assets-current)	Performance guarantee	\$ <u>9,300</u>	<u>9,931</u>

9. Commitments and contingencies:

As of December 31, 2025 and 2024, the amounts of construction in progress and prepayments for equipment that had been contracted but not yet paid were \$127,151 thousand and \$177,167 thousand, respectively.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

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

By item	By function	For the year ended December 31,					
		2025			2024		
		Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits							
Salary		526,602	134,207	660,809	556,365	119,669	676,034
Labor and health insurance		53,493	10,934	64,427	59,609	10,776	70,385
Pension		21,450	4,524	25,974	26,206	4,580	30,786
Remuneration of directors		-	6,829	6,829	-	7,316	7,316
Others		23,486	7,094	30,580	22,200	3,688	25,888
Depreciation		675,281	12,997	688,278	632,690	16,819	649,509
Amortization		587	8,109	8,696	313	7,828	8,141

The following is additional information of the number of employees and employee benefits expenses for the years of 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Number of employees	<u>841</u>	<u>902</u>
Number of directors not concurrently serving as employees	<u>8</u>	<u>8</u>
Average employee benefits expenses	\$ <u>939</u>	<u>898</u>
Average employee salary expenses	\$ <u>793</u>	<u>756</u>
Adjustment of average employee salary expenses	<u>4.89 %</u>	

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

Information on the Company's compensation policies for directors, managers, and employees is as follows:

(1) Directors' remuneration:

The allocation of individual directors' remuneration is determined based on the directors' positions, responsibilities, and the Company's operating performance and profitability.

Independent directors receive fixed monthly compensation and meeting attendance fees. In addition, based on the extent of their participation and contributions to the Company's operations, and with reference to the results of the directors' performance evaluations, the allocation of independent directors' remuneration from the portion of directors' remuneration appropriated based on annual profits is determined separately.

The remuneration allocated to directors (including independent directors) must be reviewed and approved by the Remuneration Committee and then submitted to the Board of Directors for resolution

(2) Employee salaries and bonuses:

In accordance with the Company's compensation policies, employee compensation is determined based on factors such as job title, grade, education and experience, professional capabilities, responsibilities, and future potential. Pursuant to the Company's 'Compensation Management Regulations' and Article 29 of the Articles of Incorporation, when the Company generates profit for the year, employee compensation is appropriated and distributed based on job grade, title, and performance evaluation results.

(3) Managers' remuneration:

Managers' remuneration is determined with reference to the compensation levels of managers in the Taiwan market and within the same industry, in accordance with the Company's compensation policies, and based on each manager's title, grade, education and experience, professional capabilities, responsibilities, and the scope of duties undertaken.

The proposed allocation of remuneration, based on overall Company performance and the managers' contributions to the Company's operations, is submitted by the Chairperson to the Remuneration Committee for discussion and resolution, and subsequently submitted to the Board of Directors for approval. The remuneration approved for managers is distributed after being reviewed and resolved by the Remuneration Committee and approved by the Board of Directors.

13. Other disclosures:

(1) Information on significant transactions:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

- D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(2) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China): None.

(3) Information on investment in mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: None.
- B. Limitation on investment in Mainland China: None.
- C. Significant transactions: None.

14. Segment information:

(1) General information

The Company has only one reportable operating segment, which is engaged in the research, development, and sale of GaAs wafers. The segment profit or loss, segment assets, and segment liabilities are consistent with the amounts presented in the financial statements. Please refer to the balance sheet and the statement of comprehensive income.

(2) Information by products and services

The Company's revenue from external customers is generated entirely from the production and sale of GaAs wafers. For related information, please refer to note 6(18), Revenue from Customer Contracts.

(3) Geographical information:

- A. For revenue from external customers, please refer to note 6(18), Revenue from customer contracts. Revenue is classified based on the geographical location of the customers or the registered location of distributors. Non-current assets are classified based on their geographical location.
- B. Non-current assets:

Geographical information	December 31, 2025	December 31, 2024
Non-current assets:		
Taiwan	\$ <u>4,945,228</u>	<u>5,332,620</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(4) Information on major customers

The information on customers accounting for more than 10% of the Company's net revenue is as follows:

	<u>2025</u>	<u>2024</u>
Customer A	\$ 1,321,248	1,459,080
Customer B	754,793	875,172
Customer C	<u>651,402</u>	<u>800,138</u>
	<u>\$ 2,727,443</u>	<u>3,134,390</u>

Advanced Wireless Semiconductor Company
Statement of cash and cash equivalents
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 20
Bank deposits	Demand deposits	37,981
	Check deposits	142
	Time deposits	3,209,418
	Foreign currency deposits (USD: 3,311,432.33; JPY: 36,217,677; CHF: 0.04; EUR: 5.4; GBP: 0.02)	111,351
	Foreign currency time deposits (USD: 1,700,000.00)	53,431
Short-term notes	Bond investments with repurchase agreements	<u>38,000</u>
		<u>\$ 3,450,343</u>

Note: Foreign currency exchange rates at the balance sheet date are as follows:

USD exchange rate: 31.43

JPY exchange rate: 0.2008

CHF exchange rate: 39.615

EUR exchange rate: 36.90

GBP exchange rate: 42.33

Advanced Wireless Semiconductor Company

Statement of accounts receivable

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Customer Name	Description	Amount
Customer A	Operating	\$ 257,191
Customer B	Operating	168,000
Customer C	Operating	154,711
Others (individual amounts not exceeding 5% of the total)	Operating	117,698
		\$ 697,600

Statement of inventories

Items	Amount		Remark
	Cost	Net realizable value	
Work in progress	\$ 447,880	779,318	Please refer to note 4(7) to financial statements for the reference of net realizable value of inventory.
Raw materials	502,346	522,140	
Less: Allowance losses	(27,523)	-	
	\$ 922,703	1,301,458	

Advanced Wireless Semiconductor Company
**Statement of changes in property, plant and
equipment**

For the year ended December 31, 2025

Please refer to note 6(5) of the financial statements for relevant information of property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to note 6(6) of the financial statements for relevant information of changes in right-of-use assets.

Statement of changes in intangible assets

Please refer to note 6(7) of the financial statements for relevant information of changes in intangible assets.

Advanced Wireless Semiconductor Company

Statement of other financial assets

December 31, 2025

Please refer to Note 6(8) to the financial statements for further information on other financial assets.

**Statement of other current assets and
other non-current assets**

Please refer to note 6(9) of the financial statements for relevant information
of other current assets and other non-current assets.

Advanced Wireless Semiconductor Company

Statement of accounts payable

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

<u>Names of suppliers</u>	<u>Description</u>	<u>Amount</u>
Suppliers A	Operating	\$ 157,391
Suppliers C	Operating	24,408
Suppliers D	Operating	17,403
Others (individual amounts not exceeding 5% of the total)	Operating	<u>138,263</u>
		<u>\$ 337,465</u>

Statement of short-term borrowings

<u>Lending bank</u>	<u>Explanation</u>	<u>Ending balance</u>	<u>Contract duration</u>	<u>Range of Interest Rate</u>	<u>Mortgage and guarantee</u>
Bank of Taiwan	Working capital	\$ 100,000	2026.3.30	1.890 %	None
Mega International Commercial Bank	Working capital	<u>50,000</u>	2026.7.30	1.890 %	None
		<u>\$ 150,000</u>			

Advanced Wireless Semiconductor Company
Statement of long-term borrowings
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Ending balance</u>	<u>Rental term</u>	<u>Interest rates</u>	<u>Mortgage and guarantee</u>
Bank of Taiwan	\$ 570,000	2023.3.15~2028.3.15	1.375 %	None
Cathay United Bank	384,547	2023.5.23~2028.5.15	1.320 %	None
E.Sun Bank	<u>216,667</u>	2023.2.20~2028.2.15	1.375 %	None
	1,171,214			
Less: current portion	<u>(472,873)</u>			
	<u><u>\$ 698,341</u></u>			

**Statement of other current liabilities and
other non-current liabilities**

Please refer to note 6(12) of the financial statements for relevant information
of other current liabilities and other non-current liabilities.

Statement of operating revenue
For the year ended December 31, 2025

<u>Items</u>	<u>Sales volume</u>	<u>Amount</u>
GaAs wafer products	121,850 pieces	<u><u>\$ 4,116,532</u></u>

Advanced Wireless Semiconductor Company
Statement of operating costs
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning raw materials	\$ 545,696
Add: Purchase in this period	1,480,729
Less: Ending raw materials	(502,346)
Sale of raw materials	(5,723)
Used in research and development	(35,074)
Scrap of raw materials	<u>(37)</u>
Consumption of raw materials in this period	1,483,245
Direct labor	324,474
Manufacturing overhead	<u>1,298,196</u>
Manufacturing cost	3,105,915
Add: Beginning work in process	296,640
Less: Ending work in process	(447,880)
Used in research and development	<u>(23,185)</u>
Costs of finished goods (equal to cost of goods sold for finished goods)	2,931,490
Add: Cost of raw materials sold	5,723
Cost of office supplies transfer costs	<u>83,373</u>
Cost of goods sold	3,020,586
Add: Unallocated fix manufacturing overhead	117,927
Loss on liability provisions	1,760
Loss on inventory write-off	37
Less: Income from sale of scrap and waste	(109,715)
Reversal gain on inventories	<u>(3,972)</u>
Total operating costs	<u><u>\$ 3,026,623</u></u>

Advanced Wireless Semiconductor Company
Statement of operating expenses
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Items	Selling expenses	Administrative expenses	Research and development expenses
Salary expenses	\$ 20,994	46,460	66,753
Consumable supplies	-	4	43,209
Photomask materials	-	-	18,743
Miscellaneous expenses	79	6,439	38,709
Expense on environmental protection	-	14,457	-
Director's remuneration	-	6,829	-
Depreciation	250	9,863	2,884
Fees	1	8,367	317
Others (individual amounts not exceeding 5% of the total)	5,835	37,426	24,409
	<u>\$ 27,159</u>	<u>129,845</u>	<u>195,024</u>

**Statement of the net non-operating income and
expenses**

Please refer to note 6(20) of the financial statements for relevant information of the net non-operating income and expenses.

Advanced Wireless Semiconductor Company

Statement of finance costs

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(20) of the financial statements for relevant information of finance costs.

**Summary statement of current period employee
benefits, depreciation, depletion and amortization
expenses by function**

Please refer to note 12 of the financial statements for relevant information of employee benefits, depreciation, and amortization expenses.