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Stark Technology Inc.
Parent Company Only Financial Statements and Independent Auditor's
Report
For the Years Ended December 31, 2025 and 2024

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

Parent Company Only Financial Statements

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Independent Auditor's Report

To stakeholders of Stark Technology Inc.:

Opinion

We have audited the parent company only balance sheet of Stark Technology Inc. as at December 31, 2025 and 2024, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flow, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2025 and 2024.

We found that none of the material disclosures of the parent company only financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers, or compromised the fair view of the parent company only financial position of Stark Technology Inc. as at December 31, 2025 and 2024, and the parent company only financial performance and the parent company only cash flow for the periods January 1 to December 31, 2025 and 2024.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the audit principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Stark Technology Inc. when performing their duties. We believe that the evidence obtained provides an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing for the year ended December 31, 2025 parent company only financial statements of Stark Technology Inc. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

Recognition of service income

Stark Technology Inc. reported NT\$2,256,495 thousand of service income for the year ended December 31, 2025, representing 31% of total operating revenues and is considered material to the parent company only financial statements. This income is mostly the result of consultation and maintenance services rendered, and given the complexity of contract terms, income is recognized based on the extent of service rendered over the contract tenor. It is therefore necessary to exercise judgment over the scope of performance obligations and the timing of fulfillment, and we consider the amount of income recognized and the recognition approach taken to be key audit issues. Audit procedures that we have taken for the key audit issue mentioned above included (but were not limited to): evaluating the appropriateness of accounting policy on service income recognition, testing the effectiveness of the internal control system that the management has created for recognizing service income, analyzing gross profit margin by service category, executing transaction detail tests including sample examination of service contracts and invoices, and identifying performance obligations, cost-sharing arrangements, and timing of fulfillment for the contracts involved. These actions enabled us to determine whether transactions were recognized at the correct timing. We also reviewed the appropriateness of revenue disclosure mentioned in Notes IV and VI of the parent company only financial statements.

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

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Stark Technology Inc. to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Stark Technology Inc. (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with audit principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with audit principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtaining necessary understanding on internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing opinion on the effectiveness of internal control system of Stark Technology Inc.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Stark Technology Inc. to operate as a going concern, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes to those statements within our audit report if material uncertainties exist in regard to the aforementioned events or circumstances, and

amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Stark Technology Inc. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of entities within the Company, and expressing opinions on parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal control identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the year ended December 31, 2025 parent company only financial statements of Stark Technology Inc. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Ernst & Young
Release of public company financial statements has been approved
by the authority
Approval reference: (96)-Jin-Guan-Zheng-(VI)-0960002720
(112)-Jin-Guan-Zheng-Shen-1120353739

Hsu, Hsin-Min
CPA:
Huang, Min-Ru

February 26, 2026

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Stark Technology Inc.
Parent Company Only Balance Sheet
As at December 31, 2025 and December 31, 2024
(All amounts in NTD thousands)

| Asset | | | December 31, 2025 | | December 31, 2024 | |
|-------|---|---|---------------------|------------|---------------------|------------|
| Code | Major Accounts | Notes | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | (IV), (VI).1 and (XII) | \$ 686,835 | 9 | \$ 627,386 | 9 |
| 1140 | Contract assets - current | (IV), (VI).15, (VI).16, and (XII) | 220,312 | 3 | 308,141 | 5 |
| 1150 | Notes receivable | (IV), (VI).4, (VI).16, and (XII) | 2,413 | - | 1,970 | - |
| 1172 | Accounts receivable | (IV), (VI).5, (VI).16, and (XII) | 584,368 | 8 | 430,529 | 6 |
| 1173 | Installment accounts receivable | (IV), (VI).5, (VI).16, and (XII) | 47,276 | 1 | 41,001 | 1 |
| 1180 | Accounts receivable - related parties, net | (IV), (VI).5, (VI).16, (VII), and (XII) | 299 | - | 4,535 | - |
| 1200 | Other receivables | (XII) | 7,994 | - | 5,291 | - |
| 130x | Inventories | (IV) and (VI).6 | 2,904,992 | 37 | 2,604,522 | 39 |
| 1410 | Prepayments | (VI).7 | 1,213,198 | 15 | 689,251 | 10 |
| 1476 | Other financial assets - current | (IV), (VIII) and (XII) | 1,350 | - | 1,287 | - |
| 1478 | Refundable deposits | (XII) | 115,591 | 1 | 95,109 | 2 |
| 1479 | Other current assets | | 2,923 | - | 2,153 | - |
| 11xx | Total current assets | | <u>5,787,551</u> | <u>74</u> | <u>4,811,175</u> | <u>72</u> |
| | Non-current assets | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | (IV), (VI).2 and (XII) | 71,161 | 1 | 35,000 | - |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | (IV), (VI).3 and (XII) | 64,422 | 1 | 57,914 | 1 |
| 1550 | Investments accounted for using equity method | (IV) and (VI).8 | 907,596 | 12 | 948,003 | 14 |
| 1600 | Property, plant and equipment | (IV) and (VI).9 | 743,245 | 10 | 654,484 | 10 |
| 1755 | Right-of-use assets | (IV) and (VI).17 | 17,200 | - | 25,707 | - |
| 1780 | Intangible assets | (IV) and (VI).10 | 8,416 | - | 2,349 | - |
| 1840 | Deferred income tax assets | (IV) and (VI).21 | 3,845 | - | 7,261 | - |
| 1920 | Refundable deposits | (XII) | 146,485 | 2 | 119,141 | 2 |
| 1933 | Long-term installment accounts receivable | (IV), (VI).5, (VI).16 and (XII) | 40,562 | - | 45,101 | 1 |
| 1980 | Other financial assets - non-current | (IV), (VIII) and (XII) | 11,615 | - | 11,677 | - |
| 1990 | Other non-current assets | | 4,785 | - | 4,369 | - |
| 15xx | Total non-current assets | | <u>2,019,332</u> | <u>26</u> | <u>1,911,006</u> | <u>28</u> |
| 1xxx | Total assets | | <u>\$ 7,806,883</u> | <u>100</u> | <u>\$ 6,722,181</u> | <u>100</u> |

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Balance Sheet - (Continued)
As at December 31, 2025 and December 31, 2024
(All amounts in NTD thousands)

| Liabilities and equity | | | December 31, 2025 | | December 31, 2024 | |
|------------------------|---|-------------------------|-------------------|-----|-------------------|-----|
| Code | Major Accounts | Notes | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2100 | Short-term loans | (IV), (VI).11 and (XII) | \$ 475,000 | 6 | \$ 50,000 | 1 |
| 2130 | Contract liabilities - current | (IV) and (VI).15 | 2,170,561 | 28 | 1,627,855 | 24 |
| 2150 | Notes payable | (XII) | 77,776 | 1 | 13,350 | - |
| 2170 | Accounts payable | (XII) | 1,056,563 | 14 | 1,097,868 | 16 |
| 2180 | Accounts payable - related parties | (VII) and (XII) | 55 | - | - | - |
| 2200 | Other payables | (XII) | 251,862 | 3 | 249,462 | 4 |
| 2230 | Current income tax liabilities | (IV) and (VI).21 | 111,899 | 1 | 91,051 | 2 |
| 2250 | Provisions | (IV) and (VI).12 | 6,961 | - | 8,157 | - |
| 2280 | Lease liabilities - current | (IV) and (VI).17 | 8,802 | - | 12,193 | - |
| 2300 | Other current liabilities | | 61,545 | 1 | 57,498 | 1 |
| 21xx | Total current liabilities | | 4,221,024 | 54 | 3,207,434 | 48 |
| | Non-current liabilities | | | | | |
| 2570 | Deferred income tax liabilities | (IV) and (VI).21 | 43,350 | 1 | 38,307 | 1 |
| 2580 | Lease liabilities - non-current | (IV) and (VI).17 | 8,756 | - | 13,859 | - |
| 2640 | Net defined benefit liabilities - non-current | (IV) and (VI).13 | 7,999 | - | 15,671 | - |
| 2645 | Guarantee deposits | (XII) | 5,451 | - | 5,753 | - |
| 25xx | Total non-current liabilities | | 65,556 | 1 | 73,590 | 1 |
| 2xxx | Total liabilities | | 4,286,580 | 55 | 3,281,024 | 49 |
| 31xx | Equity | (VI).14 | | | | |
| 3100 | Share capital | | | | | |
| 3110 | Ordinary share | | 1,063,603 | 14 | 1,063,603 | 16 |
| 3200 | Capital surplus | | 166,514 | 2 | 166,514 | 2 |
| | Retained earnings | | | | | |
| 3310 | Legal reserve | | 1,184,961 | 15 | 1,095,464 | 16 |
| 3320 | Special reserve | | 144 | - | 144 | - |
| 3350 | Unappropriated retained earnings | | 1,103,319 | 14 | 1,104,995 | 17 |
| 3300 | Total retained earnings | | 2,288,424 | 29 | 2,200,603 | 33 |
| 3400 | Other equity interests | | 1,762 | - | 10,437 | - |
| 3xxx | Total equity | | 3,520,303 | 45 | 3,441,157 | 51 |
| 3x2x | Total liabilities and equity | | \$ 7,806,883 | 100 | \$ 6,722,181 | 100 |

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Statement of Comprehensive Income
For the Years Ended December 31, 2025 and 2024
(All amounts are in NTD thousands, except for earnings per share)

| Code | Major Accounts | Notes | 2025 | | 2024 | |
|------|---|---------------------------|--------------|------|--------------|------|
| | | | Amount | % | Amount | % |
| 4000 | Net operating revenue | (IV), (VI).15 and (VII) | \$ 7,339,422 | 100 | \$ 6,613,593 | 100 |
| 5000 | Operating cost | (VI).6, (VI).18 and (VII) | (5,482,337) | (75) | (4,901,701) | (74) |
| 5900 | Operating margin | | 1,857,085 | 25 | 1,711,892 | 26 |
| | Operating expenses | (VI).17 and (VI).18 | | | | |
| 6200 | Administrative expenses | | (854,816) | (12) | (781,443) | (12) |
| 6300 | Research and development expenses | | (98,987) | (1) | (91,225) | (1) |
| 6450 | Expected credit impairment loss | (VI).16 | (2,981) | - | (1,862) | - |
| 6000 | Total operating expenses | | (956,784) | (13) | (874,530) | (13) |
| 6900 | Operating income | | 900,301 | 12 | 837,362 | 13 |
| | Non-operating income and expenses | (VI).19 and (VII) | | | | |
| 7100 | Interest income | | 9,463 | - | 8,182 | - |
| 7010 | Other income | | 72,411 | 1 | 56,521 | 1 |
| 7020 | Other gains and losses | | (24,834) | - | 5,019 | - |
| 7050 | Finance costs | | (3,891) | - | (1,714) | - |
| 7375 | Share of profit/loss of subsidiaries, associated companies, and joint ventures accounted for using the equity method | (IV) | 84,188 | 1 | 67,514 | 1 |
| 7000 | Total non-operating income and expenses | | 137,337 | 2 | 135,522 | 2 |
| 7900 | Income before income tax | | 1,037,638 | 14 | 972,884 | 15 |
| 7950 | Income tax expenses | (IV) and (VI).21 | (186,346) | (2) | (174,825) | (3) |
| 8200 | Net income | (IV) and (VI).22 | 851,292 | 12 | 798,059 | 12 |
| 8300 | Other comprehensive income | (VI).20 | | | | |
| 8310 | Items not reclassified into profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plans | | 5,164 | - | 6,473 | - |
| 8316 | Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income | | 3,953 | - | (2,250) | - |
| 8330 | Share of other comprehensive income of subsidiaries, associated companies, and joint ventures accounted for using the equity method | | 8,104 | | 64,409 | 1 |
| 8349 | Income tax benefit (expense) related to items that are not reclassified into profit or loss | (IV) and (VI).21 | (1,033) | - | (1,295) | - |
| 8360 | Items likely to be reclassified into profit or loss | | | | | |
| 8361 | Exchange differences on translation of foreign operations | | 1,072 | - | 12,042 | - |
| | Other comprehensive income for the current period (net of income tax) | | 17,260 | - | 79,379 | 1 |
| 8500 | Total comprehensive income for the period | | \$ 868,552 | 12 | \$ 877,438 | 13 |
| | Earnings per share (NTD) | (VI).22 | | | | |
| 9750 | Basic earnings per share | | \$ 8.00 | | \$ 7.50 | |
| 9850 | Diluted earnings per share | | \$ 7.97 | | \$ 7.46 | |

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Statement of Changes in Equity
For the Years Ended December 31, 2025 and 2024
(All amounts in NTD thousands)

| Code | Item | Retained earnings | | | | Other equity items | | | Total equity 3XXX |
|------|---|---------------------|-------------------|---------------------|-----------------|----------------------------------|---|--|----------------------|
| | | Share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Exchange differences on translation of foreign operations | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | |
| | | 3100 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | |
| A1 | Balance as at January 1, 2024 | \$ 1,063,603 | \$ 166,514 | \$ 1,017,069 | \$ 144 | \$ 994,655 | \$ (25,026) | \$ 52,992 | \$ 3,269,951 |
| B1 | Appropriation and distribution of 2023 earnings | | | | | | | | |
| B5 | Appropriation of legal reserve | - | - | 78,395 | - | (78,395) | - | - | - |
| B5 | Cash dividends on ordinary shares | - | - | - | - | (706,232) | - | - | (706,232) |
| D1 | Net income for the year ended December 31, 2024 | - | - | - | - | 798,059 | - | - | 798,059 |
| D3 | Other comprehensive income for the year ended December 31, 2024 | - | - | - | - | 5,178 | 12,042 | 62,159 | 79,379 |
| D5 | Total comprehensive income for the period | - | - | - | - | 803,237 | 12,042 | 62,159 | 877,438 |
| Q1 | Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | 91,730 | - | (91,730) | - |
| Z1 | Balance as at December 31, 2024 | <u>\$ 1,063,603</u> | <u>\$ 166,514</u> | <u>\$ 1,095,464</u> | <u>\$ 144</u> | <u>\$ 1,104,995</u> | <u>\$ (12,984)</u> | <u>\$ 23,421</u> | <u>\$ 3,441,157</u> |
| A1 | Balance as at January 1, 2025 | \$ 1,063,603 | \$ 166,514 | \$ 1,095,464 | \$ 144 | \$ 1,104,995 | \$ (12,984) | \$ 23,421 | \$ 3,441,157 |
| B1 | Appropriation and distribution of 2024 earnings | | | | | | | | |
| B5 | Appropriation of legal reserve | - | - | 89,497 | - | (89,497) | - | - | - |
| B5 | Cash dividends on ordinary shares | - | - | - | - | (789,406) | - | - | (789,406) |
| D1 | Net income for the year ended December 31, 2025 | - | - | - | - | 851,292 | - | - | 851,292 |
| D3 | Other comprehensive income for the year ended December 31, 2025 | - | - | - | - | 4,131 | 1,072 | 12,057 | 17,260 |
| D5 | Total comprehensive income for the period | - | - | - | - | 855,423 | 1,072 | 12,057 | 868,552 |
| Q1 | Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | 21,804 | - | (21,804) | - |
| Z1 | Balance as at December 31, 2025 | <u>\$ 1,063,603</u> | <u>\$ 166,514</u> | <u>\$ 1,184,961</u> | <u>\$ 144</u> | <u>\$ 1,103,319</u> | <u>\$ (11,912)</u> | <u>\$ 13,674</u> | <u>\$ 3,520,303</u> |

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung

Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Statement of Cash Flow
For the Years Ended December 31, 2025 and 2024
(All amounts in NTD thousands)

| Code | Item | 2025 | 2024 | Code | Item | 2025 | 2024 |
|--------|---|--------------|------------|--------|--|------------|------------|
| | | Amount | Amount | | | Amount | Amount |
| AAAA | Cash flow from operating activities: | | | BBBB | Cash flow from investing activities: | | |
| A10000 | Income before income tax | \$ 1,037,638 | \$ 972,884 | B00010 | Acquisition of financial assets at fair value through other comprehensive income | (35,418) | (196) |
| A20000 | Adjustments: | | | B00020 | Disposal of financial assets at fair value through other comprehensive income | 32,863 | - |
| A20010 | Income, expenses and losses: | | | B00100 | Acquisition of financial assets at fair value through profit or loss | (35,000) | (35,000) |
| A20100 | Depreciation expenses | 31,677 | 32,406 | B02700 | Acquisition of property, plant and equipment | (105,605) | (172,062) |
| A20200 | Amortization expenses | 7,433 | 4,587 | B03700 | Increase in refundable deposits | (47,826) | (44,407) |
| A20300 | Expected credit impairment loss | 2,981 | 1,862 | B04500 | Acquisition of intangible assets | (13,500) | (5,228) |
| A20400 | Gains on financial assets at fair value through profit or loss | (1,161) | - | B06500 | Increase in other financial assets | (1) | (1,860) |
| A20900 | Interest expense | 3,891 | 1,714 | B06700 | Increase in other non-current assets | (416) | (970) |
| A21200 | Interest income | (9,463) | (8,182) | BBBB | Net cash outflow from investing activities | (204,903) | (259,723) |
| A21300 | Dividend income | (2,409) | (2,550) | CCCC | Cash flow from financing activities: | | |
| A22400 | Share of profit on subsidiaries, associated companies, and joint ventures accounted for using the equity method | (84,188) | (67,514) | C00100 | Increase in short-term loans | 425,000 | 50,000 |
| A22500 | Losses on disposals and retirements of property, plant, and equipment | - | 147 | C03100 | Decrease in guarantee deposits | (302) | (1,345) |
| A31000 | Changes in assets/liabilities that are related to operating activities: | | | C04020 | Repayment of lease principal | (13,889) | (15,453) |
| A31125 | Contract assets | 86,821 | (102,151) | C04500 | Distribution of cash dividends | (789,406) | (706,232) |
| A31130 | Notes receivable | (443) | 9,398 | CCCC | Net cash outflow from financing activities | (378,597) | (673,030) |
| A31150 | Accounts receivable | (158,003) | (11,247) | EEEE | Net increase (decrease) in cash and cash equivalents for the current period | 59,449 | (568,046) |
| A31160 | Accounts receivable - related parties | 4,236 | (1,870) | E00100 | Cash and cash equivalents, beginning of period | 627,386 | 1,195,432 |
| A31180 | Other receivables | (2,707) | 3,666 | E00200 | Cash and cash equivalents, end of period | \$ 686,835 | \$ 627,386 |
| A31200 | Inventories | (301,838) | (521,741) | | | | |
| A31230 | Prepayments | (523,947) | (12,926) | | | | |
| A31240 | Other current assets | (770) | (444) | | | | |
| A32125 | Contract liabilities - current | 542,706 | 94,523 | | | | |
| A32130 | Notes payable | 64,426 | 10,276 | | | | |
| A32150 | Accounts payable | (41,305) | 171,189 | | | | |
| A32160 | Accounts payable - related parties | 55 | (2,009) | | | | |
| A32180 | Other payables | 2,228 | (27,036) | | | | |
| A32200 | Provisions | (1,196) | (375) | | | | |
| A32230 | Other current liabilities | 4,047 | 14,025 | | | | |
| A32240 | Net defined benefit liabilities | (2,508) | (2,416) | | | | |
| A33000 | Cash inflow from operations | 658,201 | 556,216 | | | | |
| A33100 | Interests received | 9,922 | 12,514 | | | | |
| A33200 | Dividend received | 136,180 | 67,965 | | | | |
| A33300 | Interests paid | (3,282) | (1,117) | | | | |
| A33500 | Income tax paid | (158,072) | (270,871) | | | | |
| AAAA | Net cash inflow from operating activities | 642,949 | 364,707 | | | | |

Chairman: Liang, Hsiu-Chung

(Please refer to notes to parent company only financial statements)
Manager: Liang, Hsiu-Chung

Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2025 and 2024
(All amounts in NTD thousands unless otherwise specified)

(I) Organization and Operations

Stark Technology Inc. (the "Company") was incorporated on March 24, 1993. Its main business activities include distribution and maintenance of computers and peripherals; research, design, development, and sale of computer software/hardware, computer system design, and import/export trade for the Company's own products.

Shares of the Company have been listed for trading on "Taiwan Stock Exchange Corporation" since September 2001. The Company's place of registration and main business location is 12F-1, No. 83, Section 2, Dongda Road, Hsinchu City.

(II) Financial Statement Approval Date and Procedures

Parent company only financial statements of the Company for the years ended December 31, 2025 and 2024 were approved by the board of directors on February 26, 2026.

(III) Application of new standards, amendments, and interpretations

1. Change of accounting policy resulting from first-time adoption of International Financial Reporting Standards (IFRS)

The Company has adopted the version of IFRS, IAS, IFRIC and interpretations thereof that approved and effected by Financial Supervisory Commission (FSC) for accounting periods on and after January 1, 2025. First-time adoption of the new standards and amendments has had no material impact on the Company.

2. The Company had not adopted the following IASB-announced and FSC-approved new standards, amendments, guidance, and interpretation as of the release date of the financial reports:

| Item No. | New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|----------|---|--|
| 1 | IFRS 17, "Insurance Contracts" | January 1, 2023 |
| 2 | Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) | January 1, 2026 |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

| Item No. | New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|----------|--|--|
| 3 | Volume 11, Annual Improvements to IFRS Accounting Standards | January 1, 2026 |
| 4 | Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) | January 1, 2026 |

(1) IFRS 17, "Insurance Contracts"

This standard provides a comprehensive model for the treatment of insurance contracts, including accounting practices (from recognition, measurement, presentation to disclosure). The standard uses a general model at its core, and under this model, a group of insurance contracts shall be recognized at initiation as the sum of fulfillment cash flows and contractual service margin; thereafter, book value for the group of insurance contracts shall be presented as the sum of liability for remaining coverage and liability for incurred claims as at each balance sheet date.

In addition to the general model, the standard also introduces treatment for insurance contracts with direct participation features (the Variable Fee Approach) and simplified approach for short-term contracts (the Premium Allocation Approach).

This standard was first published in May 2017 and later amended in 2020 and 2021, which postponed the effective date stated in the transition clause by 2 years (from January 1, 2021 to January 1, 2023), introduced additional exemptions, and reduced cost of adoption through the simplified approach. The amendment also made some circumstances easier to interpret. This standard will supersede the transitional standard (i.e. IFRS 4 - "Insurance Contracts") once effected.

(2) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarify that financial liabilities are derecognized on the settlement date, and explain the accounting treatment for financial liabilities settled via electronic payment before the settlement date.
- (b) Clarifying how to assess the cash flow characteristics of financial asset with features linked to environmental, social and governance (ESG) or similar

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

contingent features.

- (c) Clarifying the treatment of assets with non-recourse features and contractually linked instruments.
- (d) Additional disclosure requirements under IFRS 7 for financial assets or liabilities with contingent features (including ESG-linked features) and equity instruments classified as at fair value through other comprehensive income.

(3) Volume 11, Annual Improvements to IFRS Accounting Standards

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Amendments to implementation guidance of IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

(4) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- (a) Clarifying the application of “own-use”.
- (b) Allowing the adoption of hedge accounting when the contract is used as a hedging instrument.
- (c) Introducing additional disclosure requirements to help investors understand the impact of such contracts on a company’s financial performance and cash flows.

The above amendments will take effect for annual periods beginning on January 1, 2026. Upon assessment, the adoption does not have any material impact on the Company.

3. As of the publication date of financial statements, the Company had not adopted the following IASB-announced new standards, amendments, guidance, and interpretation that were not approved by FSC:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

| Item No. | New Standards, Interpretations and Amendments | Effective Date by International Accounting Standards Board |
|----------|---|--|
| 1 | Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture" | To be determined by International Accounting Standards Board |
| 2 | IFRS 18, " Presentation and Disclosure in Financial Statements " | January 1, 2027 (Note) |
| 3 | Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19) | January 1, 2027 |
| 4 | Translation to a Hyperinflationary Presentation Currency (Amendments to IFRS 21 and IFRS 29) | January 1, 2027 |

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

- (1) Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

This amendment is intended to address the inconsistent treatments between IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" in cases where a company loses control in a subsidiary when ownership of that subsidiary is offered as consideration for investing into an associated company or joint venture. IAS 28 states that, when a company contributes non-monetary assets in exchange for equity interest in an associated company or joint venture, the transaction shall be treated as a downstream transaction and any share of gains or losses that arises as a result is eliminated. IFRS 10, however, requires the entirety of gains or losses to be recognized when a company loses control in a subsidiary. This amendment limits the IAS 28 treatment mentioned above, and requires all gains or losses to be recognized when the assets sold or contributed constitute a business defined under IFRS 3.

Meanwhile, IFRS 10 was amended so that, when an investor sells or contributes a subsidiary that does not constitute a business defined under IFRS 3 with its associated company or joint venture, gains or losses that arise as a result shall be recognized only for the share that is not attributed to the investor.

- (2) IFRS 18, " Presentation and Disclosure in Financial Statements "

This standard will replace IAS 1, "Presentation of Financial Statements," with the following main changes:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

(a) Improve the comparability of the income statement

Income and expenses are classified into one of the five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new ones to improve the structure of the income statement. Also, all companies are required to provide the new defined subtotals (including operating profit or loss). Through the improved structure of the income statement and newly defined subtotals, investors are given a consistent starting point for analyzing the financial performance of companies, thereby making it easier to perform comparison.

(b) Enhance the transparency of management-defined performance measures

Companies are required to give explanations on company-specific measures (i.e., management-defined performance measures) related to the income statement.

(c) More useful grouping of information in the financial statements

The standard gives guidance on how financial information should be organized, i.e., whether items shall be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. The standard also requires companies to provide more transparent operating expense information to assist investors with finding and understanding the information they use.

(3) Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

The Standard simplifies the disclosure requirements for subsidiaries without public accountability, and allows eligible subsidiaries to choose whether to apply the Standard.

(4) Translation to a Hyperinflationary Presentation Currency (Amendments to IFRS 21 and IFRS 29)

The amendments include:

- (a) The amendments clarify that when an entity's functional currency is not that of a hyperinflationary economy, but its presentation currency is that of a hyperinflationary economy, the entity shall translate its results and financial position using the closing exchange rate at the date of the most recent statement of financial position.
- (b) In the above circumstances, if the presentation currency subsequently ceases to be that of a hyperinflationary economy, the reporting entity shall not retranslate the comparative amounts presented for prior periods.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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- (c) When both the functional currency and the presentation currency are currencies of a hyperinflationary economy, the reporting entity shall apply the relevant accounting treatments in accordance with paragraph 34 of IAS 29.

All above standards and interpretations announced by IASB but not yet approved by FSC shall become effective on dates announced by FSC. The Company is currently evaluating the potential impacts of newly announced/amended standards and interpretations listed in (1) and (2), and is unable to provide reasonable estimate of how the above standards or interpretations may affect the Company. Aside from the above, other newly announced/amended standards and interpretations have no material impact on the Company.

(IV) Summary of Significant Accounting Policies

1. Compliance statement

Parent company only financial statements of the Company for the years ended December 31, 2025 and 2024 have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

2. Basis of Preparation

The Company has prepared the parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers." According to Article 21 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders should be consistent between parent company only and consolidated financial statements; the amount of equity attributable to parent company shareholders should also be consistent between parent company only and consolidated financial statements. For this reason, investments in subsidiaries are presented as "Investments accounted for using equity method" in the parent company only financial statements, with valuation adjustments made as necessary.

The parent company only financial statements have been prepared based on historical cost, except for financial instruments carried at fair value. Unless otherwise specified, all amounts in the parent company only financial statements are presented in NTD thousands.

3. Foreign currency transactions

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

The parent company only financial statements are presented using the Company's functional currency (NTD).

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items are converted using closing exchange rate at the end of each reporting period. Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the period occurred, except in the following circumstances.

- (1) For foreign currency loans that are undertaken for the purpose of acquiring a qualifying asset, the exchange difference would form part of the borrowing cost if it is treated as an adjustment to interest cost, and capitalized into the cost of the asset.
- (2) Foreign currency items subject to IFRS 9 - "Financial Instruments" are treated using accounting policy on financial instruments.
- (3) For monetary items that make up a part of the reporting entity's net investments in foreign operation, exchange difference is recognized as other comprehensive income at initiation, and subsequently reclassified from equity into profit or loss upon disposal of net investments.

Non-monetary accounts that have gains and losses recognized as other comprehensive income shall also have any exchange component of that gain or loss recognized as other comprehensive income. Non-monetary accounts that have gains and losses recognized in profit and loss shall also have any exchange component of that gain or loss recognized in profit and loss.

4. Translation of foreign currency financial statements

Each foreign operation of the Company determines its own functional currency, and presents financial statements in the functional currency chosen. When preparing parent company only financial statements, assets and liabilities of foreign operations are converted into NTD using closing exchange rate as at the balance sheet date, whereas income, expenses, and losses are converted using average exchange rate for the current period. Exchange differences arising

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

from financial statement translation are recognized as other comprehensive income; upon disposal of foreign operations, exchange differences previously recognized as other comprehensive income and accumulated under equity from separate parts are reclassified from equity to profit or loss when recognizing gain/loss on disposal. In a partial disposal of subsidiary containing foreign operation that results in a loss of control, and partial disposal of equity in an associated company or joint agreement containing foreign operation, the disposal treatment shall also apply if the remaining equity can be regarded as a financial asset containing foreign operation.

In a partial disposal of subsidiary containing foreign operation that does not result in a loss of control, cumulative exchange differences previously recognized in other comprehensive income are re-attributed to non-controlling equity of such foreign operation, instead of being recognized in profit or loss. In a partial disposal of associated company or joint agreement containing foreign operation where significant influence or joint control is not lost, cumulative exchange differences are reclassified into profit or loss proportionally.

5. Classification of current and non-current assets and liabilities

Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:

- (1) Assets that are expected to be realized, or intended to be sold or consumed, in the Company's normal operating cycle.
- (2) Assets that are held mainly for the purpose of trading.
- (3) Assets that are expected to be realized within 12 months after the reporting period.
- (4) Cash or cash equivalents, except those are restricted from being swapped or used to repay liabilities beyond 12 months after the end of the reporting period, and those with restricted uses.

Liabilities that satisfy any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:

- (1) Liabilities that are expected to be repaid in the Company's normal operating cycle.
- (2) Liabilities that are held mainly for the purpose of trading.
- (3) Liabilities that are expected to be repaid within 12 months after the reporting period.
- (4) At the end of the reporting period, the Company does not have the right to defer the settlement of the liability for at least twelve months after the reporting period.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

6. Cash and cash equivalents

Cash and cash equivalent refer to cash on hand, demand deposit, and short-term and highly liquid time deposits or investments (including time deposits with terms equal to or less than 12 months) that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to a financial instrument contract.

Financial assets and liabilities subject to IFRS 9 - "Financial Instruments" are measured at fair value at initiation. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the respective asset/liability.

(1) Recognition and measurement of financial assets

Regular transactions of financial asset are recognized and derecognized using trade date accounting.

The Company classifies financial assets into those that are carried at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss based on the two considerations below:

- A. Business model for managing the financial assets
- B. Characteristics of contractual cash flow for the financial assets

Financial assets at amortized costs

Financial assets that simultaneously satisfy the two conditions below are carried at amortized cost and presented on balance sheet as notes receivable, accounts receivable, installment accounts receivable, long-term installment accounts receivable, and other receivables:

- A. Business model for managing the financial assets: financial asset is held for the

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

purpose of collecting contractual cash flow

- B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

These financial assets (excluding those that are associated with hedge) are subsequently carried at amortized cost {i.e. the initial amount less principals repaid, plus/less cumulative amortization of differences between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss provisions}. Upon derecognition, amortization, or recognition of impairment gains/losses, the gains or losses are recognized in profit or loss.

Interests calculated using the effective interest method (i.e. by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

- A. Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
- B. Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

Financial assets at fair value through other comprehensive income

Financial assets that simultaneously satisfy the two criteria below are measured at fair value through other comprehensive income, and presented on the balance sheet as financial assets at fair value through other comprehensive income.

- A. Business model for managing the financial assets: financial asset is held for collecting contractual cash flow and sale
- B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

Gains and losses associated with this type of financial assets are recognized in the following manner:

- A. Prior to derecognition or reclassification, gains and losses are recognized in other comprehensive income, except for impairment gains/losses and foreign exchange gains/losses, which are recognized in profit or loss

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

- B. Upon derecognition, all cumulative gains/losses previously recognized in other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment
- C. Interests calculated using the effective interest method (i.e. by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:
 - (a) Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
 - (b) Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

For equity instruments that are subject to IFRS 9 but are neither held for trading nor recognized as acquirer's contingent consideration under IFRS 3 - Business Combinations, a (irrevocable) choice can be made at initial recognition to account for subsequent fair value changes in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently reclassified into profit or loss (upon disposal of the equity instrument, amounts previously accumulated under other equity item are reclassified directly into retained earnings); these instruments are presented on balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized in profit or loss, unless the dividends clearly represent a partial recovery of the investment cost.

Financial assets at fair value through profit or loss

With the exception of financial assets that are carried at amortized cost or measured at fair value through other comprehensive income for satisfying the special criteria mentioned above, all other financial assets are measured at fair value through profit or loss, and presented on balance sheet at fair value through profit or loss.

This category of financial assets is measured at fair value. Gains or losses arising from remeasurement are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all dividends or interests collected on the financial asset.

(2) Impairment of financial assets

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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The Company recognizes and measures the loss provisions for debt instrument investments held at fair value through other comprehensive income and financial assets carried at amortized cost at an amount equal to expected credit loss. Loss provisions on debt instrument investments held at fair value in other comprehensive income are recognized in other comprehensive income and do not reduce the book value of investment.

The Company measures expected credit losses after taking into account of the following:

- A. An unbiased and probability-weighted amount determined after assessing the possible outcomes
- B. Time value of monetary
- C. Rational and verifiable information about past event, current situation, and future economic forecast (that can be obtained on the balance sheet date without incurring excessive cost or input)

Loss provisions are measured using the methods explained below:

- A. At an amount equal to 12-month expected credit loss: applies to financial assets that exhibit no significant increase in credit risk since initial recognition, or those that are considered to be of low credit risk as at the balance sheet date. This method also applies to accounts that had loss provisions measured based on lifetime expected credit losses in the previous reporting period, but no longer meets the condition of having exhibited significant increase in credit risk since initial recognition as at the current balance sheet date.
- B. At an amount equal to lifetime expected credit losses: applies to financial assets that exhibit significant increase in credit risk since initial recognition, or purchase of originated credit-impaired financial assets.
- C. For accounts receivable or contractual assets that arise from the transactions defined in IFRS 15, the Company measures loss provisions at an amount equal to lifetime expected credit losses.
- D. For lease receivable that arises from the transactions defined in IFRS 16, the Company measures loss provisions at an amount equal to lifetime expected credit losses.

On each balance sheet date, the Company examines financial instruments for any change in default risk between the balance sheet date and the date of initial recognition, and in

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doing so evaluates whether there is significant increase in the credit risk of financial instrument since initial recognition. Please see Note XII for credit risk-related information.

(3) Derecognition of financial assets

Financial assets that satisfy any of the following criteria are derecognized:

- A. When contractual entitlement to receive cash flow from the asset has ended.
- B. When the financial asset has been transferred along with virtually all risks and returns associated with the ownership of the asset.
- C. When control of the asset has been transferred, even if the Company does not transfer or retain virtually all risks and returns associated with the asset.

When a financial asset is derecognized, the difference between book value and the sum of consideration received/receivable plus any cumulative gains or losses previously recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liability and equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity based on the essence of the contract agreement and definitions of financial liabilities and equity instrument.

Equity instrument

Equity instrument refers to any contract that represents residual interests after the Company deducts all of its liabilities from its assets. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

Financial liabilities

Financial liabilities subject to IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost at initiation.

Financial liabilities at fair value through profit or loss

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Financial liabilities at fair value through profit or loss include financial liabilities that are held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if they satisfy any of the following criteria:

- A. Acquired mainly for the purpose of being sold in the short term.
- B. Having been recognized at initiation as part of a portfolio of identifiable financial instruments under collective management, and there is evidence to suggest that the portfolio is being traded for short-term profits; or
- C. Exhibits the characteristics of a derivative instrument (except for financial guaranteed contracts or derivative instruments designated for effective hedge).

Contracts that contain one or multiple embedded derivative instruments can be designated as hybrid (combined) contracts, and presented as financial liabilities at fair value through profit or loss. These instruments are designated to be measured at fair value through profit or loss at initiation if more relevant information can be obtained in one of the following situations:

- A. Designation would eliminate or significantly reduce discrepancies arising from measurement or recognition; or
- B. A group of financial liabilities or a group of financial assets and liabilities that are managed and evaluated performance based on fair value, as per risk management guidelines or investment strategy that are in written form, and that information of the investment portfolio provided internally to the management of the Company is also based on fair value.

Gains and losses arising from remeasurement of this category of financial liabilities are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all interests paid on the financial liability.

Financial liabilities at amortized costs

Financial liabilities at amortized costs include payables and loans, which are subsequently measured using the effective interest rate method after initial recognition. When financial liabilities are derecognized from balance sheet and when amortization is provided using the effective interest rate method, the corresponding gains, losses, and

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amortizations are recognized in profit or loss.

Calculation of amortized costs takes into consideration discounts or premiums at the time of acquisition and transaction costs.

Derecognition of financial liabilities

Financial liabilities are derecognized from balance sheet when obligations have been relieved, canceled, or voided.

When the Company engages a creditor in a swap of debt instruments with significant discrepant terms, or makes significant modification to some or all terms of existing financial liability (whether due to financial distress or not), the effects are accounted by derecognizing the original liability and recognizing the new liability at the same time. When derecognizing financial liability, differences between the book value and the considerations paid/payable (including non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the entity is legally entitled to do so and has the intention to settle assets and liabilities in net amount or to realize the asset and settle the liability at the same time.

8. Fair value assessment

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. Fair value assessment assumes that the asset/liability is sold/transferred in one of the following markets:

- (1) The principal market for the asset or liability; or
- (2) The most advantageous market for the asset or liability, if the principal market does not exist

The principal or most advantageous market must be one that the Company has access to and is able to transact in.

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Common assumptions that market participants adopt for pricing assets or liabilities are used when assessing fair value of an asset or liability. These assumptions assume that market participants all act in their best economic interest.

Fair value assessment of non-financial assets takes into consideration market participants' intent to make the highest and best use of the asset, or their intent to sell the asset to another market participant that will make the highest and best use in order to generate economic benefits.

The Company assesses fair value by adopting valuation techniques that are appropriate for the given circumstance and for which data can be obtained, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. Inventories

Accounted at acquisition cost; the cost of inventory is calculated using the weighted average method. Inventory is subsequently measured at the lower of cost or net realizable value item by item. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances. Allowance for losses on inventory devaluation and obsolescence that is considered slow-moving or obsolete.

10. Investments accounted for using the equity method

The Company accounts for subsidiaries in accordance with Article 21 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presents them as "investments accounted for using the equity method" with valuation adjustments made as deemed necessary so that the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between parent company only and consolidated financial statements, and that the amount of equity attributable to parent company shareholders are also consistent between parent company only and consolidated financial statements. These adjustments primarily take into consideration the consolidation treatments for subsidiary investments mentioned in IFRS 10 - "Consolidated Financial Statements" and differences in applicable IFRS rules for different reporting entities, and may involve debiting or crediting accounts such as "investments accounted for using the equity method," "share of profit or loss from subsidiaries, associated companies, and joint ventures accounted for using the equity method," and "share of other comprehensive income from subsidiaries, associated companies, and joint ventures accounted for using the equity

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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method."

11. Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented net of accumulated depreciation and accumulated impairment. The abovementioned cost includes the cost of uninstalling, removing, and restoring property, plant and equipment at the given location, and any interest costs incurred on construction-in-progress. Significant compositions of property, plant, and equipment are depreciated separately. When making regular replacements for major component of property, plant, and equipment, the Company treats the replacement as a separate asset and recognizes depreciation based on the specified useful life and depreciation method. Book values of replaced assets are derecognized from balance sheet in accordance with IAS 16 - "Property, plant and equipment." Major repair costs that satisfy the recognition criteria are treated as replacement costs and recognized as part of the book value of property, plant and equipment. All other repair and maintenance expenditures are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives mentioned below:

| | |
|----------------------------------|---|
| Buildings | 51-56 years |
| Accessory equipment of buildings | 6 years |
| Transportation equipment | 6 years |
| Office equipment | 4-6 years |
| Right-of-use assets/lease assets | The lower between lease tenor and useful life |
| Lease improvements | The lower between lease tenor and useful life |
| Other equipment | 2-6 years |

The entity derecognizes property, plant and equipment or any of its major components from balance sheet and recognizes in profit or loss when it disposes the asset or expects no further inflow of economic benefits from utilization or disposal of the asset.

Residual value, useful life, and depreciation method of property, plant and equipment are evaluated at the end of each financial year. If the expected value differs from previous estimates, the difference is treated as a change in accounting estimate.

12. Lease

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The Company evaluates whether a contract meets the criteria of (or contains) lease on the day of establishment. A contract is considered as (or contains) lease if it involves a transfer of control over identified assets for a period of time in exchange for consideration. To determine whether a contract transfers the right to control the use of an identified asset for a period of time, the Company evaluates whether the following two conditions are met throughout the entire period of use:

- (1) The user has the right to obtain substantially all of the economic benefits from using the identified asset; and
- (2) The user has the right to determine how identified asset is used.

For contracts that meet the criteria of (or contain) lease, the Company treats every lease component in the contract as a standalone lease, and accounts for non-lease components separately. For a contract that contains a lease component and one or multiple additional lease or non-lease components, the Company separates relative standalone price of each lease component from total standalone price of non-lease components, and allocates consideration to lease components. Relative standalone prices of lease and non-lease components are determined based on the price received by lessor (or supplier of similar nature) for the particular component (or similar component). If observable standalone prices are not readily available, the Company will maximize the use of observable information to estimate the standalone price.

Where the Company is the lessee

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Company recognizes right-of-use assets and lease liabilities on all lease contracts where it is the lessee.

On the commencement date, the Company measures lease liabilities at the present value of unpaid lease payments outstanding on that day. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the implicit interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead. Lease payments to be included in the calculation of lease liabilities on the commencement date include the following payments outstanding on that day that are relevant to the right-of-use of the underlying asset over the lease tenor:

- (1) Fixed payments (including in-substance fixed payments), less any lease incentives

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

receivable;

- (2) Variable lease payments that are determined by certain index or rate (which are initially measured using index or rate as at the commencement date);
- (3) Amounts that the lessee expects to pay under guaranteed residual value;
- (4) Exercise price for the purchase option, provided that the Company is reasonably certain to exercise such option; and
- (5) Penalties that have to be paid upon termination of lease, if the lease term reflects the lessee's intent to exercise the termination option.

After the commencement date, the Company measures lease liabilities at amortized cost basis and uses the effective interest method to increase the book value of lease liabilities to reflect the interest expense on lease liabilities. Lease payments reduce the book value of lease liabilities.

The Company measures right-of-use assets at cost on the commencement date; the cost of right-of-use asset includes:

- (1) Initial measured amount of lease liabilities;
- (2) Any lease payment made on or before the commencement date, less any lease incentive received;
- (3) Any direct cost incurred by the lessee at initiation; and
- (4) Estimated cost for the lessee to dismantle, remove the underlying asset, and restore its original location, or to restore the underlying asset to the state specified in the terms and conditions of the lease agreement.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment loss; in other words, the cost method is used to measure right-of-use assets.

If ownership of the underlying asset is due to be transferred to the Company at the end of the lease tenor, or if the cost of right-of-use asset already reflects the Company's intent to exercise the option to purchase, the Company shall begin recognizing depreciation on right-of-use assets from the commencement date until the end of useful life. Otherwise, the Company is required to recognize depreciation from the commencement date until the end of useful life of the right-of-use asset or until the end of the lease tenor, whichever the earlier.

The Company adopts IAS 36 - "Asset impairment" to determine whether right-of-use assets exhibit signs of impairment and account for any impairment losses identified.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Company recognizes both right-of-use assets and lease liabilities on the balance sheet, and lease-related depreciation and interest expenses on the statement of comprehensive income.

The Company accounts lease payments associated with short-term lease and lease of low-value asset as expense over the lease tenor on a straight-line basis or using an alternative systematic approach.

Where the Company is the lessor

The Company classifies each lease arrangement into an operating lease or financing lease on the contract establishment date. A lease is classified as financial lease if virtually all risks and returns associated with ownership of the underlying asset are transferred; otherwise, the lease is classified as an operating lease. On the commencement date, the Company recognizes assets held under financial lease arrangement on balance sheet, and presents financial lease receivable at the amount of net lease investments.

For contracts that contain both lease component and non-lease component, the Company adopts IFRS 15 and allocates considerations of contracts accordingly.

The Company recognizes lease payments received from operating leases as rental income on a straight-line basis or using alternative systematic basis. In an operating lease, variable lease payments that are not derived from any particular index or rate are recognized as rental income at the time occurred.

13. Intangible asset

Intangible assets that are acquired separately are measured at cost at initiation. For intangible assets acquired through business combination, cost is determined as fair value as of the acquisition date. After initial recognition, book value of intangible assets is subsequently presented at cost less accumulated amortization and accumulated impairment loss. Intangible assets generated internally that do not meet the recognition criteria are not capitalized, but recognized in profit or loss at the time occurred.

Intangible assets are distinguished into those with finite useful lives and those with indefinite useful lives.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

Finite useful life intangible assets are amortized over the number of useful years, and subjected to impairment tests if there are signs of impairment. Useful life and method of amortization for finite useful life intangible assets are reviewed at the end of each financial year. If an asset's expected useful life differs from the previous estimate or if there is a change to how future economic benefits are realized, the Company will adjust the period and method of amortization and treat the adjustment as a change in accounting estimate.

Indefinite useful life intangible assets are not amortized, but are subjected to impairment tests as a standalone asset or as part of the cash-generating unit yearly. Indefinite useful life intangible assets are evaluated each year to determine whether there are events or circumstances that continue to support the assets' useful life are indefinite. If changing from indefinite useful life to finite useful life that application will be postponed.

Gains or losses arising from the derecognition of intangible assets are recognized in profit or loss.

Computer software

Cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

| | <u>Computer software</u> |
|---|---|
| Useful life | Finite |
| Amortization method | Amortized on a straight-line basis over the estimated useful life |
| Internally generated or externally acquired | Externally acquired |

14. Impairment on non-financial assets

All assets subject to IAS 36 - "Asset impairment" are evaluated whether there is a sign of impairment at the end of each reporting period. If there is a sign of impairment or a yearly impairment test on particular asset is needed, the Company will conduct the impairment tests as a standalone asset or as part of the cash-generating unit. Impairment losses are recognized if the impairment test shows book value of the asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher between the net fair value and the utilization value.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

For assets except for goodwill, the Company conducts regular assessments at the end of each reporting period to determine whether impairment losses recognized in previous periods have reduced or no longer exist. If so, the Company immediately estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed if the recoverable amount increases due to a change in estimated service potential of the underlying asset. However, the asset's book value after reversal of impairment losses cannot exceed the amount of book value less depreciation or amortization before the impairment took place.

Impairment losses and reversal gains from continuing operations are recognized in profit or loss.

15. Provisions

Provisions are recognized on current obligations (legally or constructive) given rise by a past event, for which the Company is very likely to incur an outflow of economic benefit or resource to settle such an obligation, and that the amount of obligation can be estimated reliably. When the Company expects some or all of its provisions to be reimbursed, the Company will recognize assets separately only when the reimbursement is almost confirmed. In circumstances where time value of money has a significant impact, the provision is discounted using the pre-tax interest rate that appropriately reflects the specific risk characteristics of the liability. When discounting, any increase in the amount of liability due to passage of time is recognized as borrowing cost.

If the obligation arises over a period of time, the provision for levies is recognized progressively.

Provisions for warranty

Provisions for warranty are estimated based on the terms of product sale contracts, and the management's best estimate of future economic benefit outflows of warranty obligations (based on historical warranty experience).

16. Revenue recognition

Revenue from contracts with customers mainly involves sale of merchandise and rendering of service. Accounting treatments are as explained below:

Sales of merchandise

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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The Company recognizes revenue on sale of merchandise when the promised merchandise has been delivered to the customer and that the customer has control of the merchandise (i.e. the customer is able to make use of the merchandise and access virtually all remaining benefits on the merchandise). Most of the merchandises sold is electronic equipment of high unit price, for which revenues are recognized based on prices stated in individual contracts. Other merchandises are often sold with discount (based on sales volume accumulated within a defined period), therefore revenue is recognized at prices stated in individual contracts less estimated discounts. The Company estimates how volume-based discounts affect variable consideration using previous experience and expected value. However, variable consideration is only taken into account if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. Meanwhile, expected volume discount is recognized as refund liabilities in period of agreement.

Warranty represents the Company's assurance that the merchandise supplied will function within customers' expectations, and is recognized according to IAS 37.

The Company sells merchandises with a credit term of 30-120 days. For most contracts, accounts receivable is recognized when the Company transfers control of merchandise and obtains an unconditional entitlement to receive consideration. Such accounts receivable is usually short in duration and there is no significant financial component. For some contracts that merchandise is transferred to customer but does not obtain unconditional entitlement to receive consideration yet, the Company would recognize contract assets instead. According to IFRS9, loss provisions on contract assets should be measured based on Lifetime Expected Credit Losses.

Rendering of service

The services provided by the Company are mainly maintenance, warranty, and design. Such services are priced individually or through negotiation, and provided during the contract period. Service income is recognized over time, considering that the Company renders services in a period of time specified in contract and customers generate benefits from product throughout contract duration, thereby the performance obligation is fulfilled progressively over time, and service income is recognized over time.

For the majority of the Company's contracts, consideration is collected over equal installments after services are rendered. Contractual assets are recognized when services are

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

rendered to customers without unconditional entitlement to collect consideration. However, in certain contracts where partial consideration is collected from customers in advance at the time of signing, the Company bears the obligation to provide subsequent services and therefore recognizes contractual liabilities.

In the above situation, the reclassification of contractual liabilities into income generally does not exceed one year, and hence has not given rise to significant financing component.

17. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized into part of the cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing cost includes interest and other costs incurred in relation to the borrowing of capital.

18. Post-employment benefit plans

The Company's retirement policy applies to all permanent employees. All pension contributions are placed entirely under the management of the Labor Pension Supervisory Committee and deposited into a dedicated pension fund account. Since the above pension fund is being held under the name of the Labor Pension Supervisory Committee, it is completely separate from the Company's assets and hence excluded from the parent company only financial statements presented above.

For employees under the Post-employment benefit plans of defined contribution plan, the Company makes monthly pension contributions totaling no less than 6% of employees' salary. The amounts contributed are recognized as current period expense.

For employees that are subject to Post-employment benefit plans of defined benefit plan, provisions are made at the end of the reporting period based on actuarial report using the Projected Unit Credit method. Remeasurement of net defined benefit liabilities (assets) includes return on plan asset and any change in the effect of asset cap, less the amount of net interest on the net defined benefit liabilities (assets) and actuarial gains/losses. Remeasurement of net defined benefit liabilities (assets) is recognized in other comprehensive income in the periods they occur, and recognized immediately into retained earnings. Service costs for the previous period represent changes in the present value of defined benefit obligations due to plan amendment or curtailment, and are recognized as expense on the earlier of the two dates below:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

- (1) When the plan is amended or curtailed; and
- (2) When the Company recognizes related restructuring costs or termination benefits.

Net interest on net defined benefit liabilities (assets) is determined by multiplying net defined benefit liabilities (assets) with the discount rate. Both variables are determined at the beginning of annual reporting period, and changes in net defined benefit liabilities (assets) due to contributions and benefit payments during the period are evaluated thereafter.

19. Income tax

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

Current income tax

Current income tax liabilities (assets) for the current and previous periods are measured using statutory or substantively enacted tax rates and tax laws at the end of the reporting period. Current income taxes that arise in relation to accounts recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or in equity respectively instead of profit or loss.

Additional income tax for undistributed earnings is recognized as income tax expense on the date when the distribution proposal is approved in the shareholder's meeting.

Deferred income tax

Deferred income tax is recognized on temporary differences between the tax basis of assets and liabilities and book value shown in the balance sheet as of the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities, except for the two circumstances below:

- (1) Initial recognition of goodwill; or of the initial recognition of asset or liability that do not arise from transactions of the corporate entity, and at the time of transaction, affects neither accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences.
- (2) Taxable temporary difference that arises from investment in subsidiaries, provided that the timing of reversal can be controlled and the difference is very unlikely to reverse in the foreseeable future.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Deferred income tax assets are recognized on deductible temporary differences, unused tax losses, and carry forward of unused tax credit to the extent that the Company is likely to earn taxable income to offset them in the future, except for the two circumstances below:

- (1) Deductible temporary difference arising from initial recognition of an asset or liability that is unrelated to transactions of the corporate entity, and at the time of transaction, affects neither accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences.
- (2) Deductible temporary difference arising from investment in subsidiaries, which is recognized only to the extent that the difference is very likely to be reversed in the foreseeable future and that sufficient taxable income can be earned to realize the temporary difference.

Deferred income tax assets and liabilities are measured using tax rate that is expected to apply in the year when the asset is realized or the liability is settled. This tax rate is determined based on the tax rate and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax liabilities and assets represent tax impacts of the method by which the entity expects to recover/settle the book value of its assets and liabilities at the end of the reporting period. Deferred income taxes unrelated to any profit or loss account are not recognized in profit or loss, but are instead recognized in other comprehensive income or directly in equity depending on the nature of the transaction. Deferred income tax asset is re-examined and recognized at the end of each reporting period.

Current portions of deferred income tax assets and liabilities can be offset against each other only if the entity is legally entitled to do so, and that the deferred income taxes are attributed to the same taxpayer and the same tax authority.

(V) Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

When preparing parent company only financial statements, the management is required to make judgments, estimates, and assumptions as at the end of the reporting period, which will affect the amounts of income, expenses, assets, and liabilities reported and disclosure of contingent liabilities. Uncertainties associated with these significant assumptions and estimates may cause the entity to make significant adjustments to the book value of assets or liabilities in the future.

1. Judgment

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

When applying accounting policies for the preparation of financial statements, the management is required to make several significant judgments.

These include:

Operating lease commitments - where the Company is the lessor

Lease arrangements in which the Company retains significant risk and return associated with property ownership, according to the assessments on the terms of the lease agreement, are accounted as operating leases.

2. Estimates and assumptions

Estimates and assumptions made about the future at the end of the reporting period for significant but uncertain sources of information may result in significant risks for material adjustments to the book value of assets and liabilities in the next financial year. Explanation is as follows:

(1) Fair value of financial instruments

When fair value of a financial asset and financial liability shown on balance sheet cannot be obtained through active market, the fair value will be determined using valuation technique, such as the income approach (e.g. discounted cash flow model) or market approach. Changes in the assumptions used in these models will affect the fair value of financial instruments reported. Please see Note (XII) for more details.

(2) Inventories valuation

Due to the fact that inventory is valued at the lower of cost or net realizable value item by item, the Company is required to exercise judgment and estimates to determine the net realizable value of inventory at the end of the reporting period.

Due to rapidly changing technologies, the Company estimates the net realizable value of inventory for normal waste, obsolescence and market value at the end of reporting period and then writes down the cost of inventories to net realizable value. Inventory valuation is estimated primarily based on inventory characteristics, utilization value, historical experience, and market price, and therefore may give rise to significant changes. See Note (VI) for more details.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

(3) Post-employment benefit plans

Pension cost and present value of defined benefit obligations of Post-employment benefit plans are determined using actuarial valuations. The actuarial valuation involves several different assumptions, including: discount rate and expected salary changes. Please see Note (VI) for details on the assumptions used to measure pension cost and defined benefit obligations.

(4) Revenue recognition - sales return and discount

The Company estimates sales return and discount based on historical experience and other known factors, and accounts them as contra items to operating revenues when merchandise is sold. The aforementioned estimates of sales return and discounts are based on the amount of the accumulated revenue recognized in major reversals is highly unlikely to happen based on the premise. See Note (VI) for more details.

(5) Receivables - estimation of impairment losses

The Company estimates impairment loss of receivables by measuring the lifetime expected credit losses. Credit loss is determined as the present value of differences between contractual cash flow that is due to the Company under contracts (book value) and cash flow the Company expects to receive (after evaluating forward-looking information), but considering that the effect of discounting is insignificant for short-term receivables, credit loss is measured using the undiscounted differences. Significant impairment losses may arise if actual cash flow is lower than expected in the future. See Note (VI) for details.

(6) Income tax

Uncertainty of income tax lies in the interpretation of complex tax laws and the amount and timing of future taxable income. Due to the wide range of international business relationships and the long-term nature and complexity of contracts, differences between the actual outcome and the assumptions made previously or future changes to such assumption may necessitate future adjustments to income tax benefits and expenses already recognized. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of provision is recognized after taking into account different factors such as: past tax audit experience and the different interpretations of tax law between the subject of tax and the applicable tax authority. Differences in interpretation may give rise to various issues depending on where the

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

Company is located.

Unused tax losses and tax credits carried into subsequent periods and deductible temporary differences are recognized as deferred income tax assets to the extent that the entity is very likely to earn taxable income to offset against. The amount of deferred income tax assets recognizable is determined based on the timing and level of future taxable income and taxable temporary differences, as well as future tax plans and strategies. See Note (VI) for details of deferred income tax assets that the Company had not recognized as at December 31, 2025.

(VI) Notes to Major Accounts

1. Cash and cash equivalents

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--------------------------|--------------------------|--------------------------|
| Cash | \$155 | \$155 |
| Demand and check deposit | 686,680 | 627,231 |
| Total | <u>\$686,835</u> | <u>\$627,386</u> |

2. Financial assets at fair value through profit or loss – non-current

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---|--------------------------|--------------------------|
| Financial assets mandatorily measured at fair value through profit or loss: | | |
| Fund | <u>\$71,161</u> | <u>\$35,000</u> |

None of the Company's financial assets at fair value through profit or loss was placed as collateral.

3. Financial assets at fair value through other comprehensive income – non-current

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|--------------------------|--------------------------|
| Investment in equity instruments at fair value through other comprehensive income: | | |
| TWSE/TPEX listed shares | \$342 | \$28,714 |
| Unlisted shares | 64,080 | 29,200 |
| Total | <u>\$64,422</u> | <u>\$57,914</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

None of the Company's financial assets at fair value through other comprehensive income was placed as collateral.

Information relating to dividend income for the years ended December 31, 2025 and 2024 from investments in equity instruments at fair value through other comprehensive income held by the Company is as follows:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|---|---|---|
| Related to investments still held at the balance sheet date | \$2,409 | \$2,550 |
| Related to investments excluded in the current period | - | - |
| Dividend income recognized in the current period | <u>\$2,409</u> | <u>\$2,550</u> |

The Company considered the investment strategy to sell and derecognize some investments in equity instruments measured at fair value through other comprehensive income. The relevant information on the derecognition for the years ended December 31, 2025 and 2024 is as follows:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|--|---|---|
| Fair value on the derecognition | \$32,863 | - |
| Accumulated benefits from disposal of other equity transferring to retained earnings | 17,834 | - |

4. Notes receivable

| | December 31, 2025 | December 31, 2024 |
|--|-------------------|-------------------|
| Notes receivable - arising from operating activities | \$2,413 | \$1,970 |
| Less: loss provisions | - | - |
| Total | <u>\$2,413</u> | <u>\$1,970</u> |

None of the Company's notes receivables were placed as collateral.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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The Company assesses impairment according to IFRS 9. Please see Note (VI).16 for information on loss provisions and Note (XII) for credit risk-related information.

5. Accounts receivable and installment accounts receivable

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---|--------------------------|--------------------------|
| Accounts receivable | \$591,582 | \$435,770 |
| Installment accounts receivable | 96,424 | 94,232 |
| Less: unrealized interest income - installment accounts receivable | (8,586) | (8,130) |
| Accounts receivable - related parties | 299 | 4,535 |
| Subtotal (total book value) | <u>679,719</u> | <u>526,407</u> |
| Less: loss provisions | (7,214) | (5,241) |
| Total | <u><u>\$672,505</u></u> | <u><u>\$521,166</u></u> |

Expected recovery of installment accounts receivable is as follows:

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---------------------|--------------------------|--------------------------|
| No more than 1 year | \$47,276 | \$41,001 |
| 1 to 2 years | 16,473 | 29,894 |
| 2 years and above | 24,089 | 15,207 |
| Total | <u><u>\$87,838</u></u> | <u><u>\$86,102</u></u> |

None of the Company's accounts receivable and installment accounts receivable were placed as collateral. Credit terms granted to customers are generally 30 days to 120 days after the end of the month of acceptance inspection.

The Company had accounts receivable and installment accounts receivable balance outstanding at NT\$679,719 thousand on December 31, 2025 and NT\$526,407 thousand on December 31, 2024. See Note (VI).16 for information on loss provisions and Note (XII) for credit risk-related information.

6. Inventories

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|-----------------------------|---------------------------|---------------------------|
| Net inventory - merchandise | <u><u>\$2,904,992</u></u> | <u><u>\$2,604,522</u></u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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Cost of inventory, consultation, and maintenance recognized as expenses for the years ended December 31, 2025 and 2024 were NT\$5,482,337 thousand and NT\$4,901,701 thousand respectively. These amounts included NT59 thousands of loss and NT\$332 thousand of reversal gain on of inventory devaluation and obsolescence for the years ended December 31, 2025 and 2024, respectively.

Provisions for inventory devaluation and obsolescence as at December 31, 2025 and 2024 were reported at NT\$4,035 thousand and NT\$3,976 thousand, respectively.

None of the above inventory was pledged as collateral.

7. Prepayments

| | December 31, 2025 | December 31, 2024 |
|------------------------|--------------------|-------------------|
| Prepaid purchases | \$1,113,866 | \$608,161 |
| Other prepaid expenses | 99,332 | 81,090 |
| Total | <u>\$1,213,198</u> | <u>\$689,251</u> |

8. Investments accounted for using the equity method

Details of the Company's investments accounted for using the equity method:

| Name of investee | December 31, 2025 | | December 31, 2024 | |
|---|-------------------|----------------------------|-------------------|----------------------------|
| | Amount | Percentage of shareholding | Amount | Percentage of shareholding |
| Stark Technology Inc. (USA) | \$10,685 | 100% | \$11,426 | 100% |
| SRAIN Investment Co., Ltd. | 597,638 | 100% | 659,962 | 100% |
| Pacific Ace Holding International Ltd. | 299,273 | 100% | 276,615 | 100% |
| Stark Information (Hong Kong) Limited (Note) | - | - | - | - |
| Total | <u>\$907,596</u> | | <u>\$948,003</u> | |

Note: The board of directors passed the resolution on July 28, 2023 to initiate the dissolution and liquidation process of Stark Information (Hong Kong) Limited. The dissolution and liquidation had been completed on October 4, 2024, in Hong Kong.

Investments in subsidiaries are presented as "Investments accounted for using the equity method" in the parent company only financial statements, with valuation adjustments made as necessary.

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(All amounts in NTD thousands unless otherwise specified)

9. Property, plant and equipment

| | <u>December 31, 2025</u> | | | | | | <u>December 31, 2024</u> | |
|--|--------------------------|------------------|-----------------------------|---------------------|-----------------------|--------------------|--|------------------|
| Owner-occupied property, plant and equipment | <u>\$743,245</u> | | | | | | <u>\$654,484</u> | |
| | Land | Buildings | Transportation equipment | Office equipment | Lease improvements | Other equipment | Construction in progress and equipment awaiting inspection | Total |
| <u>Cost:</u> | | | | | | | | |
| January 1, 2025 | \$348,942 | \$336,518 | \$1,280 | \$30,200 | \$8,142 | \$1,320 | \$31,200 | \$757,602 |
| Additions | 53,471 | 45,358 | - | 6,485 | 291 | - | - | 105,605 |
| Disposals | - | (502) | - | (5,852) | (2,628) | (23) | - | (9,005) |
| Reclassification | 31,200 | - | - | 1,368 | - | - | (31,200) | 1,368 |
| December 31, 2025 | <u>\$433,613</u> | <u>\$381,374</u> | <u>\$1,280</u> | <u>\$32,201</u> | <u>\$5,805</u> | <u>\$1,297</u> | <u>\$-</u> | <u>\$855,570</u> |
| January 1, 2024 | \$291,892 | \$200,311 | \$2,825 | \$39,974 | \$11,173 | \$369 | \$57,200 | \$603,744 |
| Additions | 49,440 | 106,499 | - | 3,433 | 263 | 27 | 12,400 | 172,062 |
| Disposals | - | (1,082) | (1,545) | (16,545) | (3,294) | (347) | - | (22,813) |
| Reclassification | 7,610 | 30,790 | - | 3,338 | - | 1,271 | (38,400) | 4,609 |
| December 31, 2024 | <u>\$348,942</u> | <u>\$336,518</u> | <u>\$1,280</u> | <u>\$30,200</u> | <u>\$8,142</u> | <u>\$1,320</u> | <u>\$31,200</u> | <u>\$757,602</u> |
| <u>Depreciation and impairment:</u> | | | | | | | | |
| January 1, 2025 | \$- | \$83,997 | \$736 | \$14,057 | \$4,235 | \$93 | \$- | \$103,118 |
| Depreciation | - | 8,908 | 213 | 7,510 | 1,152 | 429 | - | 18,212 |
| Disposals | - | (502) | - | (5,852) | (2,628) | (23) | - | (9,005) |
| December 31, 2025 | <u>\$-</u> | <u>\$92,403</u> | <u>\$949</u> | <u>\$15,715</u> | <u>\$2,759</u> | <u>\$499</u> | <u>\$-</u> | <u>\$112,325</u> |
| January 1, 2024 | \$- | \$78,350 | \$1,904 | \$21,745 | \$5,983 | \$345 | \$- | \$108,327 |
| Depreciation | - | 6,729 | 377 | 8,857 | 1,404 | 90 | - | 17,457 |
| Disposals | - | (1,082) | (1,545) | (16,545) | (3,152) | (342) | - | (22,666) |
| December 31, 2024 | <u>\$-</u> | <u>\$83,997</u> | <u>\$736</u> | <u>\$14,057</u> | <u>\$4,235</u> | <u>\$93</u> | <u>\$-</u> | <u>\$103,118</u> |
| <u>Netbook value:</u> | | | | | | | | |
| December 31, 2025 | <u>\$433,613</u> | <u>\$288,971</u> | <u>\$331</u> | <u>\$16,486</u> | <u>\$3,046</u> | <u>\$798</u> | <u>\$-</u> | <u>\$743,245</u> |
| December 31, 2024 | <u>\$348,942</u> | <u>\$252,521</u> | <u>\$544</u> | <u>\$16,143</u> | <u>\$3,907</u> | <u>\$1,227</u> | <u>\$31,200</u> | <u>\$654,484</u> |

The Company did not capitalize any interest for the years ended December 31, 2025 and 2024.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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Major components of buildings include: main structure, parking space, air conditioning, and renovation, which are depreciated over useful lives of 51-56 years, 35 years, 6 years, and 6 years, respectively.

None of the above property, plant and equipment was pledged as collateral.

10. Intangible asset

| | <u>Computer software</u> |
|---|--------------------------|
| Cost: | |
| January 1, 2025 | \$7,266 |
| Addition - acquisition by separate purchase | 13,500 |
| Reduction - removal in the current period | <u>(7,103)</u> |
| December 31, 2025 | <u><u>\$13,663</u></u> |
| January 1, 2024 | \$5,636 |
| Addition - acquisition by separate purchase | 5,228 |
| Addition - internal transfer | 284 |
| Reduction - removal in the current period | <u>(3,882)</u> |
| December 31, 2024 | <u><u>\$7,266</u></u> |
| Amortization and impairment: | |
| January 1, 2025 | \$4,917 |
| Amortization | 7,433 |
| Reduction - removal in the current period | <u>(7,103)</u> |
| December 31, 2025 | <u><u>\$5,247</u></u> |
| January 1, 2024 | \$4,212 |
| Amortization | 4,587 |
| Reduction - removal in the current period | <u>(3,882)</u> |
| December 31, 2024 | <u><u>\$4,917</u></u> |
| Netbook value: | |
| December 31, 2025 | <u><u>\$8,416</u></u> |
| December 31, 2024 | <u><u>\$2,349</u></u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

Amortization amount of intangible assets:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|-------------------------|---|---|
| Administrative expenses | \$7,433 | \$4,587 |

11. Short-term loans

| | December 31, 2025 | December 31, 2024 |
|----------------------|-------------------|-------------------|
| Unsecured bank loans | \$475,000 | \$50,000 |
| Interest rate range | 1.70%~1.95% | 1.93% |

The Company had undrawn short-term credit facilities of NT\$1,526,281 thousand and NT\$1,964,286 thousand as at December 31, 2025 and December 31, 2024, respectively.

12. Provisions

| | Warranty | |
|-----------------------------------|---|---|
| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
| Beginning of period | \$8,157 | \$8,532 |
| Additions in the current period | 11,856 | 13,697 |
| Utilization in the current period | (4,319) | (5,626) |
| Reversals in the current period | (8,733) | (8,446) |
| End of the period | \$6,961 | \$8,157 |

Warranty

This provision was made by estimating future product warranty claims, which involved use of historical experience, the management's judgment and other known factors.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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13. Post-employment benefit plans

Defined Contribution Plans

The retirement policy that the Company has established in accordance with the "Labor Pension Act" introduces a defined contribution plan. According to the Labor Pension Act, the Company is required to make monthly pension fund contributions at an amount no less than 6% of employee's monthly salary. The Company has established a set of employee retirement policy according to the Labor Pension Act, and has been making monthly contributions to employees' pension fund accounts held with the Bureau of Labor Insurance at 6% of salary.

The amounts of recognized pension expenses related defined to contribution plan for the years ended December 31, 2025 and 2024 were NT\$29,551 thousand and NT\$27,949 thousand respectively.

Defined Benefit Plans

The pension policy that the Company has established in accordance with the "Labor Standards Act" introduces a defined benefit plan. Employees' pension benefits were paid based on their years of service and their average salaries during the one month when retirement is approved. Employees are awarded 2 pension basis points for every year of service under (including) 15 years, and 1 pension basis point for every year of service above 15 years, subject to a maximum of 45 pension basis points. The Company makes monthly pension contributions equivalent to 2% of employees' monthly gross salaries in accordance with the Labor Standards Act. These contributions are deposited into the dedicated account held with the Bank of Taiwan in the name of Labor Pension Fund Supervisory Committee. The Company also evaluates the balance of the above-mentioned labor pension fund account before the end of each year. In the event that the account is estimated to be short of balance to pay the amount of estimated pension benefits to workers who are expected to meet their retirement criteria in the following year, the Company is required to reimburse the shortfall in one contribution before the end of March the following year.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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Assets are allocated according to Ministry of Labor's Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Fund assets are managed through a combination of self-management and mandate, using both active and passive medium-to-longer term investment strategies. The Ministry of Labor has imposed risk limits and control measures on market, credit, and liquidity risks, so that fund assets are not exposed to excessive risk while being given the flexibility to achieve target returns. Plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks. Shortfalls may be reimbursed by the public treasury subject to approval of the authority. Since the Company is not involved in the operation and management of the fund, it is unable to disclose the fair value of plan assets according to IAS 19 Section 142.

As at December 31, 2025, the Company expected to make contributions totaling NT\$3,264 thousand to the defined benefit plan in the next year.

As at December 31, 2025 and 2024, weighted average duration of the Company's defined benefit obligations was 1 years and 3 years, respectively.

A breakdown of defined benefit plan costs recognized through profit or loss is explained in the chart below:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|---|---|---|
| Service costs for the current period | \$3,249 | \$3,324 |
| Net interest on net defined benefit liabilities (assets) | 233 | 280 |
| Total | <u>\$3,482</u> | <u>\$3,604</u> |

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

| | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|---|-------------------|-------------------|------------------|
| Present value of defined benefit obligations | \$165,384 | \$165,166 | \$161,153 |
| Fair value of plan assets | <u>(157,385)</u> | <u>(149,495)</u> | <u>(136,593)</u> |
| Net defined benefit liabilities - non-current | <u>\$7,999</u> | <u>\$15,671</u> | <u>\$24,560</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Reconciliation of net defined benefit liabilities (assets):

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|------------------------------|---|
| January 1, 2024 | \$161,153 | \$(136,593) | \$24,560 |
| Service costs for the current period | 3,324 | - | 3,324 |
| Interest expense (income) | 1,837 | (1,557) | 280 |
| Subtotal | 166,314 | (138,150) | 28,164 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses due to change of financial assumption | (1,557) | - | (1,557) |
| Adjustment based on past experience | 2,585 | (7,501) | (4,916) |
| Subtotal | 1,028 | (7,501) | (6,473) |
| Benefits paid | (2,176) | 2,176 | - |
| Employer's contribution | - | (6,020) | (6,020) |
| December 31, 2024 | \$165,166 | \$(149,495) | \$15,671 |
| Service costs for the current period | 3,249 | - | 3,249 |
| Interest expense (income) | 2,461 | (2,228) | 233 |
| Subtotal | 170,876 | (151,723) | 19,153 |
| Remeasurement of defined benefit liabilities/assets: | | | |
| Actuarial gains or losses due to change of financial assumption | 653 | - | 653 |
| Adjustment based on past experience | 647 | (6,464) | (5,817) |
| Subtotal | 1,300 | (6,464) | (5,164) |
| Benefits paid | (6,792) | 6,792 | - |
| Employer's contribution | - | (5,990) | (5,990) |
| December 31, 2025 | \$165,384 | \$(157,385) | \$7,999 |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Below are the main assumptions used for the Company's defined benefit plan:

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|----------------------------------|--------------------------|--------------------------|
| Discount rate | 1.19% | 1.49% |
| Expected rate of salary increase | 1.00% | 1.00% |

Sensitivity analysis per major actuarial assumption:

| | <u>For the year ended December 31, 2025</u> | | <u>For the year ended December 31, 2024</u> | |
|--|--|--|--|--|
| | <u>Increase in defined benefit obligations</u> | <u>Decrease in defined benefit obligations</u> | <u>Increase in defined benefit obligations</u> | <u>Decrease in defined benefit obligations</u> |
| 0.5% increase in the discount rate | \$- | \$1,071 | \$- | \$2,073 |
| 0.5% decrease in the discount rate | 1,165 | - | 2,252 | - |
| 0.5% rise in the expected salary increase rate | 1,182 | - | 2,262 | - |
| 0.5% fall in the expected salary increase rate | - | 1,098 | - | 2,102 |

The above-mentioned sensitivity analysis shows how reasonable changes in a single actuarial estimate (e.g.: discount rate or expected salary) may affect defined benefit obligations while other assumptions remain unchanged. However, there are limitations to this approach, as some actuarial assumptions are intercorrelated and it is rare to see only one actuarial assumption change in practice.

Methodology and assumption for sensitivity analysis of current period is consistent with those of the previous period.

14. Equity

(1) Ordinary share

The Company had authorized capital of NT\$3,400,000 thousand (20,000 thousand shares of which were reserved for the exercise of employee warrants) as at December 31, 2025 and December 31, 2024. Each share carries a face value of NT\$10 and can be issued in multiple offerings. Paid-up capital amounted to NT\$1,063,603 thousand and outstanding shares totaled 106,360 thousand on all two dates. Each share is entitled to one voting right and the right to receive dividends.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

(2) Capital surplus

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|--------------------------|--------------------------|
| Premium on consolidation | \$148,259 | \$148,259 |
| Premium on conversion of convertible bonds | 18,255 | 18,255 |
| Total | <u>\$166,514</u> | <u>\$166,514</u> |

According to regulations, capital surplus cannot be used for any purpose other than reimbursing previous losses. If the Company has no cumulative losses, capital surpluses that arise from shares issued at premium and gifts received may be capitalized into share capital, up to a certain percentage of paid-in capital per year; these capital surpluses may also be distributed in cash among shareholders at the current ownership percentage.

(3) Earnings appropriation and dividend policy

According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve (unless legal reserves have accumulated to an amount equal to the Company's total paid-in share capital). Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws may require. The residual balance can then be added to unappropriated earnings carried from previous years and retained or distributed to shareholders as a form of profit sharing, subject to resolution in a shareholder meeting.

Shareholders' profit sharing can be paid in cash or shares; however, the cash portion shall be no less than 10% of total dividends.

The Company operates in the high-tech industry and is susceptible to the industry's enterprise life cycle. Dividends shall be allocated after taking into consideration several factors including: current and future investment environment, capital requirement, domestic/foreign competition, capital budget, shareholders' expectations, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the board of directors and presented for final resolution in shareholder meeting on a yearly basis.

The distribution of all or part of the dividends and bonuses, if made in cash, is authorized by a resolution passed by the board of directors with the presence of at least two-thirds of the directors and a majority of the attending directors, and reported to the

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

shareholders' meeting. The distribution of all or part of the legal reserve or capital surplus, if made in cash, is also authorized by a resolution passed by the board of directors with the presence of at least two-thirds of the directors and a majority of the attending directors, and reported to the shareholders' meeting.

The Company will be required to provide additional special reserves to make up for the shortfall between the balance of special reserves provided during the first-time adoption of IFRS and the net balance of other contra equity items in years it decides to distribute available earnings. If there is any subsequent reversal of the net decrease in other equity, the reversed part of the net decrease in other equity may be reversed to the special reserve, and be distributed to investors.

In accordance with the order via a letter issued by the FSC on March 31, 2021 referenced Jin-Guan-Zheng-Fa No. 1090150022, if the International Financial Reporting Standards is adopted for the first time, for the unrealized revaluation value addition and cumulative translation adjustment (benefit) in the account which are transferred to retained earnings due to the adoption of the exemption item of IFRS 1 "First Adoption of IFRS" on the conversion date, a special reserve shall be allocated. Subsequently, when the company uses, disposes of, or reclassifies the relevant assets, it may reverse the proportion of the original special reserve for distribution of earnings.

As at December 31, 2025 and 2024, the Company had NT\$144 thousand of special reserves that were provided due to first-time adoption of IFRS.

The Company's 2024 and 2023 earnings appropriation proposal and dividends per share were as presented below:

| | Earnings appropriation plan | | Dividends per share (NTD) | |
|--------------------------------------|-----------------------------|----------|---------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Legal reserve | \$89,497 | \$78,395 | | |
| Cash dividends on ordinary shares | 789,406 | 706,232 | \$7.422 | \$6.64 |

In accordance with the Articles of Association, the Company authorized the board of directors to distribute dividends and bonuses in cash through special resolution. The aforementioned cash dividends on ordinary shares were approved by the board of directors on February 27, 2025 and February 29, 2024 respectively. The remaining earnings distribution items were also approved by the annual general meeting on May

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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29, 2025 and May 31, 2024 respectively.

The Company's 2025 earnings appropriation proposal and dividends per share were as presented below:

| | <u>Earnings appropriation plan</u> | <u>Dividends per share (NTD)</u> |
|--------------------------------------|------------------------------------|----------------------------------|
| | 2025 | 2025 |
| Legal reserve | \$87,723 | |
| Cash dividends on ordinary shares | 829,610 | \$7.8 |

The Company's cash dividends for ordinary shares for 2025 were resolved by the board of directors on February 26, 2026. The remaining earnings distribution items will be submitted for resolution at the annual general meeting held on May 29, 2026.

Please refer to Note (VI).18 for the amount of employee remuneration and director remuneration recognized and the basis of estimation.

15. Operating revenue

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|------------------------------------|---|---|
| Revenues from sale of merchandise | \$5,073,466 | \$4,394,105 |
| Revenues from rendering of service | 2,256,495 | 2,211,602 |
| Other operating revenues | 9,461 | 7,886 |
| Total | <u>\$7,339,422</u> | <u>\$6,613,593</u> |

Information relating to revenue from contracts with customers for the years ended December 31, 2025 and 2024:

(1) Breakdown of revenue

| | <u>Operating segment</u> | |
|----------------------|---|---|
| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
| Sales of merchandise | \$5,073,466 | \$4,394,105 |
| Rendering of service | 2,256,495 | 2,211,602 |
| Others | 9,461 | 7,886 |
| Total | <u>\$7,339,422</u> | <u>\$6,613,593</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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| | Operating segment | |
|--------------------------------|---|---|
| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
| Timing of revenue recognition: | | |
| At a point in time | \$4,896,974 | \$4,401,991 |
| Over time | 2,442,448 | 2,211,602 |
| Total | <u>\$7,339,422</u> | <u>\$6,613,593</u> |

(2) Contract balance

A. Contract assets - current

| | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|---|-------------------|-------------------|------------------|
| Sales of merchandise and rendering of service | \$224,892 | \$311,713 | \$209,562 |
| Less: loss provisions | (4,580) | (3,572) | (1,624) |
| Total | <u>\$220,312</u> | <u>\$308,141</u> | <u>\$207,938</u> |

Major changes in the balance of contract assets for the years ended December 31, 2025 and 2024 are explained below:

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|---|---|---|
| Amount of beginning balance reclassified into accounts receivable in the current period | <u>\$(296,044)</u> | <u>\$(198,969)</u> |
| Changes were measured based on level of completion | <u>\$209,223</u> | <u>\$301,120</u> |

The Company assesses impairment according to IFRS 9. Please see Note (VI).16 for information on loss provisions and Note (XII) for credit risk-related information.

B. Contract liabilities - current

| | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|---|--------------------|--------------------|--------------------|
| Sales of merchandise and rendering of service | <u>\$2,170,561</u> | <u>\$1,627,855</u> | <u>\$1,533,332</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Major changes in the balance of contract liabilities for the years ended December 31, 2025 and 2024 are explained below:

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|--|---|---|
| Amount of beginning balance reclassified into revenue in the current period | <u>\$(1,265,946)</u> | <u>\$(1,170,522)</u> |
| Current increase in advanced receipt (less amounts incurred and reclassified into revenue in the current period) | <u>\$1,808,652</u> | <u>\$1,265,045</u> |

(3) Allocation of transaction price into unfulfilled contractual obligations

As at December 31, 2025, the Company had allocated NT\$7,573,767 thousand of transaction price into unfulfilled (including partially unfulfilled) contractual obligations; 77.92% of which are expected to be recognized as revenue in 2026, whereas the remainder will be recognized as revenue on and after 2027.

(4) Assets recognized from costs of acquiring and fulfilling customer contracts

None.

16. Expected credit impairment loss

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|---|---|---|
| Operating expenses - expected credit impairment loss | | |
| Contract assets | \$1,169 | \$1,677 |
| Accounts receivable | 1,812 | 185 |
| Installment accounts receivable | - | - |
| Total | <u>\$2,981</u> | <u>\$1,862</u> |

Please see Note (XII) for credit risk-related information.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

All of the Company's contract assets and receivable (including notes receivable, accounts receivable, and installment accounts receivable) have loss provisions measured based on Lifetime Expected Credit Losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow (prospective information). For short-term receivables, however, credit loss is not measured using present value difference as the effect of discounting is insignificant. Loss provisions as at December 31, 2025 and 2024 are explained below:

Contract assets and accounts receivables are divided into groups based on counterparties' credit rating, location, and industry, and a provision matrix is used to measure loss provisions. Relevant details are presented below:

December 31, 2025

| Group 1 | Not past due (Note 1) | Past due | | | | | Total |
|---------------------------------|--------------------------|----------------|------------|------------|-------------|--------------------|-----------|
| | | Within 30 days | 31-60 days | 61-90 days | 91-120 days | 121 days and above | |
| Total book value | \$686,604 | \$71,257 | \$64,432 | \$9,115 | \$2,907 | \$71,326 | \$905,641 |
| Loss ratio | 1.2% | 0.5% | 0.8% | 0.5% | 0.6% | 1.5% | |
| Lifetime expected credit losses | (8,413) | (367) | (487) | (50) | (17) | (1,077) | (10,411) |
| Net amount | \$678,191 | \$70,890 | \$63,945 | \$9,065 | \$2,890 | \$70,249 | \$895,230 |

| Group 2 (Note 2) | Not past due | Past due | | | | | Total |
|---------------------------------|--------------|----------------|------------|------------|-------------|--------------------|---------|
| | | Within 30 days | 31-60 days | 61-90 days | 91-120 days | 121 days and above | |
| Total book value | \$- | \$- | \$- | \$- | \$- | \$1,383 | \$1,383 |
| Loss ratio | - | - | - | - | - | 100% | |
| Lifetime expected credit losses | - | - | - | - | - | (1,383) | (1,383) |
| Net amount | \$- | \$- | \$- | \$- | \$- | \$- | \$- |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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December 31, 2024

| Group 1 | Not past due (Note 1) | Past due | | | | | Total |
|---------------------------------|--------------------------|----------------|------------|------------|-------------|--------------------|-----------|
| | | Within 30 days | 31-60 days | 61-90 days | 91-120 days | 121 days and above | |
| Total book value | \$750,590 | \$61,303 | \$14,040 | \$8,245 | \$1,130 | \$3,399 | \$838,707 |
| Loss ratio | 0.9% | 0.6% | 0.7% | 0.5% | 0.5% | 2.1% | |
| Lifetime expected credit losses | (6,872) | (336) | (100) | (45) | (6) | (71) | (7,430) |
| Net amount | \$743,718 | \$60,967 | \$13,940 | \$8,200 | \$1,124 | \$3,328 | \$831,277 |

| Group 2 (Note 2) | Not past due | Past due | | | | | Total |
|---------------------------------|--------------|----------------|------------|------------|-------------|--------------------|---------|
| | | Within 30 days | 31-60 days | 61-90 days | 91-120 days | 121 days and above | |
| Total book value | \$- | \$- | \$- | \$- | \$- | \$1,383 | \$1,383 |
| Loss ratio | - | - | - | - | - | 100% | |
| Lifetime expected credit losses | - | - | - | - | - | (1,383) | (1,383) |
| Net amount | \$- | \$- | \$- | \$- | \$- | \$- | \$- |

Note 1: All notes receivable and contract assets are not past due; loss provisions are measured based on Lifetime expected credit losses.

Note 2: The Company measures loss provision for individual counterparties based on Lifetime Expected Credit Losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow.

Changes in loss provisions on contractual assets, accounts receivable, and installment accounts receivable for the years ended December 31, 2025 and 2024 are explained below:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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| | Contract assets | Accounts receivable | Installment accounts receivable | Total |
|---------------------------------|--------------------|------------------------|---------------------------------------|-----------------|
| January 1, 2025 | \$3,572 | \$5,241 | \$- | \$8,813 |
| Increase for the current period | 1,169 | 1,812 | - | 2,981 |
| Reclassification | (161) | 161 | - | - |
| December 31, 2025 | <u>\$4,580</u> | <u>\$7,214</u> | <u>\$-</u> | <u>\$11,794</u> |

| | Contract assets | Accounts receivable | Installment accounts receivable | Total |
|---------------------------------|--------------------|------------------------|---------------------------------------|----------------|
| January 1, 2024 | \$1,624 | \$5,327 | \$- | \$6,951 |
| Increase for the current period | 1,677 | 185 | - | 1,862 |
| Reclassification | 271 | (271) | - | - |
| December 31, 2024 | <u>\$3,572</u> | <u>\$5,241</u> | <u>\$-</u> | <u>\$8,813</u> |

17. Lease

(1) Where the Company is the lessee

The Company leases several types of assets, including buildings, transportation equipment, and office equipment. Lease tenor of each contract is from 1 to 5 years.

Effects of leases on the Company's financial position, financial performance, and cash flow are explained below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Book value of right-of-use assets

| | December 31, 2025 | December 31, 2024 |
|--------------------------|-------------------|-------------------|
| Buildings | \$11,445 | \$15,844 |
| Transportation equipment | 4,880 | 8,855 |
| Office equipment | 875 | 1,008 |
| Total | <u>\$17,200</u> | <u>\$25,707</u> |

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 (All amounts in NTD thousands unless otherwise specified)

Right-of-use assets increased by NT\$4,958 thousand and NT\$13,141 thousand for the years ended December 31, 2025 and 2024, respectively.

(b) Lease liabilities

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|-------------------|--------------------------|--------------------------|
| Lease liabilities | <u>\$17,558</u> | <u>\$26,052</u> |
| Current | \$8,802 | \$12,193 |
| Non-current | <u>8,756</u> | <u>13,859</u> |
| Total | <u>\$17,558</u> | <u>\$26,052</u> |

Please see Note (VI).19(4) - Financial cost for interest expenses on lease liabilities for the years ended December 31, 2025 and 2024, and Note (XII).5 - Liquidity risk management for maturity analysis of lease liabilities as at December 31, 2025 and 2024.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|--------------------------|---|---|
| Buildings | \$5,444 | \$5,788 |
| Transportation equipment | 7,527 | 8,626 |
| Office equipment | <u>494</u> | <u>535</u> |
| Total | <u>\$13,465</u> | <u>\$14,949</u> |

C. Income, expenses, and losses relating to lease activities as a lessee

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|--------------------------|---|---|
| Short-term lease expense | <u>\$2,369</u> | <u>\$4,736</u> |

D. Cash outflow relating to lease activities as a lessee

The Company incurred NT\$16,258 thousand and NT\$20,189 thousand of lease-related cash outflow for the years ended December 31, 2025 and 2024.

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(All amounts in NTD thousands unless otherwise specified)

18. Summary of employee benefit, depreciation, and amortization expenses by function:

| By function By nature | For the year ended December 31, 2025 | | | For the year ended December 31, 2024 | | |
|--|--------------------------------------|----------------------------------|-----------|--------------------------------------|----------------------------------|-----------|
| | Classified as operating costs | Classified as operating expenses | Total | Classified as operating costs | Classified as operating expenses | Total |
| Employee benefit expenses | | | | | | |
| Wages and salaries | \$76,525 | \$668,039 | \$744,564 | \$77,123 | \$598,975 | \$676,098 |
| Labor and national health insurance expenses | 7,123 | 53,744 | 60,867 | 7,071 | 50,203 | 57,274 |
| Pension expenses | 3,993 | 29,040 | 33,033 | 4,015 | 27,538 | 31,553 |
| Directors' remuneration | - | 5,755 | 5,755 | - | 5,710 | 5,710 |
| Other employee benefit expenses | 3,002 | 25,509 | 28,511 | 2,401 | 22,862 | 25,263 |
| Depreciation expenses | - | 31,677 | 31,677 | - | 32,406 | 32,406 |
| Amortization expenses | - | 7,433 | 7,433 | - | 4,587 | 4,587 |

Note:

- As of December 31, 2025 and 2024, the Company had 652 and 635 employees respectively; the number of directors without concurrent role as employee was 6 in 2025 and 6 in 2024.
- Average employee benefit expenses recognized for the years ended December 31, 2025 and 2024 totaled NT\$1,342 thousand and NT\$1,256 thousand, respectively.
- Average employee salary expenses recognized for the years ended December 31, 2025 and 2024 totaled NT\$1,153 thousand and NT\$1,075 thousand, respectively.
- Change in average employee salary expenses was calculated at 7%.
- The Company's salary and remuneration policy is as follows:
 - Employees:
The Company has developed competitive overall remuneration policies after taking into account the company's overall remuneration positioning in the market, with the reference to the results of industry remuneration surveys, comprehensive

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

consideration of the internal fairness and external competitiveness of the organization, to secure the Company's competitive advantage with respect to human resource.

A. Industry survey on salary policy

The purpose of industry survey on salary policy is to understand changes in the external labor market to ensure the Company can maintain its salary level at a certain degree of external competitiveness. Based on the survey outcome, the Company evaluates differences between its current salary payment level and the market level, as basis for the adjustments of salary level and salary combination form and structure.

B. Internal fairness of salary policy

Based on employees' job category, professional knowledge and technology, job scope and relative contribution to the Company's value, the Company flexibly designs an overall reward policy that offers a combination of financial and non-financial rewards. This policy uses bonus incentives as a means to raise the company's operation, teams, and individual performance.

(2) Directors:

According to the Company's Articles of Incorporation: when the Company makes a profit for the year, the remuneration to directors shall not be higher than 5% of the balance. The board of directors is authorized to determine the level of remuneration to directors based on individual participation and contribution to the Company's operations, and in reference to the usual level of industry peers. In addition, there is regular travel allowance for directors.

Independent directors are compensated primarily based on operating result and their individual contributions to the company's performance, which are positively related to the individual responsibilities for operation of the Company and overall performance. The Company has maintained operating and profit performance above a certain level, and exhibits relatively low risk. Independent directors are paid fixed amount of service fee for every meeting attended. Compensation policies are examined whenever deemed appropriate to conform with actual operating conditions and relevant regulations, and to seek the balance between the Company's sustainable operation and risk control.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

(3) Managers:

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the remuneration to employee shall not be higher than 3% of the balance. Managers' remuneration includes salary and bonus. The amount of remuneration paid to each manager is determined by the Remuneration Committee after taking into consideration their education and career background, authority and responsibilities of the position, individual performance, overall contribution to corporate operations, overall performance of the Company, and peer levels. The compensation procedures shall proceed according to Article 29 of the Company Act.

Pursuant to the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 3% and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. Of the aforementioned employee remuneration amount, no less than 4% should be allocated to remuneration to grassroots employees. And employee remuneration can be made in cash or in shares. This decision must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of all attending directors, and subsequently reported in shareholder meeting. Please visit the "Market Observation Post System" for more information regarding employee/director remuneration resolved in board of director meetings.

Employee remuneration and director remuneration for the year ended December 31, 2025 were estimated at NT\$57,000 thousand (including NT\$4,000 thousand allocated to base employees) and NT\$5,500 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. Employee remuneration and director remuneration for the year ended December 31, 2024 were estimated at NT\$67,000 thousand and NT\$5,500 thousand, respectively, based on profitability of that particular year. The abovementioned amounts were presented under salary expense at the time of estimation, and if the actual amount resolved by the board of directors differs from the estimate, the difference will be recognized as gain or loss for the next year.

The board of directors passed a resolution on February 26, 2026 to pay the 2025 employee remuneration and director remuneration at NT\$57,000 thousand (including NT\$4,000 thousand allocated to base employees) and NT\$5,500 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2025 financial statements.

The board of directors passed a resolution on February 27, 2025 to pay the 2024 employee

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

remuneration and director remuneration at NT\$67,000 thousand and NT\$5,500 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2024 financial statements.

19. Non-operating income and expenses

(1) Interest income

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|-------------------------------------|---|---|
| Financial assets at amortized costs | \$9,463 | \$8,182 |

(2) Other income

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|-----------------------|---|---|
| Grant income | \$68,284 | \$52,318 |
| Dividend income | 2,409 | 2,550 |
| Rental income | 900 | 969 |
| Other income - others | 818 | 684 |
| Total | \$72,411 | \$56,521 |

(3) Other gains and losses

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|--|---|---|
| Losses on disposal of property, plant, and equipment | \$- | \$(147) |
| Net (losses) gains on currency exchange | (25,995) | 4,366 |
| Gains on financial assets at fair value through profit or loss | 1,161 | - |
| Others | - | 800 |
| Total | \$(24,834) | \$5,019 |

(4) Finance costs

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|--|---|---|
| Interest expenses on bank loans | \$3,454 | \$1,188 |
| Interest expenses on lease liabilities | 437 | 526 |
| Total | \$3,891 | \$1,714 |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

20. Composition of other comprehensive income

Composition of other comprehensive income for the year ended December 31, 2025 is explained below:

| | Arising in the current period | Reclassifications in the current period | Other comprehensive income | Income tax expenses | Amount after tax |
|--|-------------------------------------|---|----------------------------------|------------------------|---------------------|
| Items not reclassified into profit or loss: | | | | | |
| Remeasurement of defined benefit plans | \$5,164 | \$- | \$5,164 | \$(1,033) | \$4,131 |
| Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income | 3,953 | - | 3,953 | - | 3,953 |
| Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method | 8,104 | - | 8,104 | - | 8,104 |
| Items likely to be reclassified into profit or loss: | | | | | |
| Exchange differences on translation of foreign operations | 1,072 | - | 1,072 | - | 1,072 |
| Total other comprehensive income for the current period | <u>\$18,293</u> | <u>\$-</u> | <u>\$18,293</u> | <u>\$(1,033)</u> | <u>\$17,260</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the year ended December 31, 2024 is explained below:

| | Arising in the current period | Reclassifications in the current period | Other comprehensive income | Income tax expenses | Amount after tax |
|--|-------------------------------------|---|----------------------------------|------------------------|---------------------|
| Items not reclassified into profit or loss: | | | | | |
| Remeasurement of defined benefit plans | \$6,473 | \$- | \$6,473 | \$(1,295) | \$5,178 |
| Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income | (2,250) | - | (2,250) | - | (2,250) |
| Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method | 64,409 | - | 64,409 | - | 64,409 |
| Items likely to be reclassified into profit or loss: | | | | | |
| Exchange differences on translation of foreign operations | 12,042 | - | 12,042 | - | 12,042 |
| Total other comprehensive income for the current period | <u>\$80,674</u> | <u>\$-</u> | <u>\$80,674</u> | <u>\$(1,295)</u> | <u>\$79,379</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

21. Income tax

Main components of income tax expense for the years ended December 31, 2025 and 2024 are explained below:

Income tax recognized in profit or loss

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|--|---|---|
| Current income tax expenses (benefits): | | |
| Current income tax payable | \$188,191 | \$178,180 |
| Adjustment of current income tax of previous years | (9,271) | (8,179) |
| Deferred income tax expenses: | | |
| Deferred income tax expenses relating to the origination and reversal of temporary differences | 7,414 | 4,891 |
| Offset (reversal of previous offset) of deferred income tax asset | 12 | (67) |
| Income tax expenses | <u>\$186,346</u> | <u>\$174,825</u> |

Income tax recognized under other comprehensive income

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|--|---|---|
| Deferred income tax expenses: | | |
| Remeasurement of defined benefit plans | <u>\$(1,033)</u> | <u>\$(1,295)</u> |

Reconciliation of income tax expense and the amount of accounting profit multiplied with applicable income tax rate:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 |
|--|---|---|
| Income before income tax from continuing operations | \$1,037,638 | \$972,884 |
| Tax amount calculated by applying the domestic statutory tax rate of related countries | \$207,528 | \$194,577 |
| Income tax effect of tax-exempt income | (482) | - |
| Tax effects of non-deductible expenses | (12,244) | (11,506) |
| Tax effects of deferred income tax assets/liabilities | 12 | (67) |
| Adjustment of current income tax of previous years | (9,271) | (8,179) |
| Additional tax on undistributed earnings | 803 | - |
| Total income tax expense recognized in profit or loss | <u>\$186,346</u> | <u>\$174,825</u> |

Balance of deferred income tax assets (liabilities) relating to the items below:

For the year ended December 31, 2025

| | Beginning of period | Recognized in profit or loss | Recognized in other comprehensive income | End of period |
|---|------------------------|------------------------------------|---|-------------------|
| Temporary difference | | | | |
| Financial assets at fair value through profit or loss | \$- | \$(232) | | \$(232) |
| Investments accounted for using the equity method | (38,212) | (4,157) | - | \$(42,369) |
| Employee benefits payable | 2,413 | (2,103) | - | 310 |
| Net defined benefit liabilities - non-current | 3,134 | (501) | (1,033) | 1,600 |
| Unrealized gains on currency exchange | (95) | (654) | - | (749) |
| Excess allowance for doubtful accounts | 82 | 461 | - | 543 |
| Provisions | 1,632 | (240) | - | 1,392 |
| Deferred income tax expense | | <u>\$(7,426)</u> | <u>\$(1,033)</u> | |
| Net deferred income tax assets (liabilities) | <u>\$31,046</u> | | | <u>\$39,505</u> |
| Information presented under the balance sheet: | | | | |
| Deferred income tax assets | <u>\$7,261</u> | | | <u>\$3,845</u> |
| Deferred income tax liabilities | <u>\$(38,307)</u> | | | <u>\$(43,350)</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

For the year ended December 31, 2024

| | Beginning of period | Recognized in profit or loss | Recognized in other comprehensive income | End of period |
|--|------------------------|------------------------------------|---|-------------------|
| Temporary difference | | | | |
| Investments accounted for using the equity method | \$(36,090) | \$(2,122) | \$- | \$(38,212) |
| Employee benefits payable | 4,606 | (2,193) | - | 2,413 |
| Net defined benefit liabilities - non-current | 4,912 | (483) | (1,295) | 3,134 |
| Unrealized gains on currency exchange | (62) | (33) | - | (95) |
| Excess allowance for doubtful accounts | - | 82 | - | 82 |
| Provisions | 1,707 | (75) | - | 1,632 |
| Deferred income tax expense | | <u>\$(4,824)</u> | <u>\$(1,295)</u> | |
| Net deferred income tax assets (liabilities) | <u>\$(24,927)</u> | | | <u>\$(31,046)</u> |
| Information presented under the balance sheet: | | | | |
| Deferred income tax assets | <u>\$11,225</u> | | | <u>\$7,261</u> |
| Deferred income tax liabilities | <u>\$(36,152)</u> | | | <u>\$(38,307)</u> |

Items not recognized as deferred income tax asset

As at December 31, 2025 and 2024, the entity had NT\$812 thousand and NT\$800 thousand, respectively, that were not recognized as deferred income tax assets.

Assessment of income tax return

As at December 31, 2025, the Company's income tax returns had been certified up to 2023.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

22. Earnings per share (EPS)

Amount of basic earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period.

Amount of diluted earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period, including all potential dilutive ordinary shares assuming total conversion.

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|---|---|---|
| (1) Basic earnings per share | | |
| Current net income (NTD thousands) | <u>\$851,292</u> | <u>\$798,059</u> |
| Weighted average outstanding ordinary shares for basic earnings per share (thousand shares) | <u>106,360</u> | <u>106,360</u> |
| Basic earnings per share (NTD) | <u>\$8.00</u> | <u>\$7.50</u> |
| (2) Diluted earnings per share | | |
| Current net income (NTD thousands) | <u>\$851,292</u> | <u>\$798,059</u> |
| Weighted average outstanding ordinary shares for basic earnings per share (thousand shares) | 106,360 | 106,360 |
| Dilutive effect: | | |
| Employee remuneration (thousand shares) | <u>445</u> | <u>576</u> |
| Weighted average outstanding ordinary shares after adjustment for dilutive effect (thousand shares) | <u>106,805</u> | <u>106,936</u> |
| Diluted earnings per share (NTD) | <u>\$7.97</u> | <u>\$7.46</u> |

There had been no other transaction that significantly changed the number of closing outstanding ordinary shares or potential ordinary shares after the reporting date up until the publication date of financial statements.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

(VII) Related party transactions

Transactions with related parties during the financial reporting period:

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|--------------------------------|--------------------------------------|
| Stark Technology Inc. (U.S.A.) | Subsidiary of the Company |
| SRAIN Investment Co., Ltd. | Subsidiary of the Company |
| Stark Inforcom Inc. | Subsidiary of the Company |
| Shanghai Stark Technology Inc. | Subsidiary of the Company |
| STARK (NINGBO) Technology Inc. | Subsidiary of the Company |

1. Sales

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|---------------------------|---|---|
| Subsidiary of the Company | <u>\$2,716</u> | <u>\$12,949</u> |

Sales to related parties are priced by adding a 3%~20% markup of gross profit on cost, through negotiation, or at 90%~99% of normal retail price. Sales to related parties are collected 30~120 days after inspection; sales to non-related parties are collected 30~90 days after inspection.

2. Purchase

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|---------------------------|---|---|
| Subsidiary of the Company | <u>\$1,462</u> | <u>\$1,469</u> |

Purchases from related parties are priced by adding a 3%~30% markup to cost or through negotiation. Purchases from related parties are paid 7~30 days after delivery or 30~120 days after inspection; purchases from non-related parties are paid 30~60 days after month-end of the following month.

3. Accounts receivable - related parties

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---------------------------|--------------------------|--------------------------|
| Subsidiary of the Company | \$299 | \$4,535 |
| Less: loss provisions | - | - |
| Net amount | <u>\$299</u> | <u>\$4,535</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

4. Accounts payable - related parties, net

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---------------------------|--------------------------|--------------------------|
| Subsidiary of the Company | \$55 | \$- |

5. Rental income

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|---------------------------|---|---|
| Subsidiary of the Company | \$888 | \$957 |

6. Compensation for key management of the Company

| | <u>For the year ended December 31, 2025</u> | <u>For the year ended December 31, 2024</u> |
|------------------------------------|---|---|
| Short-term employee benefits | \$121,864 | \$117,479 |
| Post-employment benefits - pension | 6,373 | 3,866 |
| Total | <u>\$128,237</u> | <u>\$121,345</u> |

(VIII) Pledged assets

The Company had placed the following assets as collaterals:

| <u>Item</u> | <u>December 31, 2025</u> | <u>December 31, 2024</u> | <u>Details of debts secured</u> |
|--------------------------------------|--------------------------|--------------------------|---|
| Other financial assets - current | \$1,350 | \$1,287 | Customer performance, warranty, and bid |
| Other financial assets - non-current | 11,615 | 11,677 | Customer performance, warranty, and bid |
| Total | <u>\$12,965</u> | <u>\$12,964</u> | |

(IX) Significant contingent liabilities and unrecognized contract commitments

Unrecognized contract commitments

1. The Company had engaged financial institutions to provide guaranteed amount of NT\$72,676 thousand for project performance and tariff guaranteed amount.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

2. The Company had issued NT\$12,656 thousand of guaranteed notes to customers and banks to secure sales and borrowing limits.

Contingency

1. The Company received a complaint of criminal incidental civil lawsuit filed by the Taiwan Taipei District Court on May 10, 2022, for the Company's employee violating the Securities and Exchange Act. FUJIFILM Business Innovation Taiwan Co., Ltd. (hereinafter referred to as Fujifilm) filed a criminal incidental civil lawsuit against other companies, individuals, the Company and the Company's vice president surnamed Gao, a total of 15 defendants, requesting if one of the 15 defendants pays all or part of the damages, the other defendants are exempted from the obligation to pay within the scope of the payment.

On October 1, 2024, the Company received a notice from the Criminal Division of the Taiwan Taipei District Court, notifying the Company to participate in the confiscation proceedings in a criminal case involving the defendant, the vice president surnamed Gao, and others for alleged violations of the Securities and Exchange Act. On May 19, 2025, the Company received the criminal judgment of the Taiwan Taipei District Court. Both the Company and the vice president surnamed Kao disagreed with the first-instance criminal judgment and each engaged legal counsel to file an appeal on June 4, 2025. The case is currently under trial at the Taiwan High Court. In addition, on May 12, 2025, the Company received a ruling from the Criminal Division of the Taiwan Taipei District Court stating that the incidental civil action attached to the criminal case would be transferred to the Civil Division for trial. On October 20, 2025 the Company received a notice from the Civil Division of the Taiwan Taipei District Court that the court would conduct mediation proceedings for the case on December 2, 2025. The Company has engaged legal counsel to handle the matter, and the case is under trial at the Civil Division of the Taiwan Taipei District Court.

2. The Company received a complaint of civil lawsuit filed by the Taiwan Taipei District Court on August 31, 2022. Fujifilm filed a civil lawsuit against the Company, the Company's vice president surnamed Gao, other companies and individuals, a total of 18 defendants, requesting if one of the 18 defendants pays all or part of the damages, the other defendants are exempted from the obligation to pay within the scope of the payment. The Company has engaged legal counsel to handle the matter, and the case is under trial at the Civil Division of the Taiwan Taipei District Court.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

As at December 31, 2025, the Company has assessed that the aforementioned events will not have a significant impact on the Company's current operations.

(X) Losses from Major Disasters

None.

(XI) Significant Subsequent Events

None.

(XII) Others

1. Types of financial instrument

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at fair value through profit or loss | \$71,161 | \$35,000 |
| Financial assets at fair value through other comprehensive income | 64,422 | 57,914 |
| Financial assets at amortized costs | | |
| Cash and cash equivalents (excluding cash on hand) | 686,680 | 627,231 |
| Receivables | 642,350 | 483,326 |
| Long-term receivables | 40,562 | 45,101 |
| Other financial assets | 12,965 | 12,964 |
| Refundable deposits | 262,076 | 214,250 |
| Subtotal | <u>1,644,633</u> | <u>1,382,872</u> |
| Total | <u>\$1,780,216</u> | <u>\$1,475,786</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized costs: | | |
| Short-term loans | \$475,000 | \$50,000 |
| Payables | 1,386,256 | 1,360,680 |
| Lease liabilities | 17,558 | 26,052 |
| Guarantee deposits | 5,451 | 5,753 |
| Total | <u>\$1,884,265</u> | <u>\$1,442,485</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

2. Purpose and policy of financial risk management

The Company has set its financial risk management goals to primarily manage market risks, credit risks, and liquidity risks relating to operating activities. The abovementioned risks are identified, measured, and managed according to the Company's policies and risk preference.

The Company has implemented appropriate policies, procedures, and internal controls for the management of financial risks mentioned above. All important financial activities are subject to review by the board of directors and Audit Committee in accordance with rules and the internal control system. The Company is required to duly comply with its financial risk management rules when carrying out financial management activities.

3. Market risk

Changes in the market price of financial instruments are the type of market risk that the Company is most concerned with. Market risk may cause fluctuation in the fair value or cash flow of financial instruments, and mainly include exchange rate risk, interest rate risk, and other price risk.

In practice, however, it is extremely rare to see only one risk variable changing at one time. Although risk variables tend to be correlated to some degree, the sensitivity analysis below has not taken into consideration the inter-correlation of risk variables.

Exchange rate risk

The Company's exchange rate risk exposure is mainly associated with operating activities (when the currency of income or expense is different from the Company's functional currency) and net investments in foreign operations.

Some of the Company's foreign currency receivables and foreign currency payables are denominated in the same currencies, which create natural hedge to some extent. However, the Company did not adopt hedge accounting as natural hedge does not conform with the requirements for hedge accounting. Meanwhile, net investments in foreign operations represent strategic investments, therefore the Company did not hedge this exposure.

Sensitivity analysis for exchange rate risk is conducted on monetary items denominated in key foreign currencies as at the balance sheet date, and the analysis evaluates how a strengthening/weakening of foreign currency affects the Company's profits and equity. Exchange rate risks of the Company are mainly attributed to the volatility of USD currency. Sensitivity analysis for the currency is provided below:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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If NTD strengthened/weakened against USD by 1%, losses for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$990 thousand and NT\$262 thousand, whereas equity would have decreased/increased NT\$107 thousand and NT\$115 thousand, respectively.

Interest rate risk

Interest rate risk refers to fluctuations in the fair value or future cash flow of a financial instrument due to changes in market interest rate. The Company's exposure to interest rate risk arises mainly from loans borrowed at floating rate. However, given that the Company currently has no such loan outstanding, it is not exposed to any material interest rate risk.

The sensitivity analysis of interest rate risk mainly focuses on floating rate loans at the end of the financial reporting period, and assumes that they are held for one fiscal year. When the interest rate rises/falls by ten basis points, the Company's losses for the years ended December 31, 2025 and 2024 would have increased/decreased NT\$71 thousand and NT\$9 thousand, respectively.

Equity price risk

The Company holds TWSE/TPEX listed as well as unlisted equity securities; the fair value of investments may be affected by uncertainties associated with the future value. All TWSE/TPEX listed and unlisted equity securities held by the Company are classified as equity instruments at fair value through other comprehensive income. The Company manages equity price risk of equity securities through diversified investment and by setting investment limits on single and a portfolio of instruments. Information on portfolio of equity securities has to be provided to the Company's management on a regular basis; the board of directors is required to verify and approve all decisions concerning investment of equity securities.

A 10% rise/fall in the price of TWSE/TPEX listed shares held as investments in equity instruments at fair value through other comprehensive income would have affected the Company's equity by NT\$34 thousand and NT\$2,871 thousand for the years ended December 31, 2025 and 2024, respectively.

4. Credit risk management

Credit risk refers to the possibility of financial losses suffered due to counterparties becoming unable to fulfill contractual obligations. The Company's credit risk exposure

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
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mainly arises from operating activities (primarily accounts receivable and notes receivable) and financing activities (primarily bank deposits and financial instruments).

All departments of the Company manage credit risks according to prevailing policies, procedures, and controls. Counterparty credit risk is evaluated after taking into consideration each counterparty's financial position, external credit rating, historical transactions, the current economic environment, and the Company's internal rating standards, etc. The Company uses credit enhancement tools (such as advanced receipt and insurance) at appropriate times to minimize credit risk of specific counterparties.

The Company's top 10 customers accounted for 18% and 33% of total contract assets and accounts receivable balance as at December 31, 2025, and 2024, respectively. Judging by the above, there was no concentration of credit risk in the Company's contract assets and accounts receivable.

The Finance Department manages credit risk of bank deposits and other financial instruments according to Company policies. All counterparties of the Company are approved according to internal control procedures, and consist entirely of reputable banks, investment-grade financial institutions, companies, and government agencies, hence no major credit risk exists.

The Company assesses expected credit losses according to IFRS 9. Information relating to credit risk assessment is presented below:

| Credit risk grade | Indicator | Method of measuring expected credit loss | Total book value | |
|----------------------------|-----------|--|-------------------|-------------------|
| | | | December 31, 2025 | December 31, 2024 |
| Simplified approach (Note) | (Note) | Lifetime expected credit losses | \$907,024 | \$840,090 |

Note: The Company adopts the simplified approach (loss provision is measured based on Lifetime expected credit losses); the assessment covers contract assets, notes receivable, accounts receivable, and installment accounts receivable.

5. Liquidity risk management

The Company uses cash and cash equivalents, marketable securities, bank loans, leases, and contracts to maintain financial flexibility.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

The following table shows maturity of financial liabilities as stated in contract terms and conditions. The dates represent the earliest times at which the Company may be required to make repayments, whereas the amounts are undiscounted and include agreed interests. Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

Non-derivative financial liabilities

| | <u>Less than 1 year</u> | <u>2 to 3 years</u> | <u>4 to 5 years</u> | <u>More than 5 years</u> | <u>Total</u> |
|----------------------|-------------------------|---------------------|---------------------|--------------------------|--------------|
| December 31, 2025 | | | | | |
| Short-term loans | \$476,306 | \$- | \$- | \$- | \$476,306 |
| Payables | 1,386,256 | - | - | - | 1,386,256 |
| Lease liabilities | 9,063 | 7,759 | 1,175 | - | 17,997 |
| December 31, 2024 | | | | | |
| Short-term loans | \$50,167 | \$- | \$- | \$- | \$50,167 |
| Payables | 1,360,680 | - | - | - | 1,360,680 |
| Lease liabilities | 12,592 | 10,724 | 3,317 | 192 | 26,825 |

6. Reconciliation of liabilities relating to financing activities

Reconciliation of liabilities for the year ended December 31, 2025:

| | <u>Short-term loans</u> | <u>Guarantee deposits</u> | <u>Lease liabilities</u> | <u>Total</u> |
|-------------------|-------------------------|---------------------------|--------------------------|------------------|
| January 1, 2025 | \$50,000 | \$5,753 | \$26,052 | \$81,805 |
| Non-cash movement | - | - | 5,395 | 5,395 |
| Cash flow | 425,000 | (302) | (13,889) | 410,809 |
| December 31, 2025 | <u>\$475,000</u> | <u>\$5,451</u> | <u>\$17,558</u> | <u>\$498,009</u> |

Reconciliation of liabilities for the year ended December 31, 2024:

| | <u>Short-term loans</u> | <u>Guarantee deposits</u> | <u>Lease liabilities</u> | <u>Total</u> |
|-------------------|-------------------------|---------------------------|--------------------------|-----------------|
| January 1, 2024 | \$- | \$7,098 | \$27,838 | \$34,936 |
| Non-cash movement | - | - | 13,667 | 13,667 |
| Cash flow | 50,000 | (1,345) | (15,453) | 33,202 |
| December 31, 2024 | <u>\$50,000</u> | <u>\$5,753</u> | <u>\$26,052</u> | <u>\$81,805</u> |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

7. Fair value of financial instruments

(1) Fair value assessment techniques and assumptions

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. The Company has adopted the following techniques and assumptions when measuring and disclosing fair values of financial assets and liabilities:

- A. Book value of cash and cash equivalents, receivables, payables, and other current liabilities closely resemble their fair value due to their short maturity.
- B. Financial assets and liabilities that are traded on active markets at standard terms and conditions shall have fair value determined by market quotation (e.g. TWSE/TPEX listed shares).
- C. Equity instruments without active market (e.g. privately placed shares of TWSE/TPEX listed companies, shares of unlisted public and private companies without active market) shall have fair value estimated using the market approach, which infers fair values from transaction price or other relevant information (such as discount for lack of liquidity, P/E and P/B ratios of similar companies etc.) of same or comparable equity instruments.
- D. For bank loans, and other non-current liabilities without quotation in active market, fair value is determined by counterparty's quotation or through the use of valuation technique. The valuation technique takes a discounted cash flow approach, and assumptions such as interest rate and discount rate are established in reference to instruments of similar nature.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

(2) Fair value of financial instruments carried at cost after amortization

Book value of financial assets and liabilities carried at amortized costs closely resemble their fair value.

(3) Fair value hierarchy for financial instruments

See Note (XII).8 for information relating to fair value hierarchy for financial instruments.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

For all assets and liabilities measured or disclosed at fair value, fair value measurement is categorized in their entirety in the level of the lowest level input that is significant to the entire measurement. The different levels of inputs used are explained below:

Level 1 input: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature.

Level 2 input: Inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.

Level 3 input: Inputs that cannot be observed for an asset or liability.

Assets and liabilities that are recognized on financial statements on a recurring basis shall have classification reassessed on each balance sheet date to determine if transfer of fair value hierarchy has taken place.

(2) Information on fair value hierarchy

The Company did not have any asset that is measured at fair value on a non-recurring basis. Hierarchy of assets with recurring fair value measurement is explained below:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

December 31, 2025:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|----------------|----------------|------------------|------------------|
| Assets at fair value: | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Capital | \$- | \$- | \$71,161 | \$71,161 |
| Financial assets at fair value | | | | |
| through other comprehensive | | | | |
| income | | | | |
| Equity Instruments | 342 | - | 64,080 | 64,422 |
| Total | <u>\$342</u> | <u>\$-</u> | <u>\$135,241</u> | <u>\$135,583</u> |

December 31, 2024:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-----------------|----------------|-----------------|-----------------|
| Assets at fair value: | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Capital | \$- | \$- | \$35,000 | \$35,000 |
| Financial assets at fair value | | | | |
| through other comprehensive | | | | |
| income | | | | |
| Equity Instruments | 28,714 | - | 29,200 | 57,914 |
| Total | <u>\$28,714</u> | <u>\$-</u> | <u>\$64,200</u> | <u>\$92,914</u> |

Transfer of fair value hierarchy between level 1 and level 2

There had been no transfer of fair value hierarchy between level 1 and level 2 for the years ended December 31, 2025 and 2024 that involved assets or liabilities with fair value measured on a recurring basis.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

Transfer of level 3 input for recurring fair value measurements

The adjustment of the beginning to ending balance for level 3 input that involved assets with recurring fair value measurement, is presented as follows:

| | Asset | | Subtotal |
|--|----------------|---------------------|-----------|
| | At fair | At fair | |
| | value through | value through other | |
| | profit or loss | comprehensive | |
| | Capital | Stock | |
| January 1, 2025 | \$35,000 | \$29,200 | \$64,200 |
| Total recognized income (loss) in the current period: | | | |
| Recognized in gain or loss (reported under "Other gains and losses") | 1,161 | - | 1,161 |
| Required in the current period | 35,000 | 34,880 | 69,880 |
| December 31, 2025 | \$71,161 | \$64,080 | \$135,241 |

| | Asset | | Subtotal |
|--------------------------------|----------------|---------------------|----------|
| | At fair | At fair | |
| | value through | value through other | |
| | profit or loss | comprehensive | |
| | Capital | Stock | |
| January 1, 2024 | \$- | \$29,200 | \$29,200 |
| Required in the current period | 35,000 | - | 35,000 |
| December 31, 2024 | \$35,000 | \$29,200 | \$64,200 |

Among the total profits (losses) recognized above in profit and loss, the profits and losses related to the assets held as at December 31, 2025 and 2024 were NT\$1,161 thousand and NT\$0 thousand, respectively.

Information on the use of significant unobservable inputs in level 3 fair value measurement

The following significant unobservable inputs were used for level 3 measurement of assets with recurring fair value measurement:

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

December 31, 2025:

| | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Quantitative information</u> | <u>Relationship between input and fair value</u> | <u>Sensitivity analysis on relationship between input and fair value</u> |
|---|----------------------------|---------------------------------------|---------------------------------|--|--|
| Financial assets: | | | | | |
| Financial assets at fair value through profit or loss | | | | | |
| Capital | Net Asset Approach | Lack of market liquidity | 10% | The higher the lack of market liquidity, the lower the fair value estimate | If the lack of market liquidity rises (falls) by 10%, the Company's losses would increase (decrease) by NT\$7,116 thousand. |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stock | Market Price Approach | Discount for lack of liquidity | 20% | The higher the lack of liquidity, the lower the fair value estimate | If P/E ratio of stocks of similar companies rises (falls) by 10%, the Company's profits would increase (decrease) by NT\$6,408 thousand. |

December 31, 2024 (Note):

| | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Quantitative information</u> | <u>Relationship between input and fair value</u> | <u>Sensitivity analysis on relationship between input and fair value</u> |
|---|----------------------------|---------------------------------------|---------------------------------|---|--|
| Financial assets: | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Stock | Asset Approach | Discount for lack of liquidity | 20% | The higher the lack of liquidity, the lower the fair value estimate | If P/E ratio of a similar share rises (falls) by 10%, the Company's profits would increase (decrease) by NT\$2,920 thousand. |

Note: For capital investment items measured at fair value through profit or loss, since

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

the investment began on December 30, 2024, and is currently in the capital contribution stage with no significant operating activities initiated by the investees. Therefore, the fair value measurement amount is consistent with the contribution amount.

(3) Mandatory disclosure of fair value hierarchy for items not measured at fair value: None.

9. Significant foreign currency-denominated financial assets and liabilities

The Company had the following significant foreign currency-denominated financial assets and liabilities:

| | Unit: thousand | | |
|------------------------------|-------------------|---------------|-----------|
| | December 31, 2025 | | |
| | Foreign currency | Exchange rate | NTD |
| <u>Financial assets</u> | | | |
| Monetary items: | | | |
| USD | \$4,073 | 31.41 | \$127,923 |
| SGD | 240 | 24.425 | 5,869 |
| Non-monetary items: | | | |
| USD | 340 | 31.41 | 10,685 |
| <u>Financial liabilities</u> | | | |
| Monetary items: | | | |
| USD | 920 | 31.41 | 28,902 |
| December 31, 2024 | | | |
| | Foreign currency | Exchange rate | NTD |
| <u>Financial assets</u> | | | |
| Monetary items: | | | |
| USD | \$925 | 32.785 | \$30,311 |
| SGD | 40 | 24.12 | 974 |
| Non-monetary items: | | | |
| USD | 349 | 32.785 | 11,426 |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
 (All amounts in NTD thousands unless otherwise specified)

| | December 31, 2024 | | |
|------------------------------|-------------------|---------------|-------|
| | Foreign currency | Exchange rate | NTD |
| <u>Financial liabilities</u> | | | |
| Monetary items: | | | |
| USD | 124 | 32.785 | 4,052 |
| SGD | 44 | 24.12 | 1,062 |

Due to the broad diversity of functional currencies used, the Company was unable to disclose exchange gains/losses on monetary financial assets and liabilities separately for each significant foreign currency. The Company incurred NT\$(25,995) thousand and NT\$4,366 thousands of (losses) gains on currency exchange for the years ended December 31, 2025 and 2024, respectively.

10. Capital management

The primary goals of the Company's capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Company manages and adjusts capital structure based on changes in economic circumstances. The Company maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

(XIII) Other Disclosures

1. Information related to significant transactions:

(1) Loans to external parties: None.

(5) Endorsements/guarantees provided for others: None.

(6) Holding of marketable securities at the end of the period (not including investment in subsidiaries, associates and joint ventures):

| Name of the investor | Type of marketable security | Name of marketable security | Relationship between the securities issuer and the Company | Financial statement account | End of the period | | | |
|----------------------------|-----------------------------|--------------------------------------|---|---|-------------------|------------|----------------------------|------------|
| | | | | | Shares/units | Book value | Percentage of shareholding | Fair value |
| Stark Technology Inc. | TWSE listed stock | ITEQ Corporation | - | Financial assets at fair value through other comprehensive income - non-current | 1,829 | \$208 | -% | \$208 |
| | Stock | Ausenior Information Co., Ltd. | Stark Technology Inc. is the director of Ausenior Information Co., Ltd. | Financial assets at fair value through other comprehensive income - non-current | 4,180,000 | 60,880 | 19.00% | 60,880 |
| | Capital | CDIB-TEN Capital Limited Partnership | - | Financial assets at fair value through profit or loss - non-current | - | 71,161 | 2.99% | 71,161 |
| SRAIN Investment Co., Ltd. | TWSE listed stock | ITEQ Corporation | - | Financial assets at fair value through other comprehensive income - non-current | 187,614 | 21,294 | 0.05% | 21,294 |
| | Stock | Azalea Technology Inc. | - | Financial assets at fair value through other comprehensive income - non-current | 1,391,027 | 13,500 | 10.62% | 13,500 |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

(4) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

(5) Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

(6) Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries:

For the year ended December 31, 2025:

| Serial No. (Note 1) | Name of transacting party | Counterparty | Relationship with the transacting party (Note 2) | Transaction summary | | | |
|------------------------|---------------------------|-----------------------------------|--|---------------------|---------|---|--|
| | | | | Account | Amount | Transaction terms | As a percentage of consolidated net revenues or total assets (Note 3) |
| 0 | Stark Technology Inc. | Stark Technology Inc. (USA) | 1 | Purchase | \$1,445 | Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery. | 0.02% |
| | | | | Accounts payable | 55 | | -% |
| 0 | Stark Technology Inc. | Stark Inforcom Inc. | 1 | Sales revenue | 780 | Selling price is determined at 90%-99% of general selling price or through negotiation. Collection term is 30-120 days after acceptance inspection. | 0.01% |
| | | | | Accounts receivable | 299 | | -% |
| | | | | Purchase | 17 | Purchase price is determined by applying a 3%-20% markup on cost or through negotiation. Payment term is 30-120 days after acceptance inspection. | -% |
| | | | | Rental income | 774 | | - |
| 0 | Stark Technology Inc. | STARK (NINGBO) Technology Inc. | 1 | Sales revenue | 1,936 | Selling price is determined by applying a 3%-20% markup of gross profit on cost or through negotiation. Collection term is 30-120 days after acceptance inspection. | 0.02% |
| 0 | Stark Technology Inc. | SRAIN Investment Co., Ltd. | 1 | Rental income | 114 | - | -% |
| 1 | Stark Inforcom Inc. | Stark Technology Inc. (USA) | 3 | Purchase | 112 | Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery. | -% |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

1. 0 for parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets; for profit or loss items, percentage of end-of-period cumulative amount is calculated relative to consolidated total revenues.

Note 4: Key transactions presented in this chart are determined by the Company based on principles of materiality.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

2. Information on business investments:

Supplementary disclosure of investees in which the Company has significant influence or control for year ended December 31, 2025 (excluding Mainland China investees)

Unit: NTD thousand/USD

| Name of the investor | Name of investee | Location of the investee | Main business activities | Initial investment (Note 8) | | Shares held as at end of the period | | | Current profit (loss) of the investee (Note 1) | Investment gains (losses) recognized in the current period (Note 1) | Remarks |
|--|--|--------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|------------|------------|--|---|---------|
| | | | | End of the current period | End of the previous year | Number of shares | Percentage | Book value | | | |
| Stark Technology Inc. | Stark Technology Inc. (USA) | Note 2 | Trading of computer-related products | \$1,571 (USD50,000) | \$1,571 (USD50,000) | 500,000 | 100.00% | \$10,685 | \$(299) | \$(256) | - |
| Stark Technology Inc. | SRAIN Investment Co., Ltd. | Note 3 | General investment | 410,967 | 410,967 | - | 100.00% | 597,638 | 63,404 | 63,404 | - |
| Stark Technology Inc. | Pacific Ace Holding International Ltd. | Note 4 | General investment | 94,230 (USD3,000,000) | 94,230 (USD3,000,000) | 3,000,000 | 100.00% | 299,273 | 21,040 | 21,040 | - |
| SRAIN Investment Co., Ltd. | S-Rain Investment Ltd. | Note 5 | General investment | 25,128 (USD800,000) | 25,128 (USD800,000) | 800,000 | 100.00% | 3,142 | (2,189) | - | - |
| SRAIN Investment Co., Ltd. | Stark Inforcom Inc. | Note 6 | Trading of computer-related products | 370,000 | 370,000 | 37,000,000 | 100.00% | 490,281 | 65,004 | - | - |
| Pacific Ace Holding International Ltd. | Profit Reap International Limited | Note 4 | General investment | 94,230 (USD3,000,000) (Note 7) | 94,230 (USD3,000,000) (Note 7) | 3,000,000 | 100.00% | 299,596 | 21,040 | - | - |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Note 1: Investment gains/losses of each company are recognized as part of investment gains/losses of subsidiaries or 2nd-tier subsidiaries, and have been eliminated in the consolidated financial statements.

Note 2: 81 Cragmont Court Walnut Creek CA 94598, U.S.A.

Note 3: 13F, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 4: Beaufor House, P. O. Box 438, Road Town, Tortola, British Virgin Islands

Note 5: Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Note 6: 11F-2, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 7: Includes technology in lieu of capital - USD906,243.

Note 8: Amount of initial investment at the ends of the current and previous periods were converted using exchange rate as at December 31, 2025.

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

3. Information relating to investments in the Mainland China

(1) Breakdown of investments:

Unit: NTD thousand/USD

| Name of the investee in Mainland China | Main business activities | Paid-in-capital amount | Investment method | Accumulated outflow of investment from Taiwan as beginning of current period | Investment flows of the period | | Accumulated outflow of investment from Taiwan as end of current period | Net profit (loss) of the investee of current period | Percentage of shareholding (direct or indirect) | Investment gains (losses) recognized in the current period (Note 3) | Book value of investments in Mainland China at the end of the period (Note 3) | Investment gains recovered back to Taiwan to date (Note 3) |
|--|--|------------------------|---|--|--------------------------------|--------|--|---|---|---|---|--|
| | | | | | Outflow | Inflow | | | | | | |
| STARK (NINGBO) Technology Inc. | International trade, technical service and consultation, system integration, software development, and sale of computer-related equipment. | USD 3,000,000 | Invested indirectly through an investee in a third location (Pacific Ace Holding International Ltd) | \$94,230 (USD3,000,000) (Note 1) | - | - | \$94,230 (USD3,000,000) (Note 1) | \$21,040 (Note 4. (II), 2) | 100.00% | \$21,040 (Note 4. (II), 2) | \$299,745 | \$116,032 (USD3,694,113.75) |
| Shanghai Stark Technology Inc. | Wholesale and import/export trade of computers and peripherals, software, office equipment, and electrical/electronic equipment, computer system design, data processing service, and supply of network information. | USD 1,160,000 | Invested indirectly through an investee in a third location (S-Rain Investment Ltd) | 36,436 (USD1,160,000) | - | - | 36,436 (USD1,160,000) | (2,190) (Note 4. (II), 2) | 100.00% | (2,190) (Note 4. (II), 2) | 3,131 | - |
| Jiangxi Solar PV Corporation | Research, development, production, and sale of solar cells and components | - (Note 2) | Invested indirectly through an investee in a third location (Solar PV Corporation) | 94,230 (USD3,000,000) | - | - | 94,230 (USD3,000,000) | - (Note 2) | - (Note 2) | - (Note 2) | - (Note 2) | - |

| Accumulated outflows of investment from Taiwan to Mainland China as end of current period | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|---|--|---|
| \$224,896 (USD7,160,000) (Note 3) | \$224,896 (USD7,160,000) (Note 3) | \$2,112,182 (Note 5) |

Notes to Parent Company Only Financial Statements of Stark Technology Inc. (continued)
(All amounts in NTD thousands unless otherwise specified)

Note 1: As at December 31, 2025, the Company had invested USD 906,243 into STARK (Ningbo) Technology Inc. including technology in lieu of capital.

Note 2: The entity was declared bankrupt by the local court, and had completed liquidation on May 22, 2020.

Note 3: Converting the original foreign currency amount using exchange rate as at December 31, 2025.

Note 4: With regards to investment gains/losses recognized in the current period:

- (1). It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.
- (2). Indicate the basis for investment income (loss) recognition in the number of one of the following three categories.
 1. The financial statements were audited and attested by an international accounting firm which has a cooperative relationship with an accounting firm in R.O.C.
 2. The financial statements were audited and attested by R.O.C. parent company's CPA
 3. Others

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA.

(2) Significant transactions with Mainland China investees:

A. Amount and percentage of purchases and balance and percentage of corresponding payables at the end of period: None.

B. Amount and percentage of sales and balance and percentage of corresponding receivables at the end of period: Please see Note (XIII).1.(6) of the financial statements.

C. Property transactions and the resulting gains or losses: None.

D. Ending balances and purposes of endorsed notes, guarantees, or pledged collaterals: None.

E. Maximum balance, ending balance, interest rate range, and total interests amount of loans in the current period: None.

F. Other transactions with material impact to the current profit or loss or financial position: None.

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Stark Technology Inc.

1. Statement of cash and cash equivalents

December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|--|--------------------|-------------------|---|
| Petty cash | | \$ 155 | 1. None of the bank deposits shown on the left were pledged as collateral. 2. Exchange rate as at December 31, 2025: 1. USD1 = NT\$31.41 2. JPY1 = NT\$0.2005 3. SGD1 = NT\$24.425 4. RMB1 = NT\$4.493 |
| Check and current deposits | | 557,609 | |
| Foreign currency checks and current deposits | USD 3,922 thousand | 129,071 | |
| | JPY 2 thousand | | |
| | SGD 240 thousand | | |
| | RMB 2 thousand | | |
| Total | | <u>\$ 686,835</u> | |

Stark Technology Inc.
2. Statement of contract assets - current
December 31, 2025

Unit: NTD thousands

| Name of customer | Summary | Amount | Remarks |
|--|---|-------------------|---------|
| Taiwan Semiconductor Manufacturing Company Limited | | \$ 61,640 | |
| United Microelectronics Corp. | | 18,762 | |
| Others | No single account represented more than 5% of total outstanding balance | 144,490 | |
| Total | | 224,892 | |
| Less: loss provisions | | (4,580) | |
| Net amount | | <u>\$ 220,312</u> | |

Stark Technology Inc.
3. Statement of notes receivable
December 31, 2025

Unit: NTD thousands

| Name of customer | Summary | Amount | Remarks |
|------------------------------------|---|----------|---------------------------|
| Notes receivable | | | Notes receivable shown |
| SuperAlloy Industrial Co., Ltd. | | \$ 1,315 | on the left had arisen |
| GSK Corporation | | 358 | from business activities. |
| Jaie Haour Industry Corporation | | 210 | |
| EBM Technologies Incorporated | | 163 | |
| Others | No single account represented more than 5% of total outstanding balance | 367 | |
| Total | | 2,413 | |
| Less: loss provisions | | - | |
| Net amount | | \$ 2,413 | |

Stark Technology Inc.

4. Statement of net accounts receivable (including related parties)

December 31, 2025

Unit: NTD thousands

| Name of customer | Summary | Amount | Remarks |
|--|---|------------|--|
| Accounts receivable | | | Accounts receivable |
| Vanguard International Semiconductor Corporation | | \$ 59,035 | shown on the left had arisen from business activities. |
| Ericsson Taiwan Ltd. | | 51,263 | |
| Foxconn Interconnect Technology Limited | | 46,955 | |
| Others | No single account represented more than 5% of total outstanding balance | 434,329 | |
| Subtotal | | 591,582 | |
| Less: loss provisions | | (7,214) | |
| Net amount | | 584,368 | |
| Accounts receivable - related parties | | | |
| Stark Inforcom Inc. | | 299 | |
| Less: loss provisions | | - | |
| Net amount | | 299 | |
| Total | | \$ 584,667 | |

Stark Technology Inc.

5. Statement of net installment accounts receivable

December 31, 2025

Unit: NTD thousands

| Name of customer | Summary | Amount | Remarks |
|--|---|-----------|--|
| Installment accounts receivable | | | Installment accounts receivable shown on the left had arisen from business activities. |
| Nomura Asset Management Taiwan Ltd. | | \$ 12,000 | |
| China Motor Corporation Yangmei Factory | | 11,120 | |
| National Kaohsiung Center for the Arts (Weiwuying) | | 9,799 | |
| CTBC Bank Co., Ltd. | | 9,600 | |
| National Yang Ming Chiao Tung University | | 9,480 | |
| Cathay Life Insurance Co., Ltd. | | 9,407 | |
| Kaohsiung Municipal Jhongsiao Elementary School | | 7,015 | |
| Din Tai Fung Restaurant Co., Ltd. | | 5,590 | |
| Others | No single account represented more than 5% of total outstanding balance | 22,413 | |
| Total | | 96,424 | |
| Less: Unrealized interest income | | (8,586) | |
| Less: Loss provisions | | - | |
| Net installment accounts receivable | | 87,838 | |
| Less: Installment accounts receivable maturing within one year | | (47,276) | |
| Long-term installment accounts receivable | | \$ 40,562 | |

Stark Technology Inc.
6. Statement of other receivables
December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|--|---------|-----------------|---------|
| Receivable marketing incentives and promotion expenses | | \$ 7,906 | |
| Others | | 88 | |
| Total | | <u>\$ 7,994</u> | |

Stark Technology Inc.
7. Statement of net inventories
December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | | Remarks |
|--|---------|---------------------|----------------------|--|
| | | Cost | Net realizable value | |
| Merchandise inventories | | \$ 2,909,027 | <u>\$ 3,189,448</u> | 1. None of the inventories shown on the left were pledged as collateral. 2. Inventory is measured at the lower of cost or net realizable value; allowance for obsolescence is made on obsolete inventory. |
| Less: Allowance for inventory devaluation and obsolescence | | (4,035) | | |
| Net amount | | <u>\$ 2,904,992</u> | | |

Stark Technology Inc.
8. Statement of other financial assets
December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|------------------------------------|--|-----------|---|
| Pledged time deposit - current | Tenor: 2022/01/03 ~ 2026/04/08 Interest rate: 1.425%~1.645% | \$ 1,350 | See Note (VIII) of the financial statements for details on time deposits pledged as collateral. |
| Pledged time deposit - non-current | Tenor: 2022/11/24 ~ 2027/05/31 Interest rate range: 1.645%~3.650% | 11,615 | |
| Total | | \$ 12,965 | |

Stark Technology Inc.
9. Statement of refundable deposits
December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|--------------------------------------|---------|-------------------|---------|
| Refundable deposits | | | |
| Warranty bond, | | \$ 138,907 | |
| Performance bond | | 91,273 | |
| Tender bond | | 8,181 | |
| Lease deposits | | 7,650 | |
| Others | | 16,065 | |
| Subtotal | | 262,076 | |
| Less: maturing within one year | | (115,591) | |
| Refundable deposits – non-current | | <u>\$ 146,485</u> | |

Stark Technology Inc.

10. Statement of changes in financial assets at fair value through profit or loss – non-current
January 1 to December 31, 2025

Unit: NTD thousands

| Name | Beginning of period | | Current period increase | | Current period decrease | | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | End of period | | Collateralized or pledged | Remarks |
|---|---------------------------|------------------|---------------------------|------------------|---------------------------|-------------|---|---------------------------|------------------|------------------------------|---------|
| | Number (lot) of shares | Amount | Number (lot) of shares | Amount | Number (lot) of shares | Amount | | Number (lot) of shares | Amount | | |
| CDIB-TEN Capital Limited Partnership | - | <u>\$ 35,000</u> | - | <u>\$ 35,000</u> | - | <u>\$ -</u> | <u>\$ 1,161</u> | - | <u>\$ 71,161</u> | None | |

Stark Technology Inc.

11. Statement of changes in financial assets at fair value through other comprehensive income
January 1 to December 31, 2025

Unit: NTD thousands

| Name | Beginning of period | | Current period increase | | Current period decrease | | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | End of period | | Collateralized or pledged | Remarks |
|---|---------------------------|------------------|---------------------------|------------------|---------------------------|--------------------|---|---------------------------|------------------|------------------------------|---------|
| | Number (lot) of shares | Amount | Number (lot) of shares | Amount | Number (lot) of shares | Amount | | Number (lot) of shares | Amount | | |
| <u>Shares of listed company</u> | | | | | | | | | | | |
| ITEQ Corporation | 362,829 | \$ 28,554 | - | \$ - | (361,000) | \$ 32,321 | \$ 3,975 | 1,829 | \$ 208 | None | |
| T3EX Global Holdings Corp. | 2,000 | 160 | - | - | - | - | (26) | 2,000 | 134 | None | |
| MACHVISION, INC. | - | - | 1,000 | 538 | (1,000) | (542) | 4 | - | - | None | |
| <u>Non-publicly issued company</u> | | | | | | | | | | | |
| DWINS Digital Service Corp. | 1,151 | - | - | - | - | - | - | 1,151 | - | None | |
| Cloud Intelligent Operation Technology Co., Inc | 320,000 | 3,200 | - | - | - | - | - | 320,000 | 3,200 | None | |
| Ausenior Information Co., Ltd. | 2,000,000 | 26,000 | 2,180,000 | 34,880 | - | - | - | 4,180,000 | 60,880 | None | |
| Total | | <u>\$ 57,914</u> | | <u>\$ 35,418</u> | | <u>\$ (32,863)</u> | <u>\$ (3,953)</u> | | <u>\$ 64,422</u> | | |

Stark Technology Inc.
12. Statement of changes in investments accounted for using the equity method
January 1 to December 31, 2025

Unit: NTD thousands

| Name | Beginning of period | | Current period increase | | Current period decrease | | Cash dividends received | Gains (losses) from investments | Exchange differences arising from the translation of foreign operations' financial statements | Gains (losses) on financial assets at fair value through other comprehensive income | End of period | | | Net equity | | Collateralized or pledged | Remarks |
|--|------------------------|-------------------|-------------------------|-------------|-------------------------|-------------|-------------------------|---------------------------------|---|---|------------------------|----------------------------|-------------------|------------------|----------|---------------------------|---------|
| | Number (lot) of shares | Amount | Number (lot) of shares | Amount | Number (lot) of shares | Amount | | | | | Number (lot) of shares | Percentage of shareholding | Amount | Unit price (NTD) | Total | | |
| Long-term equity investments accounted for using the equity method | | | | | | | | | | | | | | | | | |
| <u>Ordinary share</u> | | | | | | | | | | | | | | | | | |
| Stark Technology Inc. (U.S.A) | 500,000 | \$ 11,426 | - | \$ - | - | \$ - | \$ - | \$ (256) | \$ (485) | \$ - | 500,000 | 100.00% | \$ 10,685 | \$ 21.37 | \$10,685 | None | |
| Pacific Ace Holding International Ltd. | 3,000,000 | 276,615 | - | - | - | - | - | 21,040 | 1,618 | - | 3,000,000 | 100.00% | 299,273 | 99.76 | 299,273 | None | |
| SRAIN Investment Co., Ltd. | - | 659,962 | - | - | - | - | (133,771) | 63,404 | (61) | 8,104 | - | 100.00% | 597,638 | - | 597,638 | None | |
| Total | | <u>\$ 948,003</u> | | <u>\$ -</u> | | <u>\$ -</u> | <u>\$ (133,771)</u> | <u>\$ 84,188</u> | <u>\$ 1,072</u> | <u>\$ 8,104</u> | | | <u>\$ 907,596</u> | | | | |

Stark Technology Inc.

13. Statement of changes in right-of-use asset and accumulated depreciation of right-of-use asset
January 1 to December 31, 2025

Unit: NTD thousands

| Item | Beginning of period | Current period increase | Current period decrease | End of period | Remarks |
|--------------------------|---------------------|-------------------------|-------------------------|---------------|---------|
| <u>Cost:</u> | | | | | |
| Buildings | \$ 60,824 | \$ 1,045 | \$ - | \$ 61,869 | |
| Transportation equipment | 26,669 | 3,552 | - | 30,221 | |
| Office equipment | 3,521 | 361 | - | 3,882 | |
| Subtotal | 91,014 | 4,958 | - | 95,972 | |
| <u>Depreciation:</u> | | | | | |
| Buildings | 44,980 | 5,444 | - | 50,424 | |
| Transportation equipment | 17,814 | 7,527 | - | 25,341 | |
| Office equipment | 2,513 | 494 | - | 3,007 | |
| Subtotal | 65,307 | 13,465 | - | 78,772 | |
| Netbook value | \$ 25,707 | \$ (8,507) | \$ - | \$ 17,200 | |

Stark Technology Inc.
14. Statement of short-term loans
December 31, 2025

Unit: NTD thousands

| Type of Loan | Description | Total loan amount | Loan term | Interest rate | Credit line | Collateral or guarantee | Remarks |
|--------------|--|-------------------|-----------------------|---------------|-------------|-------------------------|---------|
| Credit loan | | | | | | | |
| | Mega International Commercial Bank Co., Ltd. | \$ 150,000 | 2025/12/30-2026/01/30 | 1.700% | \$ 150,000 | None | |
| | Yuanta Commercial Bank Co., Ltd. | 130,000 | 2025/11/28-2026/03/31 | 1.800% | 300,000 | None | |
| | Land Bank of Taiwan | 80,000 | 2025/10/31-2026/02/26 | 1.85%~1.9% | 200,000 | None | |
| | E.SUN Commercial Bank, Ltd. | 50,000 | 2025/07/07-2026/04/02 | 1.91%~1.94% | 100,000 | None | |
| | Bank of Taiwan | 35,000 | 2025/10/07-2026/04/20 | 1.930% | 50,000 | None | |
| | The Shanghai Commercial & Savings Bank, Ltd. | 30,000 | 2025/10/07-2026/04/07 | 1.950% | 150,000 | None | |
| | Total | <u>\$ 475,000</u> | | | | | |

Stark Technology Inc.
 15. Statement of contract liabilities - current
 December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|------------------|---------|--------------|---------|
| Advanced receipt | | \$ 2,170,561 | |

Stark Technology Inc.
16. Statement of notes payable
December 31, 2025

Unit: NTD thousands

| Name of supplier | Summary | Amount | Remarks |
|-------------------------------|---|-----------|--|
| Notes payable | | | |
| Unitech Computer Co., Ltd. | | \$ 59,349 | Notes payable shown on the left had arisen from business activities. |
| JJNET International Co., Ltd. | | 7,200 | |
| Others | No single account represented more than 5% of total outstanding balance | 11,227 | |
| Total | | \$ 77,776 | |

Stark Technology Inc.
17. Statement of accounts payable (including related parties)
December 31, 2025

Unit: NTD thousands

| Name of supplier | Summary | Amount | Remarks |
|---------------------------------------|---|--------------|---|
| Accounts payable | | | |
| Zero One Technology Co., Ltd. | | \$ 243,859 | Accounts payable shown on the left had arisen from business activities. |
| Unicomp Information Co., Ltd. | | 139,720 | |
| Palsys Digital Technology Corporation | | 119,588 | |
| Metaage Corporation | | 79,326 | |
| Bestcom Infotech Corp. | | 67,556 | |
| Others | No single account represented more than 5% of total outstanding balance | 406,514 | |
| Subtotal | | 1,056,563 | |
| Accounts payable- related parties | | | |
| Stark Technology Inc. (USA) | | 55 | |
| Total | | \$ 1,056,618 | |

Stark Technology Inc.
18. Statement of other payables
December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|-------------------------------|---|------------|---------|
| Salary and bonus payable | | \$ 132,929 | |
| Employee remuneration payable | | 57,000 | |
| Pension payable | | 26,517 | |
| Others | No single account represented more than 5% of total outstanding balance | 35,416 | |
| Total | | \$ 251,862 | |

Stark Technology Inc.
19. Statement of lease liabilities
December 31, 2025

Unit: NTD thousands

| Item | Lease tenor | Discount rate | End of period | Remarks |
|---|-----------------------|---------------|-----------------|---------|
| Buildings | 2022/03/01~2029/06/30 | 2% | \$ 11,718 | |
| Transportation equipment | 2022/07/17~2027/09/04 | 2% | 4,932 | |
| Office equipment | 2021/04/01~2029/03/31 | 2% | 908 | |
| Subtotal | | | 17,558 | |
| Less: Lease liabilities due within one year | | | (8,802) | |
| Total | | | <u>\$ 8,756</u> | |

Stark Technology Inc.
 20. Statement of guarantee deposits
 December 31, 2025

Unit: NTD thousands

| Item | Summary | Subtotal | Amount | Remarks |
|------------------|---------|----------|----------|---------|
| Performance bond | | | \$ 5,451 | |

Stark Technology Inc.
21. Statement of operating revenues
For the year ended December 31, 2025

Unit: NTD thousands

| Item | Quantity | Amount | Summary |
|------------------------------------|----------|--------------|---------|
| Total sales revenues | | | |
| Revenues from sale of merchandise | | \$ 5,073,466 | |
| Revenues from rendering of service | | 2,258,493 | |
| Other operating revenues | | 9,461 | |
| Total | | 7,341,420 | |
| Less: sales return and discount | | (1,998) | |
| Net amount | | \$ 7,339,422 | |

Stark Technology Inc.
 22. Statement of operating costs
 For the year ended December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|---|---------|---------------------|---------|
| Cost of merchandise sold | | | |
| Opening inventory | | \$ 2,608,498 | |
| Plus: Purchases for the current period | | 5,683,450 | |
| Less: Closing inventory | | (2,909,027) | |
| Reclassified to property, plant and equipment | | (1,368) | |
| Reclassified to expenses | | (24) | |
| Merchandise cost | | 5,381,529 | |
| Technical service cost | | 92,283 | |
| Other operating costs | | 5,402 | |
| Warranty cost | | 3,123 | |
| Total operating costs | | <u>\$ 5,482,337</u> | |

Stark Technology Inc.
 23. Statement of administrative expenses
 For the year ended December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|--------------------|---|------------|---------|
| Wages and salaries | | \$ 621,115 | |
| Insurance expenses | | 51,079 | |
| Other expenses | No single account represented more than 5% of total outstanding balance | 182,622 | |
| Total | | \$ 854,816 | |

Stark Technology Inc.

24. Statement of research and development expenses

For the year ended December 31, 2025

Unit: NTD thousands

| Item | Summary | Amount | Remarks |
|--------------------|---|------------------|---------|
| Wages and salaries | | \$ 81,464 | |
| Insurance expenses | | 7,130 | |
| Other expenses | No single account represented more than 5% of total outstanding balance | 10,393 | |
| Total | | <u>\$ 98,987</u> | |