

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR' REPORT
For the Years Ended December 31, 2025 and 2024
(Stock Code 5203)

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CYBERLINK CORP. AND SUBSIDIARIES

Consolidated financial statements and Independent Auditors' Report for the Years Ended
December 31, 2025 and 2024

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CYBERLINK CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. In addition, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

CyberLink Corp.

Huang, Jau-Hsiung

February 25, 2026

Independent Auditor’s Report translated from Chinese

To the Board of Directors and Stockholders of CyberLink Corp.

Opinion

We have audited the accompanying consolidated balance sheets of CyberLink Corp. and subsidiaries (the “Group”) as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group’s 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Accuracy of revenue recognition timing for online product downloads via partnering e-commerce platforms

Description

Please refer to Note 4(28) for the description of accounting policy on operating revenue and Note 6(22) for details of operating revenue.

The Group generates revenue through various sales types, including online product downloads via partnering e-commerce platforms, sales through channels, and bundled products sold with computer hardware. Among them, revenue generated from online products downloads via partnering e-commerce platforms accounts for 61.62% of the Group's total revenue. After consumers downloaded products online to their devices such as computers and mobile phones, the Group obtains sales report regularly from the e-commerce platforms and recognizes sales revenue according to the rights and obligations stated in the agreements. As the frequency of sales reports provided by different e-commerce platforms differs, and the process of recognizing revenue usually involves manual operations, there may be differences in the timing of revenue recognition near the end of the financial reporting period, which could have a significant impact on the presentation of the consolidated financial statements. Therefore, we consider that the accuracy of revenue recognition timing for online product downloads via partnering e-commerce platforms is one of the key audit matters for this current fiscal year.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and tested the effectiveness of management's internal control procedures for the revenue recognition of sales through e-commerce platforms, including obtaining and reconciling sales reports provided by e-commerce platforms with licensing agreements to ensure that revenue recognitions properly recorded.
2. Performed the cut-off test on sales revenue from product downloads on e-commerce platforms incurred in a certain period before and after the end of the financial report period, including verifying sales reports provided by e-commerce platforms and authorization agreements and confirming that such sales revenue has been recorded in proper period.

Fair value measurement of privately placed funds without an active market

Description

Please refer to Note 4(7) for the accounting policies on private fund investments without an active market, Note 5(2) for the accounting estimates and the uncertainty in assumptions related to the measurement of fair value, and Note 12(3) for details on the fair value of financial assets.

The Group recognizes privately placed funds without an active market as financial assets at fair value through profit or loss; changes in the fair value of such assets are recognized in profit or loss.

The auditors consider that the estimation of the fair value of the aforementioned privately placed funds without an active market relies on management's subjective judgment and involves multiple assumptions and estimates characterized by a high degree of estimation uncertainty. Therefore, the fair value measurement of privately placed funds without an active market has been identified as one of the most significant matters in the audit of the current year.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of and evaluated the internal control policies and valuation processes adopted by the Group regarding the fair value measurement of privately placed funds without an active market.
2. Evaluated whether management adopted an adequate measurement method which was commonly adopted in the same industry and environment.
3. Obtained the valuation report from the expert appraiser, and performed the following procedures:
 - (1) Examined inputs and calculation formulas used in valuation methods, reviewed information and documents in respect of the relevance and the reliability of data source and agreed such data to their supporting documents.
 - (2) Evaluated the sensitivity analysis on assumptions and inputs executed by management to ensure that management has adequately managed the impact of the estimates and assumptions uncertainty on the measurement of fair value.

Other matter - Parent Company Only Financial Reports

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PwC Taiwan

Huang, Chin-Lien

Certified Public Accountant

Lai, Chung-Hsi

February 25, 2026

Notes to Readers

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report 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.

The English version of the consolidated financial statements which used for translation are not audited by the CPA.

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 and 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars

ASSETS		Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 590,113	10	\$ 587,718	10
1110	Current financial assets at fair value through profit or loss	6(2)	605,410	10	90,030	1
1136	Current financial assets at amortized cost	6(3)	1,257,200	21	1,696,883	28
1170	Accounts receivable, net	6(5)	107,332	2	68,894	1
1200	Other receivables		2,981	-	3,957	-
1210	Other receivables - related parties	7	2,910	-	2,140	-
1220	Current income tax assets		5,085	-	2,272	-
130X	Inventories		3,429	-	3,000	-
1470	Other current assets		25,872	-	30,767	1
11XX	Total current assets		<u>2,600,332</u>	<u>43</u>	<u>2,485,661</u>	<u>41</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	196,487	3	250,807	4
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	-	-	248	-
1550	Investments accounted for using the equity method	6(6)	1,582,772	26	1,634,165	27
1600	Property, plant and equipment, net	6(7)	420,952	7	427,205	7
1755	Right-of-use assets	6(8) and 7	8,498	-	15,031	-
1760	Investment property, net	6(10)	1,192,004	20	1,203,641	20
1840	Deferred income tax assets	6(30)	64,156	1	68,242	1
1900	Other non-current assets		7,487	-	15,539	-
15XX	Total non-current assets		<u>3,472,356</u>	<u>57</u>	<u>3,614,878</u>	<u>59</u>
1XXX	Total assets		<u>\$ 6,072,688</u>	<u>100</u>	<u>\$ 6,100,539</u>	<u>100</u>

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 and 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current liabilities						
2130	Current contract liabilities	6(22)	\$ 476,472	8	\$ 435,006	7
2170	Accounts payable	6(11)	36,559	1	30,116	1
2200	Other payables	6(12)	483,457	8	434,171	7
2230	Income tax payable		11,206	-	18,511	-
2280	Current lease liabilities	6(8) and 7	5,514	-	6,646	-
2300	Other current liabilities	6(13)	43,954	1	36,450	1
21XX	Total current liabilities		<u>1,057,162</u>	<u>18</u>	<u>960,900</u>	<u>16</u>
Non-current liabilities						
2550	Non-current provisions	6(14)	299,743	5	332,419	6
2570	Deferred income tax liabilities	6(30)	8,451	-	8,451	-
2580	Non-current lease liabilities	6(8) and 7	3,218	-	8,732	-
2600	Other non-current liabilities	6(15)(16)	62,694	1	65,693	1
25XX	Total non-current liabilities		<u>374,106</u>	<u>6</u>	<u>415,295</u>	<u>7</u>
2XXX	Total Liabilities		<u>1,431,268</u>	<u>24</u>	<u>1,376,195</u>	<u>23</u>
Equity						
Equity attributable to shareholders of the parent						
Capital Stock						
3110	Common stock	6(18)	793,426	13	789,593	13
Capital surplus						
3200	Capital surplus	6(19)	2,344,336	39	2,295,299	37
Retained earnings						
3310	Legal reserve	6(20)	1,092,794	18	1,092,794	18
3320	Special reserve		55,636	1	186,303	3
3350	Unappropriated earnings		514,804	8	415,991	7
Other equity interest						
3400	Other equity interest	6(21)	(159,576)	(3)	(55,636)	(1)
31XX	Equity attributable to shareholders of the parent		<u>4,641,420</u>	<u>76</u>	<u>4,724,344</u>	<u>77</u>
3XXX	Total equity		<u>4,641,420</u>	<u>76</u>	<u>4,724,344</u>	<u>77</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
Significant Events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 6,072,688</u>	<u>100</u>	<u>\$ 6,100,539</u>	<u>100</u>

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars
, except for Earnings per share

	Item	Notes	Year ended December 31			
			2025		2024	
			Amount	%	Amount	%
4000	Net revenue	6(22)	\$ 2,459,506	100	\$ 2,068,359	100
5000	Operating costs	6(23) (28)	(381,953)	(16)	(321,290)	(16)
5900	Gross profit		<u>2,077,553</u>	<u>84</u>	<u>1,747,069</u>	<u>84</u>
	Operating expenses	6(16) (28) (29) and 7				
6100	Sales and marketing expenses		(865,779)	(35)	(737,505)	(36)
6200	General and administrative expenses		(129,113)	(5)	(126,609)	(6)
6300	Research and development expenses		(723,557)	(29)	(661,147)	(32)
6450	Expected credit gains (losses)	12(2)	<u>8,672</u>	-	(46,240)	(2)
6000	Total operating expenses		(1,709,777)	(69)	(1,571,501)	(76)
6900	Operating income		<u>367,776</u>	<u>15</u>	<u>175,568</u>	<u>8</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(24)	63,111	3	90,154	4
7010	Other income	6(9)(10) (25) and 7	78,593	3	82,516	4
7020	Other gains or losses	6(2)(26)	(116,173)	(5)	28,445	2
7050	Financial costs	6(8)(27) and 7	(188)	-	(259)	-
7000	Total non-operating income and expenses		<u>25,343</u>	<u>1</u>	<u>200,856</u>	<u>10</u>
7900	Income before income tax		<u>393,119</u>	<u>16</u>	<u>376,424</u>	<u>18</u>
7950	Income tax expenses	6(30)	(106,143)	(4)	(61,829)	(3)
8200	Net income		<u>\$ 286,976</u>	<u>12</u>	<u>\$ 314,595</u>	<u>15</u>
	Other comprehensive (loss) income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurement of defined benefit plans	6(16)	(\$ 12,705)	(1)	\$ 501	-
8316	Unrealized valuation gains and losses on investments in equity instruments measured at fair value through other comprehensive income	6(4)(21)	(248)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	<u>2,541</u>	-	(100)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(10,412)	(1)	401	-
	Components of other comprehensive income that will be reclassified to profit or loss subsequently					
8361	Exchange differences arising on translation of foreign operations	6(21)	(36,321)	(1)	30,923	2
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(6)(21)	(67,371)	(3)	99,744	5
8360	Components of other comprehensive income that will be reclassified to profit or loss subsequently		(103,692)	(4)	130,667	7
8300	Other comprehensive income (net)		(\$ 114,104)	(5)	\$ 131,068	7
8500	Total comprehensive income for the period		<u>\$ 172,872</u>	<u>7</u>	<u>\$ 445,663</u>	<u>22</u>
	Net income, attributable to:					
8610	Shareholders of the parent		<u>\$ 286,976</u>	<u>12</u>	<u>\$ 314,595</u>	<u>15</u>
8710	Total comprehensive income, attributable to: Shareholders of the parent		<u>\$ 172,872</u>	<u>7</u>	<u>\$ 445,663</u>	<u>22</u>
	Earnings per share (EPS) (NT\$)	6(31)				
9750	Basic earnings per share		<u>\$ 3.63</u>		<u>\$ 3.98</u>	
9850	Diluted earnings per share		<u>\$ 3.55</u>		<u>\$ 3.92</u>	

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Equity attributable to shareholders of the parent							Total equity
		Retained earnings					Other equity interest		
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	
<u>Year 2024</u>									
		\$ 789,418	\$ 2,247,436	\$ 1,092,794	\$ 170,301	\$ 337,665	(\$ 174,008)	(\$ 12,295)	\$ 4,451,311
		-	-	-	-	314,595	-	-	314,595
	6(16)(21)(30)	-	-	-	-	401	130,667	-	131,068
		-	-	-	-	314,996	130,667	-	445,663
	6(20)	-	-	-	16,002	(16,002)	-	-	-
		-	-	-	-	(221,037)	-	-	(221,037)
	6(17)(19)	-	14,189	-	-	-	-	-	14,189
	6(18)(19)	175	1,283	-	-	-	-	-	1,458
	6(6)(19)	-	32,391	-	-	369	-	-	32,760
		\$ 789,593	\$ 2,295,299	\$ 1,092,794	\$ 186,303	\$ 415,991	(\$ 43,341)	(\$ 12,295)	\$ 4,724,344
<u>Year 2025</u>									
		\$ 789,593	\$ 2,295,299	\$ 1,092,794	\$ 186,303	\$ 415,991	(\$ 43,341)	(\$ 12,295)	\$ 4,724,344
		-	-	-	-	286,976	-	-	286,976
	6(16)(21)(30)	-	-	-	-	(10,164)	(103,692)	(248)	(114,104)
		-	-	-	-	276,812	(103,692)	(248)	172,872
	6(20)	-	-	-	(130,667)	130,667	-	-	-
		-	-	-	-	(308,485)	-	-	(308,485)
	6(17)(19)	-	5,524	-	-	-	-	-	5,524
	6(18)(19)	3,833	27,354	-	-	-	-	-	31,187
	6(6)(19)	-	16,159	-	-	(181)	-	-	15,978
		\$ 793,426	\$ 2,344,336	\$ 1,092,794	\$ 55,636	\$ 514,804	(\$ 147,033)	(\$ 12,543)	\$ 4,641,420

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

CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31	
		2025	2024
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 393,119	\$ 376,424
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets at fair value through profit or loss	6(2)(26)	39,685	37,703
Depreciation expense	6(7)(8)(10)	31,692	30,998
Expected credit impairment (reversal gain) loss	6(28)	(8,672)	46,240
Interest income	6(24)	(63,111)	(90,154)
Dividend income	6(25)	(67)	(5,522)
Interest expenses	6(8)(27)	188	259
Overdue other payables transferred to revenue	6(25)	-	(218)
Cost of employee stock options	6(17)(29)	5,524	14,189
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(509,729)	41,889
Refund of capital reduction of financial assets at fair value through profit or loss	6(2)	144	227
Accounts receivable		(31,988)	(6,422)
Other receivables		323	182
Other receivables - related parties		(804)	(3)
Inventories		(429)	727
Other current assets		4,873	(4,427)
Other non-current assets		8,593	6,458
Changes in operating liabilities			
Current contract liabilities		41,470	72,242
Accounts payable		7,111	(13,675)
Other payables		51,592	46,698
Other current liabilities		8,850	(6,267)
Current and non-current provisions of liabilities		(32,676)	(18,848)
Other non-current liabilities		(15,728)	268
Cash (outflow) inflow generated from operations		(70,040)	528,968
Interest received		63,754	90,941
Interest paid		(188)	(259)
Dividends received	6(2)(25)	67	5,522
Dividends paid		(308,485)	(221,037)
Income tax paid		(110,310)	(47,644)
Net cash (outflow) inflow from operating activities		(425,202)	356,491

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CYBERLINK CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Notes	Year ended December 31	
		2025	2024
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 2,954,420)	(\$ 3,500,333)
Proceeds from disposal of financial assets at amortized cost		3,379,483	3,302,490
Acquisition of property, plant and equipment	6(32)	(9,481)	(11,287)
Decrease (increase) in refundable deposits		(553)	1,861
Net cash inflow (outflow) from investing activities		<u>415,029</u>	<u>(207,269)</u>
<u>Cash flows from financing activities</u>			
Increase in deposits received	6(33)	24	605
Repayment of the principal portion of lease liabilities	6(8)(33)	(6,646)	(6,693)
Exercise of employee stock options		<u>31,187</u>	<u>1,458</u>
Net cash inflow (outflow) from financing activities		<u>24,565</u>	<u>(4,630)</u>
Effects of changes in exchange rates		(11,997)	1,465
Net increase in cash and cash equivalents		2,395	146,057
Cash and cash equivalents at beginning of year		<u>587,718</u>	<u>441,661</u>
Cash and cash equivalents at end of year		<u>\$ 590,113</u>	<u>\$ 587,718</u>

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

CYBERLINK CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Unit: Amounts expressed in thousands of New Taiwan Dollars
(EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

CyberLink Corp. (the “Company”) was incorporated under the Company Law of the Republic of China (R.O.C.) in August 1990. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design and sale of computer software. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the GreTai Securities Market (formerly Over-The-Counter Securities Exchange) and the shares started trading on October 11, 2000. The Company’s shares have been listed on the Taiwan Stock Exchange Corporation since September 27, 2004.

2. The Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

The consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (the “IFRS”) as endorsed and released by the Financial Supervisory Commission (the “FSC”)

New standards, interpretations and amendments endorsed and by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21 ‘Lack of Exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact on the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations, and amendments endorsed by the FSC, effective from 2026, are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS No. 9 and IFRS No. 7 “Amendments to the classification and measurement of financial instruments”	January 1, 2026

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”.	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

Except as described below, the Group has assessed that the above standards and interpretations have no material impact on the Group’s financial position and financial performance:

Amendments to IFRS No. 9 and IFRS No. 7 “Amendments to the classification and measurement of financial instruments”

- (a) The amendment clarifies the recognition and derecognition dates of certain financial assets and liabilities. It adds that when using an electronic payment system to settle a financial liability (or part of it) in cash, an enterprise is permitted to consider the financial liability as derecognized before the settlement date if and only if the enterprise initiates the payment instruction, provided that the following conditions are met:
1. The enterprise does not have the ability to revoke, stop or cancel the payment designation;
 2. The enterprise has no actual ability to obtain cash for settlement due to the payment order;
 3. The delivery risk related to the electronic payment system is not significant.
- (b) The update to investments in equity instruments designated at fair value through other comprehensive income through irrevocable election (FVOCI). requires disclosure of the fair value of each type of equity instrument, and it is no longer necessary to disclose the fair value information of each individual instrument. Additionally, the entity should disclose the fair value gains and losses recognized in other comprehensive income during the reporting period, separately showing the fair value gains and losses related to investments derecognized during the reporting period and those related to investments held at the end of the reporting period, as well as the accumulated other comprehensive income transferred to equity due to the derecognition of investments during the reporting period.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations, and amendments issued by IASB, but not yet included in the IFRSs as endorsed by the FSC, are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS No. 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
IFRS No. 19 “Subsidiaries Without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note: In a press release dated September 25, 2025, the FSC announced that public companies will be required to adopt IFRS 18 starting from 2028; however, enterprises may elect to early adopt IFRS 18 once it has been endorsed by the FSC.

Except for the items listed below, the Group has assessed that the aforementioned standards and interpretations do not have a material impact on the Group’s financial position and financial performance:

IFRS No. 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1 and introduces a new structure for the statement of profit or loss, adds requirements for the disclosure of management performance measures (MPMs), and enhances the principles for aggregation and disaggregation applied in the primary financial statements and the notes.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

1. Basis for preparation of the consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtained control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.
 - (d) Changes in parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are

accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Company Name of Subsidiary	Major Operating Activities	Ownership (%)	
			December 31, 2025	December 31, 2024
CyberLink Corp.	CyberLink.com Corp. (CyberLink-USA)	Sale of software	100%	100%
CyberLink Corp.	CyberLink International Technology Corp. (CyberLink-B.V.I)	Investment activities	100%	100%
CyberLink Corp.	CyberLink Inc. (CyberLink-Japan)	Sale of software	100%	100%

3. Subsidiaries not included in the consolidated financial statements:

None.

4. Adjustments for subsidiaries with different balance sheet dates:

None.

5. Significant restrictions:

None.

6. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NT\$), which is the Company's functional and the Group's presentation currency.

1. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

2. Translation of foreign operations

The operating results and financial position of all the Group's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

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

1. Assets that meet one of the following criteria are classified as current assets :

- (a) Assets expected to be realized, or intended to be sold or consumed, within the normal operating cycle;
- (b) Assets held primarily for trading purposes;
- (c) Assets expected to be realized within twelve months after the reporting period;
- (d) Cash or cash equivalents, except for those that are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period .

The Group classifies all assets that do not meet the above criteria as non-current .

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities expected to be settled within the normal operating cycle;
- (b) Liabilities held primarily for trading purposes;

- (c) Liabilities due to be settled within twelve months after the reporting period;
- (d) Liabilities for which the Company does not have the right to defer settlement for at least twelve months after the reporting period;

The Group classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments for operational purposes.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures these financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures these financial assets at fair value, and recognizes the gain or loss in profit or loss.
4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized

and derecognized using trade date accounting.

3. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts receivable

1. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

The Group assesses at each balance sheet date the loss allowance for financial assets measured at amortized cost after considering all reasonable and supportable information (including forecasts). When the credit risk has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss within 12 months after the reporting date. If, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life. For accounts receivable and contract assets that do not include significant financing components, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life.

(12) Derecognition of financial assets

Financial assets are derecognized when one of the following criteria is met:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using the equity method - associates

1. Associates are all entities over which the Group has significant influence but not control.

In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	30–50 years
Building improvements	2–5 years
Machinery and equipment	3 years
Office equipment	5–8 years
Transportation equipment	5 years

(17) Leasing arrangements (lessee)-right-of-use assets / lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
4. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use assets to reflect the partial or full termination of the lease, and recognize the difference between it and the remeasured lease liability in profit or loss. For all other lease modifications, the lessee shall adjust the right-of-use asset by the corresponding amount of the remeasurement of the lease liability.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(20) Accounts payable

1. Accounts payable are liabilities for purchases of goods or services and accounts payable are those resulting from operating and non-operating activities.
2. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(25) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equivalent taxable and deductible temporary difference. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from the acquisition of equipment or technology, research and development expenditures, and equity investments to the extent that it is possible that future taxable income will be available against which the unused tax credits can be utilized.

(26) Capital Stock

Common shares are classified as equity. The incremental cost directly attributable to the issuance of new shares or subscription rights is deducted by the net amount after income tax and listed in the equity as a deduction in payment.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

1. The Group sells computer software products. Revenue arising from the sales of software products to hardware firms to be bundled with its hardware products is recognized when the Group has delivered the software to the hardware firms, or based on the sales report provided by the hardware firms periodically to the Group in regards to the sales of its hardware products bundled with the software produced by the Group. The sales report is usually provided to the Group in the next quarter of its hardware sales. Revenue arising from the sales of software to distributors or retailers should be recognized when the Group has delivered the software to distributors or retailers. Revenue arising from the sales of software through online channels should be recognized based on the sales report provided by these online channels, which is usually provided to the Group in the next month after the sales of the software. The sales usually are made with a credit term of 30 to 90 days. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
2. The Group entered into a contract with a customer to grant a license of computer software to the customer. The Group recognizes the revenue from licensing either at a point in time or over time based on the nature of the license granted. The nature of the Group's promise in granting a license is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the computer software to the customer, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The income arising from these licenses are recognized as revenue on a straight-line basis throughout the contract period. Customers make payments based on agreed schedule, and the excess of service rendered over receivables from customers is presented as a contract asset; oppositely, the excess of receivables from customers over service rendered is presented as a contract liability. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a license is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognized when transferring the license to a customer at a point in time.
3. It is the Group's policy to sell its products to the end customers with a right of return. Therefore, a refund liability (shown as other current liabilities) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption

and the estimated amount of returns are reassessed at each balance sheet date.

4. The Group occasionally provides debug program to customers, which can be downloaded through the internet for free. This service is not an obligation of the sale nor does it increase the main functions of the product. Therefore, service costs and liabilities relating to this service are accrued upon the sale of the product; this service would not affect the amount of revenue of the product.
5. Cost of goods sold comprises packaging cost, production cost, royalty paid to third party, service cost of platform payment, provision for royalty liability, inventory valuation and obsolescence loss, etc.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires the management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Financial assets — Fair value measurement of privately placed funds without an active market

The fair value measurement of privately placed funds without an active market held by the Group is determined with reference to recent financing activities, the valuation of comparable companies, the technical development status of the investees, market conditions, operating performance, and other economic indicators. Any changes in these judgments or estimates may affect the fair value measurement. Please refer to Note 12(3) for details on the fair value of financial instruments.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 2,758	\$ 50
Checking accounts	64,393	101,438
Demand deposits	499,390	486,230
Time deposits	<u>23,572</u>	<u>-</u>
	<u>\$ 590,113</u>	<u>\$ 587,718</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group has no cash and cash equivalents pledged to others.

(2) Current and non-current financial assets at fair value through profit or loss

<u>Item</u>	December 31, 2025	December 31, 2024
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market funds	\$ 601,280	\$ 90,000
Valuation adjustment	<u>4,130</u>	<u>30</u>
	<u>\$ 605,410</u>	<u>\$ 90,030</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	\$ 286,789	\$ 298,179
Unlisted stocks	<u>22,850</u>	<u>22,994</u>
Subtotal	309,639	321,173
Valuation adjustment	<u>(113,152)</u>	<u>(70,366)</u>
	<u>\$ 196,487</u>	<u>\$ 250,807</u>

1. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	(\$ 38,065)	(\$ 38,809)
Money market funds	5,380	1,106
Unlisted stocks	<u>(7,000)</u>	<u>-</u>
	<u>(\$ 39,685)</u>	<u>(\$ 37,703)</u>

2. In July 2025, and March and October 2024, the investee disposed of a portion of its investment targets and returned part of the investment costs to the Group in the amounts of \$5,226, \$3,477, and \$1,122, respectively. Additionally, in July 2025 and 2024, the Group received proceeds from the investee's capital reduction in the amounts of \$144 and \$227, respectively.
3. The amount of dividend income recognized in profit or loss in relation to financial assets at fair value through profit or loss for the years ended December 31, 2025 and 2024 was \$67 and \$5,522, respectively.
4. The Group has no financial assets at fair value through profit or loss pledged to others.
5. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Current financial assets at amortized cost

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Time deposits with original maturity of more than three months	\$ 1,257,200	\$ 1,696,883

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Interest income	\$ 60,414	\$ 87,317

2. As at December 31, 2025 and 2024, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$1,257,200 and \$1,696,883, respectively.
3. The Group has no financial assets at amortized cost pledged to others.
4. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's time deposit investment are financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(4) Non-current financial assets at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Unlisted stocks	\$ 12,858	\$ 13,198
Valuation adjustment	(12,858)	(12,950)
	<u>\$ -</u>	<u>\$ 248</u>

1. The Group has elected to classify unlisted stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair values of such investments as of December 31, 2025 and 2024 were \$0

and \$248, respectively.

2. Details of financial assets measured at fair value through other comprehensive income recognized in comprehensive income are as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	<u>(\$ 248)</u>	<u>\$ -</u>

3. As of December 31, 2025 and 2024, without taking into account other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$0 and \$248, respectively.
4. The Group has no financial assets at fair value through other comprehensive income pledged to others.
5. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(5) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 176,053	\$ 146,287
Less: Loss allowance	<u>(68,721)</u>	<u>(77,393)</u>
	<u>\$ 107,332</u>	<u>\$ 68,894</u>

1. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not Past Due	\$ 102,955	\$ 67,415
Past Due		
Up to 30 days	2,956	1,132
31 to 90 days	84	208
Over 91 days	<u>70,058</u>	<u>77,532</u>
	<u>\$ 176,053</u>	<u>\$ 146,287</u>

The above ageing analysis was based on past due date.

2. As of December 31, 2025 and 2024, accounts receivable were both from contracts with customers. And as of January 1, 2024, the balance of accounts receivable from contracts with customers amounted to \$139,979.
3. As of December 31, 2025 and 2024, without taking into consideration other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$107,332 and \$68,894, respectively.

4. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investments accounted for using the equity method

	2025	2024
At January 1	\$ 1,634,165	\$ 1,501,661
Changes in capital surplus (Note 6(19))	16,159	32,391
Changes in other equity items (Note 6(21))	(67,371)	99,744
Actuarial gains or losses	(181)	369
At December 31	<u>\$ 1,582,772</u>	<u>\$ 1,634,165</u>

1. The basic information of the associate is as follows:

Company Name	Principal place of business	Shareholding ratio		Nature of relationship	Method of Measurement
		December 31, 2025	December 31, 2024		
Perfect Corp. (Cayman)	Cayman	36.29%	36.29%	Investments accounted for using the equity method	Equity method

2. The summarized financial information on the Group's associates is as follows:

BALANCE SHEETS

	<u>Perfect Corp.(Cayman)</u>	
	December 31, 2025	December 31, 2024
Current assets	\$ 5,448,232	\$ 5,833,636
Non-current assets	585,378	107,031
Total assets	<u>6,033,610</u>	<u>5,940,667</u>
Current liabilities	(1,183,819)	(1,056,199)
Non-current liabilities	(38,015)	(63,842)
Total Liabilities	<u>(1,221,834)</u>	<u>(1,120,041)</u>
Total net assets	<u>\$ 4,811,776</u>	<u>\$ 4,820,626</u>
Book value of associates (Note)	<u>\$ 1,582,772</u>	<u>\$ 1,634,165</u>

Note: The difference with the Group's share in associate's net assets, represents the unrecognized investment gains in order to offset past unrecognized investment loss.

STATEMENTS OF COMPREHENSIVE INCOME

	<u>Perfect Corp.(Cayman)</u>	
	Year ended December 31	
	2025	2024
Revenue	<u>\$ 2,156,211</u>	<u>\$ 1,933,097</u>
Net income from continuing operations for the period	144,771	161,219
Other comprehensive loss (net of tax)	847	(5,958)
Total comprehensive income	<u>\$ 145,618</u>	<u>\$ 155,261</u>

3. The Group holds a 36.29% equity interest in Perfect Corp. (Cayman). Given that the Group appointed only one out of seven directors on the current Board of Directors of Perfect Corp. (Cayman), and the Perfect Corp. (Cayman)'s Articles of Incorporation set forth that there is no obligation to hold a shareholders' meeting on a regular basis every year, the Group has no ability to dominate the relevant activities of Perfect Corp. (Cayman), and the Group has no control, but has significant influence, over Perfect Corp. (Cayman).
4. The fair value of the Group's investments accounted for using equity method with publicly quoted market prices is as follows:

	December 31, 2025	December 31, 2024
Perfect Corp.(Cayman)	\$ 2,091,029	\$ 3,441,938

(7) Property, plant and equipment, net

	2025					
	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Total
At January 1						
Cost	\$ 319,968	\$ 149,570	\$ 26,315	\$ 1,930	\$ 1,054	\$ 498,837
Accumulated depreciation	-	(55,610)	(14,370)	(1,608)	(44)	(71,632)
	\$ 319,968	\$ 93,960	\$ 11,945	\$ 322	\$ 1,010	\$ 427,205
At January 1	\$ 319,968	\$ 93,960	\$ 11,945	\$ 322	\$ 1,010	\$ 427,205
Additions	-	5,300	7,116	86	-	12,502
Costs of disposal	-	(895)	(4,698)	(372)	-	(5,965)
Accumulated depreciation on disposal	-	895	4,698	372	-	5,965
Depreciation expense	-	(7,175)	(5,995)	(176)	(176)	(13,522)
Net exchange differences	(4,303)	(917)	(7)	(6)	-	(5,233)
At December 31	\$ 315,665	\$ 91,168	\$ 13,059	\$ 226	\$ 834	\$ 420,952
At December 31						
Cost	\$ 315,665	\$ 152,770	\$ 28,653	\$ 1,585	\$ 1,054	\$ 499,727
Accumulated depreciation	-	(61,602)	(15,594)	(1,359)	(220)	(78,775)
	\$ 315,665	\$ 91,168	\$ 13,059	\$ 226	\$ 834	\$ 420,952

	2024					
	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Total
At January 1						
Cost	\$ 323,421	\$ 150,246	\$ 24,277	\$ 1,924	\$ -	\$ 499,868
Accumulated depreciation	<u>-</u>	<u>(50,671)</u>	<u>(14,884)</u>	<u>(1,336)</u>	<u>-</u>	<u>(66,891)</u>
	<u>\$ 323,421</u>	<u>\$ 99,575</u>	<u>\$ 9,393</u>	<u>\$ 588</u>	<u>\$ -</u>	<u>\$ 432,977</u>
At January 1	\$ 323,421	\$ 99,575	\$ 9,393	\$ 588	\$ -	\$ 432,977
Additions	-	2,284	7,949	-	1,054	11,287
Costs of disposal	-	(2,007)	(5,850)	-	-	(7,857)
Accumulated depreciation on disposal	-	2,007	5,850	-	-	7,857
Depreciation expense	-	(7,124)	(5,392)	(258)	(44)	(12,818)
Net exchange differences	<u>(3,453)</u>	<u>(775)</u>	<u>(5)</u>	<u>(8)</u>	<u>-</u>	<u>(4,241)</u>
At December 31	<u>\$ 319,968</u>	<u>\$ 93,960</u>	<u>\$ 11,945</u>	<u>\$ 322</u>	<u>\$ 1,010</u>	<u>\$ 427,205</u>
At December 31						
Cost	\$ 319,968	\$ 149,570	\$ 26,315	\$ 1,930	\$ 1,054	\$ 498,837
Accumulated depreciation	<u>-</u>	<u>(55,610)</u>	<u>(14,370)</u>	<u>(1,608)</u>	<u>(44)</u>	<u>(71,632)</u>
	<u>\$ 319,968</u>	<u>\$ 93,960</u>	<u>\$ 11,945</u>	<u>\$ 322</u>	<u>\$ 1,010</u>	<u>\$ 427,205</u>

(8) Leasing arrangements - lessee

1. The Group leases various assets including offices and transportation equipment. Rental contracts for the years ended December 31, 2025 and 2024 were typically made for periods from 2023 to 2029 and from 2022 to 2029, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may neither be used as security for borrowing purposes nor have their rights transferred to others in other forms such as business transfer or combination.
2. Short-term leases with a lease term of 12 months or less comprise parking spaces rented by the Group in Taiwan and leased offices in the United States.

3. The information of right-of-use assets is as follows:

	2025		
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 19,748	\$ 2,904	\$ 22,652
Accumulated depreciation	(6,169)	(1,452)	(7,621)
	<u>\$ 13,579</u>	<u>\$ 1,452</u>	<u>\$ 15,031</u>
At January 1	\$ 13,579	\$ 1,452	\$ 15,031
Depreciation expense	(5,565)	(968)	(6,533)
At December 31	<u>\$ 8,014</u>	<u>\$ 484</u>	<u>\$ 8,498</u>
At December 31			
Cost	\$ 19,748	\$ 2,904	\$ 22,652
Accumulated depreciation	(11,734)	(2,420)	(14,154)
	<u>\$ 8,014</u>	<u>\$ 484</u>	<u>\$ 8,498</u>
	2024		
	Buildings	Transportation equipment	Total
At January 1			
Cost	\$ 15,758	\$ 2,904	\$ 18,662
Accumulated depreciation	(3,354)	(484)	(3,838)
	<u>\$ 12,404</u>	<u>\$ 2,420</u>	<u>\$ 14,824</u>
At January 1	\$ 12,404	\$ 2,420	\$ 14,824
Additions - Newly added lease contracts	6,751	-	6,751
Cost of derecognition	(2,761)	-	(2,761)
Accumulated depreciation on the date of derecognition	2,761	-	2,761
Depreciation expense	(5,576)	(968)	(6,544)
At December 31	<u>\$ 13,579</u>	<u>\$ 1,452</u>	<u>\$ 15,031</u>
At December 31			
Cost	\$ 19,748	\$ 2,904	\$ 22,652
Accumulated depreciation	(6,169)	(1,452)	(7,621)
	<u>\$ 13,579</u>	<u>\$ 1,452</u>	<u>\$ 15,031</u>

4. Lease liabilities relating to lease contracts:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total lease liabilities	\$ 8,732	\$ 15,378
Less: Current portion (shown as ‘current lease liabilities’)	<u>(5,514)</u>	<u>(6,646)</u>
	<u>\$ 3,218</u>	<u>\$ 8,732</u>

5. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 188	\$ 259
Expense on short-term lease contracts	<u>2,482</u>	<u>1,884</u>
	<u>\$ 2,670</u>	<u>\$ 2,143</u>

6. For the years ended December 31, 2025 and 2024, the Group’s total cash outflow for leases was \$9,316 and \$8,836, respectively, which included expenses on short-term lease contracts of \$2,482 and \$1,884, interest expenses on lease liabilities of \$188 and \$259, and payments of lease liabilities of \$6,646 and \$6,693, respectively.

7. Please refer to Note 7 for the office leases with related parties.

(9) Leasing arrangements - lessor

1. Leases to unrelated parties

The Group leases various assets including two short sections numbered 229 in Xihu Section in Neihu District of Taipei; 1F to-9F., of Building-B of “Sun-Tech Plaza” located in Neihu District of Taipei. Rental contracts are typically made for a period between 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may neither be used as security for borrowing purposes nor, in all or in part, be lent to others or corporates through sublease, sharing, transfer or any other form.

2. Leases to related parties

The Group leases assets including the offices on the 6F and 14F of the “Jiang-Ling Information” Building located in Xindian District of New Taipei City, and an office in Minato, Tokyo, Japan. Rental contracts are typically made for periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights over the leased assets, leased assets may neither be used as security for borrowing purposes nor, in all or in part, be lent to others or corporations through sublease, sharing, transfer or any other form. Rents are collected at the beginning of the next month.

3. For the years ended December 31, 2025 and 2024, the Group recognized rent income in

the amounts of \$74,813 and \$72,419, respectively, based on the lease contracts above, and there was no variable lease payments.

4. The maturity analysis of the lease payments receivable under the operating leases is as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
2025	\$	-	\$	69,380
2026		74,582		57,362
2027		43,284		39,289
2028		28,434		28,434
2029		20,436		20,436
2030		1,449		1,449
	<u>\$</u>	<u>168,185</u>	<u>\$</u>	<u>216,350</u>

(10) Investment property

	<u>2025</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	(188,853)	(188,853)
	<u>\$ 799,024</u>	<u>\$ 404,617</u>	<u>\$ 1,203,641</u>
At January 1	\$ 799,024	\$ 404,617	\$ 1,203,641
Depreciation expense	-	(11,637)	(11,637)
At December 31	<u>\$ 799,024</u>	<u>\$ 392,980</u>	<u>\$ 1,192,004</u>
At December 31			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	(200,490)	(200,490)
	<u>\$ 799,024</u>	<u>\$ 392,980</u>	<u>\$ 1,192,004</u>
	<u>2024</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	(177,217)	(177,217)
	<u>\$ 799,024</u>	<u>\$ 416,253</u>	<u>\$ 1,215,277</u>
At January 1	\$ 799,024	\$ 416,253	\$ 1,215,277
Depreciation expense	-	(11,636)	(11,636)
At December 31	<u>\$ 799,024</u>	<u>\$ 404,617</u>	<u>\$ 1,203,641</u>
At December 31			
Cost	\$ 799,024	\$ 593,470	\$ 1,392,494
Accumulated depreciation	-	(188,853)	(188,853)
	<u>\$ 799,024</u>	<u>\$ 404,617</u>	<u>\$ 1,203,641</u>

1. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2025	2024
Rental income from investment property	\$ 72,366	\$ 69,928
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 16,050	\$ 16,012
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ 323

2. The fair values of the investment property held by the Group as of December 31, 2025, and 2024 were \$2,546,271 and \$2,494,270, respectively, which were estimated based on market trading prices of similar property in the areas nearby which belong to the Level 3 information.

(11) Accounts payable

	December 31, 2025	December 31, 2024
Royalty expense	\$ 35,234	\$ 28,837
Others	1,325	1,279
	\$ 36,559	\$ 30,116

(12) Other payables

	December 31, 2025	December 31, 2024
Employees' compensation and directors' remuneration	\$ 138,168	\$ 109,841
Promotional fees	130,035	141,755
Payroll	120,147	110,608
Royalty collection	19,687	20,539
Professional service fees	12,872	11,377
Employees' rewards	9,380	9,380
Payables for equipment	3,443	271
Other accrued expenses	36,728	28,281
Other payables	12,997	2,119
	\$ 483,457	\$ 434,171

(13) Other current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Refund liability	\$ 32,121	\$ 32,317
Withholding tax	9,551	2,486
Others	<u>2,282</u>	<u>1,647</u>
	<u>\$ 43,954</u>	<u>\$ 36,450</u>

(14) Provisions

	<u>2025</u>		
	<u>Royalty</u>	<u>Cost of software bug-fixing</u>	<u>Total</u>
At January 1	\$ 325,046	\$ 7,373	\$ 332,419
Additional provisions	-	1,237	1,237
Provision for liabilities used in the current period	(19,047)	-	(19,047)
Net exchange differences	(14,866)	-	(14,866)
At December 31	<u>\$ 291,133</u>	<u>\$ 8,610</u>	<u>\$ 299,743</u>

	<u>2024</u>		
	<u>Royalty</u>	<u>Cost of software bug-fixing</u>	<u>Total</u>
At January 1	\$ 344,753	\$ 6,515	\$ 351,268
Additional provisions	-	858	858
Unused amounts reversed	(25,926)	-	(25,926)
Provision for liabilities used in the current period	(16,188)	-	(16,188)
Net exchange differences	<u>22,407</u>	<u>-</u>	<u>22,407</u>
At December 31	<u>\$ 325,046</u>	<u>\$ 7,373</u>	<u>\$ 332,419</u>

Analysis of total provisions:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current	<u>\$ 299,743</u>	<u>\$ 332,419</u>

1. Royalty

The Group estimates the possible royalty expenses based on the industry characteristics, other known events and management's judgment, and recognizes such expenses within the 'cost of goods sold' when related products are sold. Any changes in industry circumstances might affect the provision for royalty liabilities. Provisions shall be paid when the patent owner claims payment or shall be paid after negotiation.

2. Cost of software bug-fixing

The Group provides software bug-fixing for programs for free from time to time. The Group estimates relevant debug-fixing costs and liabilities and accounts for it as common product warranty obligations.

(15) Other non-current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accrued pension liabilities	\$ 51,882	\$ 54,905
Guarantee deposits received	<u>10,812</u>	<u>10,788</u>
	<u>\$ 62,694</u>	<u>\$ 65,693</u>

(16) Pensions

1. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an appropriate portion of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company assesses the balance in the aforementioned labor pension reserve account by December 31 every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by the following March.

- (b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	(\$ 100,964)	(\$ 100,199)
Fair value of plan assets	<u>49,082</u>	<u>45,294</u>
Net defined benefit liability	<u>(\$ 51,882)</u>	<u>(\$ 54,905)</u>

- (c) Movements in net defined benefit liabilities are as follows:

	2025		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 100,199)	\$ 45,294	(\$ 54,905)
Service cost for the current period	(1,505)	-	(1,505)
Interest (expense) income	(1,479)	582	(897)
Settlement (loss) gain	13,411	-	13,411
	<u>(89,772)</u>	<u>45,876</u>	<u>(43,896)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,249	3,249
Change in demographic assumptions	(242)	-	(242)
Change in financial assumptions	(13,598)	-	(13,598)
Experience adjustments	<u>(2,114)</u>	<u>-</u>	<u>(2,114)</u>
	<u>(15,954)</u>	<u>3,249</u>	<u>(12,705)</u>
Pension fund contribution	-	4,719	4,719
	<u>4,762</u>	<u>(4,762)</u>	<u>-</u>
Balance at December 31	<u><u>(\$ 100,964)</u></u>	<u><u>\$ 49,082</u></u>	<u><u>(\$ 51,882)</u></u>
	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 95,343)	\$ 40,205	(\$ 55,138)
Service cost for the current period	(653)	-	(653)
Interest (expense) income	(1,026)	370	(656)
	<u>(97,022)</u>	<u>40,575</u>	<u>(56,447)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,678	3,678
Change in demographic assumptions	(19)	-	(19)
Change in financial assumptions	4,390	-	4,390
Experience adjustments	<u>(7,548)</u>	<u>-</u>	<u>(7,548)</u>
	<u>(3,177)</u>	<u>3,678</u>	<u>501</u>
Pension fund contribution	-	1,041	1,041
Balance at December 31	<u><u>(\$ 100,199)</u></u>	<u><u>\$ 45,294</u></u>	<u><u>(\$ 54,905)</u></u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2025	2024
Discount rate	1.40%	1.65%
Future salary increases	4.00%	3.00%

The future mortality rates in 2025 and 2024 were estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 1,393)	\$ 1,464	\$ 1,423	(\$ 1,362)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 2,307)	\$ 2,401	\$ 2,363	(\$ 2,283)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026, amount to \$759.
- (g) As of December 31, 2025, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	49,481
1-2 year(s)		1,740
3-5 years		21,420
Over 5 years		37,118
	<u>\$</u>	<u>109,759</u>

2. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in a lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were \$31,572 and \$29,116, respectively.
- (c) The pension costs under local pension regulations of the foreign subsidiaries for the years ended December 31, 2025 and 2024 were \$3,319 and \$3,078, respectively.

(17) Share-based payment

1. As of December 31, 2025 and 2024, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	July 26, 2022	2,000	7 years	2 years’ service: exercise 50% 3 years’ service: exercise 75% 4 years’ service: exercise 100%

2. Details of the share-based payment arrangements are as follows:

	2025		2024	
	No. of options (in thousands)	Weighted – average exercise price (in dollars)	No. of options (in thousands)	Weighted – average exercise price (in dollars)
Options outstanding on January 1	1,938	\$ 83.30	2,000	\$ 85.70
Options exercised	(383)	81.37	(17)	83.30
Options forfeited	(10)	80.00	(45)	83.30
Options outstanding at December 31	<u>1,545</u>	80.00	<u>1,938</u>	83.30
Options exercisable at December 31	<u>1,066</u>		<u>960</u>	

- The weighted average stock prices on the exercise dates of the stock options executed for the years ended December 31, 2025 and 2024 were \$81.37 and \$83.30, respectively.
- As of December 31, 2025 and 2024, the range of exercise prices of stock options outstanding were \$80.00 and \$83.30 (in dollars), respectively; the weighted-average remaining contractual period was 3.57 years and 4.57 years, respectively.
- The fair value of stock options granted on the grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	July 26, 2022	\$ 89.5	\$ 89.5	32.10%	4.88	0.00%	1.06%	\$ 26.4355

Note: The expected volatility is estimated by taking into account the historical trading data (days) of the Company's shares and using a sample interval equal to the expected duration of the stock option.

6. Expenses arising from share-based payment transactions are as follows:

	Year ended December 31	
	2025	2024
Cost of employee stock options	<u>\$ 5,524</u>	<u>\$ 14,189</u>

(18) Capital Stock

As of December 31, 2025, the Company's authorized capital was \$1,610,000, consisting of 161,000 thousand shares of ordinary stock (including 21,000 thousand shares reserved for employee stock options), and the paid-in capital was \$793,426 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number (shares in thousands) of the Company's ordinary shares outstanding are as follows:

	Year ended December 31	
	2025	2024
At January 1	78,959	78,942
Exercise of employee stock options	383	17
At December 31	<u>79,342</u>	<u>78,959</u>

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized as mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2025				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	\$ 94,674	\$ 43,597	\$ 60,144	\$ 2,096,884	\$ 2,295,299
Share-based payment transactions	-	5,524	-	-	5,524
Exercise of employee stock options	37,320	(9,966)	-	-	27,354
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	16,159	16,159
At December 31	<u>\$ 131,994</u>	<u>\$ 39,155</u>	<u>\$ 60,144</u>	<u>\$ 2,113,043</u>	<u>\$ 2,344,336</u>

	2024				
	Share premium	Employee stock options	Expired employee stock options in proportion to the Group's ownership	Net change in equity of associates	Total
At January 1	\$ 92,937	\$ 29,862	\$ 60,144	\$ 2,064,493	\$ 2,247,436
Share-based payment transactions	-	14,189	-	-	14,189
Exercise of employee stock options	1,737	(454)	-	-	1,283
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	32,391	32,391
At December 31	<u>\$ 94,674</u>	<u>\$ 43,597</u>	<u>\$ 60,144</u>	<u>\$ 2,096,884</u>	<u>\$ 2,295,299</u>

(20) Retained earnings

1. Under the Company's Articles of Incorporation, the current year's earnings, net of tax, shall first be used to offset prior year's operating losses (including the adjustment amount of undistributed earnings), then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and setting aside or reversal for special reserve shall be made in accordance with the Securities and Exchange Act. The Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at the beginning of the periods (including adjustment amount of undistributed earnings) for the approval of the shareholders.
2. The Company's dividend policy is aligned with the development plan for the present and the future taking into consideration investment environment, capital requirement, domestic and overseas competition condition and profit of shareholders. Annual distribution of stockholders' bonus should not be less than 50% of current distributable earnings, and may be in the form of stock dividend and cash dividend. Presently, the distribution of cash dividend should not be less than 20% of annual dividend appropriations, however, if the Company has significant plans for capital expenditures, after approval at the shareholders' meeting, cash dividends can be distributed lower than 20% of annual dividends appropriations.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. (a) On June 19, 2025 and June 19, 2024, the appropriation of 2024 and 2023 earnings were resolved at shareholders' meeting, respectively. The details are as follows:

	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -		\$ -	
(Reversed) Provision of special reserve	(130,667)		16,002	
Cash dividends	308,485	\$ 3.90	221,037	\$ 2.80

- (b) The Company's legal reserve had exceeded paid-in capital, thus, according to laws, the Company could not appropriate the legal reserve. When the Company appropriated earnings for the year ended December 31, 2024 and 2023, it determined not to provide legal reserve.

(21) Other equity items

	2025		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12,295)	(\$ 43,341)	(\$ 55,636)
Valuation adjustment			
- Group	(248)	-	(248)
Currency translation:			
- Group	-	(36,321)	(36,321)
- Associates	-	(67,371)	(67,371)
At December 31	<u>(\$ 12,543)</u>	<u>(\$ 147,033)</u>	<u>(\$ 159,576)</u>

	2024		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 12,295)	(\$ 174,008)	(\$ 186,303)
Currency translation:			
- Group	-	30,923	30,923
- Associates	-	99,744	99,744
At December 31	<u>(\$ 12,295)</u>	<u>(\$ 43,341)</u>	<u>(\$ 55,636)</u>

(22) Net revenue

	2025	2024
Revenue from contracts with customers	<u>\$ 2,459,506</u>	<u>\$ 2,068,359</u>

1. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services rendered both over time and at a point in time, in the following major product lines and geographical regions:

Year ended December 31, 2025	Taiwan		America		Japan		Other region		Total
	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	
Revenue from contracts with customers	\$ 69,172	\$ 48,457	\$ 1,328,040	\$ 242,882	\$ 319,738	\$ 209,586	\$ 146,129	\$ 95,502	\$ 2,459,506
Timing of revenue recognition									
At a point in time	\$ 19,939	\$ 41,392	\$ 445,247	\$ 236,576	\$ 119,162	\$ 204,602	\$ 77,273	\$ 62,144	\$ 1,206,335
Over time	49,233	7,065	882,793	6,306	200,576	4,984	68,856	33,358	1,253,171
	\$ 69,172	\$ 48,457	\$ 1,328,040	\$ 242,882	\$ 319,738	\$ 209,586	\$ 146,129	\$ 95,502	\$ 2,459,506

Year ended December 31, 2024	Taiwan		America		Japan		Other region		Total
	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	Media Creation	Media Experience and Entertainment and others	
Revenue from contracts with customers	\$ 56,414	\$ 32,350	\$ 1,135,135	\$ 197,189	\$ 268,654	\$ 191,302	\$ 120,408	\$ 66,907	\$ 2,068,359
Timing of revenue recognition									
At a point in time	\$ 14,961	\$ 27,563	\$ 310,716	\$ 189,719	\$ 102,455	\$ 186,398	\$ 35,510	\$ 59,132	\$ 926,454
Over time	41,453	4,787	824,419	7,470	166,199	4,904	84,898	7,775	1,141,905
	\$ 56,414	\$ 32,350	\$ 1,135,135	\$ 197,189	\$ 268,654	\$ 191,302	\$ 120,408	\$ 66,907	\$ 2,068,359

2. Contract liabilities:

(a) The Group has recognized the following revenue-related contract liabilities:

Empty	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities:			
Advance sales receipts	\$ 476,472	\$ 435,006	\$ 362,766

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year

Revenue recognized that was included in the contract liabilities balance at the beginning of the year	Year ended December 31	
	2025	2024
Advance sales receipts	\$ 434,951	\$ 362,413

(23) Operating costs

	Year ended December 31	
	2025	2024
Service cost of platform	\$ 222,871	\$ 200,766
Royalty cost	112,031	70,217
Cost of goods sold	18,631	21,017
Others	28,420	29,290
	<u>\$ 381,953</u>	<u>\$ 321,290</u>

Starting from 2025, the Group reclassified certain items within "other operating expenses" that are cost-related to "operating costs" based on their nature. Corresponding reclassifications have been made to the 2024 financial statements to ensure comparability with the 2025 financial statements.

(24) Interest income

	Year ended December 31	
	2025	2024
Interest income from financial assets measured at amortized cost	\$ 60,414	\$ 87,317
Bank deposits	2,697	2,837
	<u>\$ 63,111</u>	<u>\$ 90,154</u>

(25) Other income

	Year ended December 31	
	2025	2024
Rental income	\$ 74,813	\$ 72,419
Dividend income	67	5,522
Grant income	1,105	1,893
Service revenue	1,400	1,325
Overdue accounts payable transferred to revenue	-	218
Other income - others	1,208	1,139
	<u>\$ 78,593</u>	<u>\$ 82,516</u>

(26) Other gains or losses

	Year ended December 31	
	2025	2024
Currency exchange (losses) gains	(\$ 60,105)	\$ 82,467
Loss (Gains) on financial assets at fair value through profit or loss	(39,685)	(37,703)
Depreciation expenses on investment property	(11,637)	(11,636)
Others	(4,746)	(4,683)
	<u>(\$ 116,173)</u>	<u>\$ 28,445</u>

(27) Financial costs

	Year ended December 31	
	2025	2024
Interest expense - lease liabilities	<u>\$ 188</u>	<u>\$ 259</u>

(28) Costs and expenses by nature

	Year ended December 31	
	2025	2024
Employee benefit expenses	\$ 1,027,554	\$ 943,749
Promotional fees	478,529	400,438
Service cost of platform	222,871	200,766
Royalty cost	112,031	70,217
Professional service fees	58,920	61,001
Expected credit impairment (reversal gain) loss	(8,672)	46,240
Cost of goods sold	18,631	21,017
Depreciation of property, plant and equipment	13,522	12,818
Product expenses	44,962	12,265
Depreciation of right-of-use assets	6,533	6,544
Others	<u>116,849</u>	<u>117,736</u>
Total cost of sales and operating expenses	<u>\$ 2,091,730</u>	<u>\$ 1,892,791</u>

(29) Employee benefit expenses

	Year ended December 31	
	2025	2024
Wages and Salaries	\$ 904,283	\$ 810,806
Insurance fees	64,719	57,792
Pension costs	23,882	33,503
Cost of employee stock options	5,524	14,189
Directors' remuneration	8,413	8,416
Other personnel expenses	20,733	19,043
	<u>\$ 1,027,554</u>	<u>\$ 943,749</u>

1. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3.0% for employees' compensation (of which no less than 20% shall be for entry-level employees) and shall not be higher than 1.5% for directors' remuneration.
2. For the years ended December 31, 2025 and 2024, employees' compensation and directors' remuneration recognized in salary expenses were accrued as follows: The aforementioned amounts were recognized in salary expenses:

	Year ended December 31	
	2025	2024
Employees' compensation	\$ 102,642	\$ 87,123
Directors' remuneration	4,900	4,900
	<u>\$ 107,542</u>	<u>\$ 92,023</u>

For the year ended December 31, 2025 and 2024, the employees' compensations were estimated and accrued at 21.37% and 19.01%, respectively, of distributable profit for the current period, and the directors' remuneration were estimated and accrued at 1.02% and 1.07%, respectively, of distributable profit of current year as of the end of reporting period.

The employees' compensation and directors' remuneration, for 2025 as resolved by the Board of Directors on February 25, 2026, were in agreement with the amounts recognized in the 2025 financial statements, of which employees' compensation will be distributed in cash.

The employees' compensation and directors' remuneration, for 2024 as resolved by the Board of Directors on February 27, 2025, were in agreement with the amounts recognized in the 2024 financial statements, of which employees' compensation will be distributed in cash. As of December 31, 2025, a portion has been distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

1. Income tax expenses

(a) Components of income tax expense:

	Year ended December 31	
	2025	2024
Current income tax:		
Current income tax expense recognized for the current period	\$ 99,461	\$ 61,455
Prior year income tax under estimation	55	5,978
Total current income tax	99,516	67,433
Deferred income tax:		
Origination and reversal of temporary differences	6,627	(5,604)
Total deferred income tax	6,627	(5,604)
Income tax expense recognized in profit or loss	\$ 106,143	\$ 61,829

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2025	2024
Remeasurement of defined benefit obligations	(\$ 2,541)	\$ 100

2. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2025	2024
Income tax calculated based on profit before tax and statutory tax rate (Note)	\$ 93,850	\$ 82,452
Effects from items adjusted by tax regulation	1,145	3,949
Tax exempt income by tax regulation	(256)	(290)
Effect from investment tax credits	(13,723)	(24,030)
Changes in the realizability of deferred income tax	25,072	(6,230)
Prior year income tax under estimation	55	5,978
Income tax expenses	\$ 106,143	\$ 61,829

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries. where the Group entities operate.

3. Amounts of deferred income tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	Year ended December 31, 2025			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
-Temporary differences:				
Unrealized profit on intercompany sales	\$ 2,666	(\$ 1,200)	\$ -	\$ 1,466
Unrealized profit on allowance for sales	11,629	2,791	-	14,420
Unrealized exchange losses	1,519	1,172	-	2,691
Provisions	11,220	-	-	11,220
Unrealized loss on decline in market value	530	(286)	-	244
Unused compensated absences	5,134	1,467	-	6,601
Cost of software bug-fixing	1,475	247	-	1,722
Actuarial gains and losses on pensions	10,919	(3,146)	2,541	10,314
Expected credit loss	15,478	-	-	15,478
-Tax losses	7,672	(7,672)	-	-
Subtotal	68,242	(6,627)	2,541	64,156
Deferred income tax liabilities:				
-Temporary differences:				
Gain on foreign investments accounted for using equity method	(8,451)	-	-	(8,451)
Subtotal	(8,451)	-	-	(8,451)
Total	\$ 59,791	(\$ 6,627)	\$ 2,541	\$ 55,705

	Year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
-Temporary differences:				
Unrealized profit on intercompany sales	\$ 2,665	\$ 1	\$ -	\$ 2,666
Unrealized profit on allowance for sales	10,794	835	-	11,629
Unrealized exchange losses	6,869	(5,350)	-	1,519
Provisions	11,220	-	-	11,220
Unrealized loss on decline in market value	374	156	-	530
Unused compensated absences	4,663	471	-	5,134
Cost of software bug-fixing	1,303	172	-	1,475
Actuarial gains and losses on pensions	11,019	-	(100)	10,919
Expected credit loss	-	15,478	-	15,478
-Tax losses	13,831	(6,159)	-	7,672
Subtotal	<u>62,738</u>	<u>5,604</u>	<u>(100)</u>	<u>68,242</u>
Deferred income tax liabilities:				
-Temporary differences:				
Gain on foreign investments accounted for using equity method	(8,451)	-	-	(8,451)
Subtotal	<u>(8,451)</u>	<u>-</u>	<u>-</u>	<u>(8,451)</u>
Total	<u>\$ 54,287</u>	<u>\$ 5,604</u>	<u>(\$ 100)</u>	<u>\$ 59,791</u>

4. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2022	<u>\$ 26,924</u>	<u>\$ 25,710</u>	<u>\$ -</u>	No expiration date

4. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(31) Earnings per share (EPS)

	Year ended December 31, 2025		
	Amount after tax	Outstanding shares (share in thousands)	Earnings per share (EPS) (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 286,976</u>	<u>79,120</u>	<u>\$ 3.63</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 286,976	79,120	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	453	
Employees' compensation	<u>-</u>	<u>1,297</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 286,976</u>	<u>80,870</u>	<u>\$ 3.55</u>
	Year ended December 31, 2024		
	Amount after tax	Amount after tax	Amount after tax
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 314,595</u>	<u>78,948</u>	<u>\$ 3.98</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 314,595	78,948	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	246	
Employees' compensation	<u>-</u>	<u>1,023</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 314,595</u>	<u>80,217</u>	<u>\$ 3.92</u>

(32) Supplemental cash flow information

Investment activities involving partial cash payments only:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ 12,502	\$ 11,287
Add: Beginning balance for payables for equipment (excluding tax)	258	258
Less: Ending balance for payables for equipment (excluding tax)	(3,279)	(258)
Cash paid in the period	<u>\$ 9,481</u>	<u>\$ 11,287</u>

(33) Changes in liabilities from financing activities

	2025		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 10,788	\$ 15,378	\$ 26,166
Changes in cash flow from financing activities	24	(6,646)	(6,622)
At December 31	<u>\$ 10,812</u>	<u>\$ 8,732</u>	<u>\$ 19,544</u>

	2024		
	Guarantee deposits received	Lease liabilities (including current portion)	Liabilities from financing activities-gross
At January 1	\$ 10,183	\$ 15,320	\$ 25,503
Changes in cash flow from financing activities	605	(6,693)	(6,088)
Additions - Newly added lease contracts	-	6,751	6,751
At December 31	<u>\$ 10,788</u>	<u>\$ 15,378</u>	<u>\$ 26,166</u>

7. Related-Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Perfect Corp.(Cayman)	Associates
Perfect Mobile Corp. (Taiwan)	Associates (Subsidiary of Perfect Corp.(Cayman))
Perfect Corp.(Japan)	“
ClinJeff Corp.	Other related parties

(2) Significant related party transactions and balances

1. Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Service revenue:		
Perfect Mobile Corp. (Taiwan)	\$ 371	\$ 175
Rent income:		
Perfect Mobile Corp. (Taiwan)	661	661
Perfect Corp.(Japan)	648	677
	<u>1,309</u>	<u>1,338</u>
Payment on behalf of others		
Perfect Mobile Corp. (Taiwan)	1,061	532
Perfect Corp.(Japan)	169	95
	<u>1,230</u>	<u>627</u>
	<u>\$ 2,910</u>	<u>\$ 2,140</u>

The Group provides legal, management and technical related services to associates, and expenses were charged in accordance with the personnel costs related to the services that the Group provided. Service revenue for the years ended December 31, 2025 and 2024 is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Service revenue (shown as other income):		
Perfect Mobile Corp. (Taiwan)	<u>\$ 1,400</u>	<u>\$ 1,325</u>

2. Rental income (shown as other income)

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Perfect Mobile Corp. (Taiwan)	\$ 7,578	\$ 7,576
Perfect Corp.(Japan)	2,447	2,490
	<u>\$ 10,025</u>	<u>\$ 10,066</u>

The maturity analysis of lease payments receivable from operating leases is presented below. For related details, please refer to Note 6(9).

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
2025	\$ -	\$ 6,312
2026	9,913	-
2027	3,848	-
	<u>\$ 13,761</u>	<u>\$ 6,312</u>

3. Lease transactions - lessee

- (a) The Group has leased the office from ClinJeff Corp. since May 2022, and the lease period is from May 2022 to April 2024, where the present value of cash payments was \$2,762, calculated using the abovementioned lease period and discount rate. As of December 31, 2024, the accumulated depreciation recognized was \$2,762.
- (b) The Group has leased the office from ClinJeff Corp. since February 2024, and the lease period is from May 2024 to April 2029, where the present value of cash payments was \$6,751, calculated using the abovementioned lease period and discount rate. As of December 31, 2025, the accumulated depreciation recognized was \$2,250.
- (c) Total lease liabilities
- (i) Ending balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
ClinJeff Corp.	\$ 4,561	\$ 5,882

- (ii) Interest expenses:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
ClinJeff Corp.	\$ 83	\$ 70

(3) Key management Salary information

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 43,512	\$ 44,247
Post-employment benefits	799	709
	<u>\$ 44,311</u>	<u>\$ 44,956</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Except for those mentioned in Notes 6(8), 6(9) and 7, the Group has no other significant commitments.

10. Significant Disaster Loss

None.

11. Significant Events after the balance sheet date

Except for those mentioned in Note 6(29), the Group has no other significant subsequent event.

12. Others

(1) Capital management

The Group's objectives of capital management are to ensure the Group's sustainable operation and to maintain an optimal capital structure to reduce the cost of capital, and to provide returns for shareholders. In order to maintain or adjust an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

(2) Financial instruments

1. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss (including current and non-current)	\$ 801,897	\$ 340,837
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ -	\$ 248
Financial assets at amortized cost		
Cash and cash equivalents	\$ 590,113	\$ 587,718
Current financial assets at amortized cost	1,257,200	1,696,883
Accounts receivable	107,332	68,894
Other receivables (including related parties)	5,891	6,097
Guarantee deposits paid (recognized under other non-current assets)	5,969	5,429
	<u>\$ 1,966,505</u>	<u>\$ 2,365,021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 36,559	\$ 30,116
Other payables	483,457	434,171
Guarantee deposits received (recognized under other non-current liabilities)	10,812	10,788
	<u>\$ 530,828</u>	<u>\$ 475,075</u>
Lease liabilities (including current and non-current)	<u>\$ 8,732</u>	<u>\$ 15,378</u>

2. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is executed by the Group's treasury department under the policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- (i) The Group operates internationally and is exposed to exchange rate risk arising from transactions conducted by the Company and its subsidiaries in various functional currencies, primarily with USD and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- (ii) The Group's business involves some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and JPY). Significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2025						
Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehen sive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 35,885	31.43	\$ 1,127,866	1%	\$ 11,279	\$ -
EUR:NTD	396	36.90	14,612	1%	146	-
GBP:NTD	45	42.33	1,905	1%	19	-
USD:JPY	587	156.52	18,449	1%	184	-
<u>Non-monetary items</u>						
USD:NTD	51,460	31.43	1,617,402	1%	346	15,828
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	626	31.43	19,675	1%	197	-
USD:JPY	866	156.52	27,218	1%	272	-

December 31, 2024

Currency	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 48,906	32.79	\$ 1,603,628	1%	\$ 16,036	\$ -
EUR:NTD	226	34.14	7,716	1%	77	-
GBP:NTD	50	41.19	2,060	1%	21	-
USD:JPY	236	156.22	7,738	1%	77	-
<u>Non-monetary items</u>						
USD:NTD	61,941	32.79	2,031,031	1%	418	19,893
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	407	32.79	13,346	1%	133	-
USD:JPY	565	156.22	18,526	1%	185	-

(iii) The total exchange gains or losses, including realized and unrealized, arising from significant effects of foreign exchange fluctuation on the monetary items held by the Group or the years ended December 31, 2025 and 2024 were a (loss) gain of (\$60,105) and \$82,467, respectively.

Price risk

- (i) The Group's equity instruments and funds, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity and funds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group mainly invests in unlisted stocks and funds, and the value of these equity instruments and funds will be affected by the uncertainties from the future performance of the investment targets. If the prices of these equity instruments rises or falls by 1% while the other conditions remain unchanged, the increase or decrease of the net profit after tax for the years ended December 31, 2025 and 2024 due to equity instruments measured at fair value through profit or loss will increase or decrease by \$6,415 and \$2,727, respectively; the other comprehensive income will increase or decrease by \$0 and \$2 respectively from the increase or decrease of equity investments classified as measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- (i) The Group's interest-bearing assets are mainly cash and cash equivalents and

financial assets at amortized cost. The Group expects no significant cash flow interest rate risk on these assets as all their maturities are within 12 months.

- (ii) The Group did not use any financial instruments to hedge interest rate risk.
- (iii) There was no borrowing as of December 31, 2025 and 2024, and thus there was no interest rate risk arising from borrowings.

(b) Credit risk

- (i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments under contractual obligations. The main factor is that counterparties cannot repay in full the accounts receivable based on the agreed terms, or the Group fails to collect contract cash flows of funds measured at amortized cost and at fair value through profit or loss.
- (ii) The Group manages its credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- (iii) The Group adopts the assumptions under IFRS 9, default is considered to occur when the contract payments are past due over 90 days.
- (iv) The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (A) If the contract payments are past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (B) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- (v) The following indicators are used to determine whether the credit impairment of funds has occurred:
 - (A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to its financial difficulties;
 - (B) The disappearance of an active market for that financial asset because of financial difficulties;
 - (C) Default or delinquency in interest or principal repayments;
 - (D) Adverse changes in national or regional economic conditions that are expected to cause a default.
- (vi) The Group classifies customers' accounts receivable based on trade credit risk. The Group applies the modified approach, using a provision matrix, to estimate expected credit losses.

- (vii) The Group adjusts the default rate adopted based on the historical and current information for a specific period by taking the economic forecast made by the Taiwan Institute of Economic Research into account, and estimates the loss allowance for accounts receivable.
- (viii) The amount of the allowance for accounts receivable provided from applying the simplified approach by the Group is insignificant except for individual customers. The Group takes the customer's past default history and actual financial situation into consideration adjusts the loss rate based on the historical and current information in a specific period, in order to estimate the loss allowance on accounts receivable, the loss rate on December 31, 2025 and 2024 is as follows:

<u>December 31, 2025</u>	<u>Group</u>	<u>Individual (Note)</u>	<u>Total</u>
Expected loss rate	0.00%~100.00%	100%	
Total book value	\$ 107,332	\$ 68,721	\$ 176,053
Loss allowance	\$ -	\$ 68,721	\$ 68,721
<u>December 31, 2024</u>	<u>Group</u>	<u>Individual (Note)</u>	<u>Total</u>
Expected loss rate	0.00%~100.00%	100%	
Total book value	\$ 68,894	\$ 77,393	\$ 146,287
Loss allowance	\$ -	\$ 77,393	\$ 77,393

Note: A foreign customer providing e-commerce payment services to the Group petitioned for corporate reorganization, which was approved by the relevant local court on September 25, 2023. Subsequently, the Group received a notice for filing proof of claims from the customer in January 2024 as it entered liquidation proceedings. As the Group assessed that there is no reasonable expectation of recovery for the receivables from this customer, a full impairment loss (expected credit loss) was recognized. In December 2025, a partial recovery of \$8,672 was received. As of December 31, 2025, the accumulated loss allowance recognized amounted to \$68,721. The Group remains in ongoing negotiations with the customer and is closely monitoring the liquidation progress, and will take necessary measures to protect and enforce its creditor rights.

- I. The Group's simplified table of changes in loss allowance for accounts receivable is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 77,393	\$ 31,153
Provision for impairment	-	46,240
Reversal gain of impairment	(8,672)	-
At December 31	\$ 68,721	\$ 77,393

(c) Liquidity risk

- (i) Cash flow forecasting is performed in the operating entities of the Group and

aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

- (ii) Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the Group treasury. Group treasury invests surplus cash in interest-bearing current accounts, time deposits, financial assets measured at amortized cost and short-term marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2025 and 2024, the Group held money market position of \$2,385,572 and \$2,273,143, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- (iii) The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Between 2 and		
	Within 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 36,559	\$ -	\$ -
Other payables	483,457	-	-
Lease liabilities (Note)	5,599	3,276	-
Other non-current liabilities - guarantee deposits received	280	10,532	-
December 31, 2024	Between 2 and		
	Within 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Accounts payable	\$ 30,116	\$ -	\$ -
Other payables	434,171	-	-
Lease liabilities (Note)	6,835	8,875	-
Other non-current liabilities - guarantee deposits received	1,853	8,368	567

Note: The amount includes interest expected to be paid in the future.

(3) Fair value information

1. The different levels of inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active when transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the beneficiary certificates of the Group's investments belongs to this category.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity instruments and funds without an active market is included in Level 3.

2. Fair value information of investment property at cost is provided in Note 6(10).
3. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables (including related parties), financial assets at amortized cost, other financial assets (under other non-current assets), accounts payable, other payables and other financial liabilities (under other non-current liabilities)) are approximate to their fair values.
4. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:
 - (a) The related information on the natures of the assets is as follows:

December 31, 2025	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 34,629	\$ 34,629
Funds	605,410	-	161,858	767,268
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	-	-
Total	<u>\$ 605,410</u>	<u>\$ -</u>	<u>\$ 196,487</u>	<u>\$ 801,897</u>

December 31, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 41,773	\$ 41,773
Funds	90,030	-	209,034	299,064
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	248	248
Total	<u>\$ 90,030</u>	<u>\$ -</u>	<u>\$ 251,055</u>	<u>\$ 341,085</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
 - (i) The instruments for which the Group used market quoted prices as the fair values (that is, Level 1) are listed below according to their characteristics:

- (ii) Except for the financial instruments with active markets mentioned above, the fair value of other financial instruments is determined using valuation techniques or based on counterparty quotes. The fair value derived from valuation techniques is estimated by referencing the current fair value of financial instruments with substantially similar terms and characteristics, using the discounted cash flow method, or applying other valuation techniques, including models based on market information available as of the consolidated balance sheet date.
 - (iii) The output of a valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes that adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - (iv) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
5. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.
6. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	2025		
	Equity securities	Funds	Total
At January 1	\$ 42,021	\$ 209,034	\$ 251,055
Acquired in the year	-	4,955	4,955
Cost return in the current period	-	(5,226)	(5,226)
Proceeds from capital reduction in the year	(144)	-	(144)
Gains and losses recognized in profit or loss			
Recorded as non-operating income and expenses	(7,000)	(38,065)	(45,065)
Gains or losses recognized in other comprehensive income			
Unrealized valuation gain or loss on investments in equity instruments recognized as financial assets measured at fair value through other comprehensive income	(248)	-	(248)
Effect of exchange rate changes	-	(8,840)	(8,840)
At December 31	<u>\$ 34,629</u>	<u>\$ 161,858</u>	<u>\$ 196,487</u>

	2024		
	Equity securities	Funds	Total
At January 1	\$ 42,248	\$ 233,926	\$ 276,174
Acquired in the year	-	4,410	4,410
Cost return in the current period	- (4,599)(4,599)
Proceeds from capital reduction in the year	(227)	- (227)
The profit or loss recognized in income is recognized in the account of non-operating income and expense	- (38,809)(38,809)
Effect of exchange rate changes	-	14,106	14,106
At December 31	\$ 42,021	\$ 209,034	\$ 251,055

7. The following is quantitative information on significant unobservable inputs and a sensitivity analysis of changes in those inputs used in Level 3 fair value measurements:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 34,629	Net asset value	Not applicable.	Not applicable.
Non-derivative debt instrument:				
Private fund investment	161,858	Net asset value	Not applicable.	Not applicable.

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted stocks	\$ 42,021	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin, discount for lack of marketability, discount for lack of control	The higher the discount for lack of marketability, the lower the fair value; The higher the weighted average cost of capital and discount for lack of control, the lower the fair value; The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
Non-derivative debt instrument:				
Private fund investment	209,034	Net asset value	Not applicable.	Not applicable.

8. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurements. The following shows the effect on profit or loss or other comprehensive income from financial assets classified within Level 3 if the inputs used in the valuation models were to change:

	Inputs	Change	Year ended December 31, 2025			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	\$ 346	(\$ 346)	\$ -	\$ -
Funds	Not applicable.	±1%	<u>1,619</u>	<u>(1,619)</u>	<u>-</u>	<u>-</u>
Total			<u>\$1,965</u>	<u>(\$1,965)</u>	<u>\$ -</u>	<u>\$ -</u>

	Inputs	Change	Year ended December 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Inputs	Change
Financial assets						
Equity instruments	Discount for lack of marketability, discount for lack of control	±1%	\$ 418	(\$ 418)	\$ 2	(\$ 2)
Funds	Not applicable.	±1%	<u>2,090</u>	<u>(2,090)</u>	<u>-</u>	<u>-</u>
Total			<u>\$2,508</u>	<u>(\$2,508)</u>	<u>\$ 2</u>	<u>(\$ 2)</u>

13. Supplementary Disclosures

(1) Significant transactions information

1. Lending to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Holding of major securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
4. Purchases or sales of goods with related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
5. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
6. Significant inter-company transactions during the reporting period: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

1. Basic information: Please refer to table 5.
2. Significant transactions, either directly or indirectly through a third party, with investee companies in the Mainland Area: None.

14. Segment Reporting

(1) General information

The Group recognizes the reportable segments based on the reporting information used by the Chief Operating Decision-maker. The Chief Operating Decision-maker operates the business and evaluates performance by products. Its main business activities are related to the sale of “Media Creation” software. Information about operating results of other products is provided under the column heading “Media Experience, Entertainment and

Others”.

(2) Measurement of segment information

1. The accounting policies for operating segments are the same as those summarized in Note 4 of the financial statements.
2. The Group uses segment revenue and operating income as the basis for evaluating performance and has eliminated the impact of inter-segment transactions.

(3) Information about segments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2025		
	Media Experience and Entertainment		Total
	Media Creation	and others	
Segment Revenue	\$ 1,863,079	\$ 596,427	\$ 2,459,506
Segment Operating Income	\$ 280,965	\$ 86,811	\$ 367,776
Segment income (loss), including:			
Depreciation expense	\$ 15,321	\$ 4,734	\$ 20,055

	Year ended December 31, 2024		
	Media Experience and Entertainment		Total
	Media Creation	and others	
Segment Revenue	\$ 1,580,611	\$ 487,748	\$ 2,068,359
Segment Operating Income	\$ 136,622	\$ 38,946	\$ 175,568
Segment income (loss), including:			
Depreciation expense	\$ 15,067	\$ 4,295	\$ 19,362

(4) Reconciliation for segment profit or loss

The Chief Operating Decision-Maker evaluates operating segment performance and allocates resources to operating segments based on segment revenues and operating income. Therefore, no reconciling adjustments are necessary.

(5) Information on products and services

The revenue from external customers is primarily generated from the sale of products for “Media Experience and Entertainment and others” and “Media Creation”, and please refer to Note 14(3) Segment Revenue for the details of revenue.

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
America	\$ 1,570,922	\$ -	\$ 1,332,324	\$ -
Japan	529,324	115,403	459,956	121,190
Taiwan	117,630	1,507,569	88,764	1,534,797
Others	241,630	-	187,315	-
	<u>\$ 2,459,506</u>	<u>\$ 1,622,972</u>	<u>\$ 2,068,359</u>	<u>\$ 1,655,987</u>

Geographical information on the revenue shows the location in which sales were generated. Non-current assets refer to property, plant and equipment, investment property, right-of-use assets and other assets, but excluded financial instruments, deferred tax assets and refundable deposits.

(7) Major customer information

Major customer information for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31			
	2025		2024	
	Revenue	Segment	Revenue	Segment
Customer B		Media creation, Media Entertainment and others segments		Media creation, Media Entertainment and others segments
	<u>\$ 490,869</u>		<u>\$ 345,755</u>	

CYBERLINK CORP. AND SUBSIDIARIES

Holding of major securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2025

Unit: Amounts expressed in thousands of New Taiwan Dollars
(EXCEPT AS OTHERWISE INDICATED)

Table 1

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2025				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
CyberLink Corp.	Stock of One-Blue, LLC	Director of the investee company	Non-current financial assets at fair value through profit or loss	-	\$ 34,629	16.67%	\$ 34,629	
CyberLink Corp.	Yuanta Wan Tai Money Market Fund	None	Current financial assets at fair value through profit or loss	37,839,535	605,410	1.85%	605,410	
CyberLink Corp.	Fuh Hwa New Intelligence Fund	None	Non-current financial assets at fair value through profit or loss	3,000,000	-	1.90%	-	
CyberLink Corp.	Geothings Technology Co., Ltd	None	Non-current financial assets at fair value through other comprehensive income	100,000	-	2.08%	-	
CyberLink Corp.	SKYMIZER TAIWAN INC.	None	Non-current financial assets at fair value through other comprehensive income	40,000	-	0.89%	-	
CyberLink International Technology Corp.	Preferred stock of Cidana Inc. Corp.	None	Non-current financial assets at fair value through other comprehensive income	500,000	-	3.56%	-	
CyberLink International Technology Corp.	Preferred stock of LOFTechnology, Inc. Corp.	None	Non-current financial assets at fair value through other comprehensive income	100,000	-	0.57%	-	
CyberLink International Technology Corp.	CCV Fund I LP	None	Non-current financial assets at fair value through profit or loss	-	(USD 5,150 in thousands of dollars)	5.37%	(USD 5,150 in thousands of dollars)	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities within the scope of IFRS 9 “Financial Instruments.”

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: This table includes marketable securities that the Company has determined should be disclosed based on the principle of materiality.

CYBERLINK CORP. AND SUBSIDIARIES

Purchases or sales of goods with related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2025

Table 2

Unit: Amounts expressed in thousands of New Taiwan Dollars
(EXCEPT AS OTHERWISE INDICATED)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	The circumstance of the dealings			Credit Terms	The circumstances and reasons why the trading terms are different from those of ordinary transactions	Unit Price	Credit Terms	Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)						Balance	Percentage of consolidated total notes/accounts receivable (payable)	
CyberLink Corp.	CyberLink Inc.	A subsidiary of the Company	Sales	\$ 179,218	9%	Note	Same with third parties	Note	\$ 14,848	11%	-		
CyberLink Corp.	CyberLink.Com Corp.	A subsidiary of the Company	Sales	240,863	12%	Note	Same with third parties	Note	22,327	17%	-		

Note: Prices to subsidiaries are based on normal transactions and sales are collected 30 days after the completion of sales.

CYBERLINK CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods
For the year ended December 31, 2025

Unit: Amounts expressed in thousands of New Taiwan Dollars
(EXCEPT AS OTHERWISE INDICATED)

Table 3

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	CyberLink Corp.	CyberLink Inc.	1	Sales revenue	\$ 179,218	Note 4	7.3%
0	CyberLink Corp.	CyberLink Inc.	1	Receivables	17,252	Note 4, 5	0.3%
0	CyberLink Corp.	CyberLink.com Corp.	1	Sales revenue	240,863	Note 4	9.8%
0	CyberLink Corp.	CyberLink.com Corp.	1	Receivables	26,132	Note 4, 5	0.4%

Note 1: The numbers assigned to the transaction company with respect to inter-company transactions are as follows:

- (a) Parent company is '0.'
- (b) The subsidiaries are numbered in order starting from '1.'

Note 2: The relationship between transaction company and counterparty is classified into the following three categories; indicate the category number each case belongs to. (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose them twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose it.):

- (a) Parent company to subsidiary.
- (b) Subsidiary to parent company.
- (c) Subsidiary to subsidiary.

Note 3: Regarding the percentage of transaction amount relative to consolidated total operating revenues or total assets, it is computed based on the period-end balance of the transaction relative to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period relative to consolidated total operating revenues for income statement accounts.

Note 4: Sales to subsidiaries are at normal price and are collected 30 days after the delivery of goods.

Note 5: Receivables include accounts receivable and other receivables.

Note 6: Transaction amounts over \$10,000 are disclosed; transactions are disclosed from both asset and revenue sides.

CYBERLINK CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2025

Table 4

Unit: Amounts expressed in thousands of New Taiwan Dollars
(EXCEPT AS OTHERWISE INDICATED)

Name of Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment Amount		Shares held as at December 31, 2025			Net income of investee as of December 31, 2025 (Note 2(2))	Investment income (loss) recognized by the Company (Note 2(3))	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2025	Number of shares	Ownership (%)	Carrying amount			
CyberLink Corp.	CyberLink.com Corp.	America	Sale of software	\$ 136,327	\$ 136,327	4,000,000	100%	\$ 305,407	\$ 24,925	\$ 24,925	Direct subsidiary
CyberLink Corp.	CyberLink International Technology Corp.	B.V.I.	Investment activities	1,373,806	1,373,806	44,000,000	100%	1,774,847 (35,459) (35,459)	Direct subsidiary
CyberLink Corp.	CyberLink Inc.	Japan	Sale of software	235,714	235,714	1,900	100%	170,380	15,659	15,659	Direct subsidiary
CyberLink International Technology Corp.	Perfect Corp.	Cayman	Investment activities	1,232,905	1,286,253	36,960,961	36.29%	1,582,773	144,771	-	Investments accounted for using the equity method
				(USD 39,227 in thousands of dollars)	(USD 39,227 in thousands of dollars)			(USD 50,359 in thousands of dollars)	(USD 4,643 in thousands of dollars)		

Note 1: If a public company has an overseas holding company and prepares consolidated financial statements as its primary financial report in accordance with local laws, it may disclose only the relevant information of the overseas holding company regarding its related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- The columns of 'Investee,' 'Location,' 'Main business activities,' 'Initial investment amount' and 'Shares held as at December 31, 2025' should be filled in order with the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and the relationship between the Company (public company) and each of its investees (e.g., direct subsidiary or indirect subsidiary) should be noted in the 'footnote' column.
- The 'Net income (loss) of the investee' column should be filled in with the amount of net income (loss) of the investee for this period.
- The 'Investment income (loss) recognized by the Company for this period' column should be filled in with the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in the recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that the direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized in accordance with regulations.

CYBERLINK CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2025

Unit: Amounts expressed in thousands of New Taiwan Dollars

(EXCEPT AS OTHERWISE INDICATED)

Table 5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from	Amount of investment remitted or recovered during the period		Accumulated amount of remittance from	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the period (Note 2(2)B)	Carrying amount of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
				Taiwan to Mainland China as of January 1, 2025	Remitted to Mainland China	Remitted back to Taiwan	Mainland China as of December 31, 2025						
Perfect (Shanghai) Co., Ltd.	Trading of computer peripheral and software	\$ 129,052 (USD 4,106 in thousands of dollars)	(2)	\$ 54,562 (USD 1,736 in thousands of dollars)	\$ 8,424 (USD 268 in thousands of dollars)	\$ -	\$ 62,986 (USD 2,004 in thousands of dollars)	\$ (16,577)	36.29%	\$ -	\$ 8,076	\$ -	Note 4, 5
Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
CyberLink Corp.	\$ 62,986 (USD 2,004 in thousands of dollars)	\$ 75,369 (USD 2,398 in thousands of dollars)	\$ 2,784,852										

Note 1: Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

- (a) Directly investment in a company in mainland China
- (b) Investment through an existing company in a third-area country, which then invested in the investee in Mainland China.
- (c) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for December 31, 2025' column:

- (a) It should be indicated if the investee was still in the process of incorporation and had not yet generated any profit during this period.
- (b) Indicate the basis for investment income (loss) recognition by using the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. Financial report reviewed by CPAs of Perfect Corp. (Cayman)
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Investment made through CyberLink International Technology Corp.

Note 5: Perfect (Shanghai) Co., Ltd. is a subsidiary directly invested in by Perfect Corp. (Cayman), which is the Group's investee company recognized under the equity method.