

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

HOLTEK SEMICONDUCTOR INC.

**Parent Company Only Financial Statements
With Independent Auditors' Report**

For the Years Ended December 31, 2025 and 2024

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

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Independent Auditors' Report

To the Board of Directors of Holtek Semiconductor Inc.:

Opinion

We have audited the financial statements of Holtek Semiconductor Inc. (“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2025 and 2024, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards in the Republic of China. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – related-party and unrealized gross profits on sales to associates

Refer to Note 4(14) “Revenue recognition”, and Note 7(2) “Significant related-party transactions” to the parent company only financial statements.

Description of key audit matter:

The revenue is the basic operational activity of the Company's sustainable operation, which is related to the operational performance of the enterprise, and because the main transaction is the relationship person, it has a high risk of high fraud. Therefore, the valuation of receivables is the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company’s controls surrounding revenue recognition, Collection operation cycle and Evaluating the reasonableness of commercial transactions; Evaluating revenue trend analysis; understanding the transactions of related parties and execution of the accounts; Executing the related party's letter of confirmation; Assessing the correctness and reasonableness of the gross profit margin of sales and the unrealized gross profit on sales to associates; and assessing whether the Company has properly disclosed relevant information about the sales of the related parties and unrealized gross profit on sales to associates.

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

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

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

Those charged with governance (including of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in 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 parent company only financial statements.

As part of an audit in accordance with auditing standards in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 identified during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng, An-Chih and Lu, Chien-Hui.

KPMG

Hsinchu, Taiwan (Republic of China)

February 9, 2026

Notices to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance, and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc.

Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 913,616	17	242,036	4	2100	Short-term loans (note 6(10))	\$ 650,000	12	1,000,000	19
1110	Financial assets measured at fair value through profit or loss — current (note 6(2))	419,999	8	210,385	4	2170	Notes and accounts payable	241,532	5	205,483	4
1170	Notes and accounts receivable, net (note 6(3))	40,898	1	46,791	1	2180	Accounts payable to related parties (note 7)	11,234	-	16,358	-
1180	Accounts receivable from related parties (notes 6(3) and 7)	191,086	3	417,122	8	2201	Salary and bonus payable	145,808	3	171,678	3
130X	Inventories (note 6(4))	765,505	14	916,090	17	2230	Current income tax liabilities	15,239	-	11,688	-
1476	Other financial assets — current (notes 6(5) 、7 and 8)	699,602	13	1,068,657	20	2280	Lease liabilities-current (note 6(11))	7,428	-	11,575	-
1479	Other current assets	11,820	-	40,836	-	2399	Other current liabilities (note 7)	75,915	1	64,114	1
		<u>3,042,526</u>	<u>56</u>	<u>2,941,917</u>	<u>54</u>			<u>1,147,156</u>	<u>21</u>	<u>1,480,896</u>	<u>27</u>
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method (notes 6(6) and 7)	2,092,176	39	2,205,480	41	2570	Deferred tax liabilities (note 6(13))	269,016	5	264,161	5
1600	Property, plant and equipment (note 6(7))	88,017	2	89,196	2	2580	Lease liabilities-non-current (note 6(11))	43,655	1	66,976	2
1755	Right-of-use assets (note 6(8))	48,712	1	75,710	2	2640	Net defined benefit liabilities-non-current (note 6(12))	3,283	-	15,949	-
1780	Intangible assets (note 6(9))	29,879	-	35,422	-	2670	Other non-current liabilities	14,622	-	18,750	-
1840	Deferred tax assets (note 6(13))	41,419	1	43,736	-			<u>330,576</u>	<u>6</u>	<u>365,836</u>	<u>7</u>
1900	Other non-current assets (note 8 and 9)	54,587	1	53,958	1			<u>1,477,732</u>	<u>27</u>	<u>1,846,732</u>	<u>34</u>
		<u>2,354,790</u>	<u>44</u>	<u>2,503,502</u>	<u>46</u>	Total liabilities					
						Equity (note 6(14)) :					
						3110	Ordinary share capital	2,303,882	43	2,261,682	41
						3200	Capital surplus	250,130	5	142,309	3
						3300	Retained earnings	1,417,743	26	1,244,597	23
						3400	Other equity	(52,171)	(1)	(49,901)	(1)
								<u>3,919,584</u>	<u>73</u>	<u>3,598,687</u>	<u>66</u>
						Total equity					
Total assets		<u>\$ 5,397,316</u>	<u>100</u>	<u>5,445,419</u>	<u>100</u>	Total liabilities and equity		<u>\$ 5,397,316</u>	<u>100</u>	<u>5,445,419</u>	<u>100</u>

(See accompanying notes to parent company only financial statements.)

Holtek Semiconductor Inc.**Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollars, except for Earnings per Share)**

	2025		2024	
	Amount	%	Amount	%
4000 Revenue (notes 6(17) and 7)	\$ 2,311,289	100	1,856,690	100
5000 Cost of Goods Sold (notes 6(4)、(9)、(12)、(16)、7 and 12)	<u>1,551,071</u>	<u>67</u>	<u>1,270,749</u>	<u>68</u>
Gross profits	760,218	33	585,941	32
5910 Unrealized gross profit on sales to associates	<u>1,748</u>	<u>-</u>	<u>(82,233)</u>	<u>(4)</u>
Realized gross profits	<u>758,470</u>	<u>33</u>	<u>668,174</u>	<u>36</u>
Operating expenses (notes 6(9)、(12)、(16)、7 and 12) :				
6100 Selling	99,032	4	84,365	5
6200 General and administrative	165,425	7	154,610	8
6300 Research and development	461,216	20	557,939	30
6450 Expected credit impairment loss (note 6(3))	<u>-</u>	<u>-</u>	<u>1,954</u>	<u>-</u>
	<u>725,673</u>	<u>31</u>	<u>798,868</u>	<u>43</u>
Operating income (loss)	<u>32,797</u>	<u>2</u>	<u>(130,694)</u>	<u>(7)</u>
Non-operating income and expenses:				
7020 Other gains and losses (notes 6(18) and 7)	1,623	-	19,121	1
7070 Investment income accounted for using equity method (note 6(6))	98,063	4	(72,551)	(4)
7100 Interest income	26,718	1	17,313	1
7510 Interest expense (note 6(11))	<u>(18,119)</u>	<u>(1)</u>	<u>(22,172)</u>	<u>(1)</u>
	<u>108,285</u>	<u>4</u>	<u>(58,289)</u>	<u>(3)</u>
Income (loss) before income tax	141,082	6	(188,983)	(10)
7950 Income tax (note 6 (13))	<u>(32,242)</u>	<u>(1)</u>	<u>(39,428)</u>	<u>(2)</u>
Net income (loss)	<u>173,324</u>	<u>7</u>	<u>(149,555)</u>	<u>(8)</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Remeasurements of the defined benefit plans (note 6(12))	(223)	-	3,581	-
8330 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(4,638)	-	(250,228)	(13)
8349 Income tax relating to items that will be not reclassified subsequently (note 6(13))	<u>(45)</u>	<u>-</u>	<u>716</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(4,816)</u>	<u>-</u>	<u>(247,363)</u>	<u>(13)</u>
8360 Items that may be reclassified subsequently to profit or loss				
8381 Exchange differences on translation of subsidiaries and associates for using equity method	2,959	-	71,979	4
8399 Income tax relating to items that may be reclassified subsequently (note 6(13))	<u>591</u>	<u>-</u>	<u>14,396</u>	<u>1</u>
Total items that may be reclassified subsequently to profit or loss	<u>2,368</u>	<u>-</u>	<u>57,583</u>	<u>3</u>
8300 Other comprehensive income (loss)	<u>(2,448)</u>	<u>-</u>	<u>(189,780)</u>	<u>(10)</u>
Total comprehensive income (loss)	<u>\$ 170,876</u>	<u>7</u>	<u>(339,335)</u>	<u>(18)</u>
Earnings per share (New Taiwan Dollars) (note 6(15))				
9750 Basic earnings per share	<u>\$ 0.76</u>		<u>(0.66)</u>	
9850 Diluted earnings per share	<u>\$ 0.76</u>		<u>(0.66)</u>	

(See accompanying notes to parent company only financial statements.)

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc.

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest			Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments measured at fair value through other comprehensive income	Total other equity interest	
Balance as of January 1, 2024	\$ 2,261,682	142,309	1,066,622	2,541	210,730	1,279,893	(58,929)	414,843	355,914	4,039,798
Net income for the period	-	-	-	-	(149,555)	(149,555)	-	-	-	(149,555)
Other comprehensive income for the period	-	-	-	-	2,865	2,865	57,583	(250,228)	(192,645)	(189,780)
Total comprehensive income for the period	-	-	-	-	(146,690)	(146,690)	57,583	(250,228)	(192,645)	(339,335)
Appropriation and distribution of retained earnings:										
Appropriation for legal reserve	-	-	11,223	-	(11,223)	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(101,776)	(101,776)	-	-	-	(101,776)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	213,170	213,170	-	(213,170)	(213,170)	-
Balance as of December 31, 2024	<u>2,261,682</u>	<u>142,309</u>	<u>1,077,845</u>	<u>2,541</u>	<u>164,211</u>	<u>1,244,597</u>	<u>(1,346)</u>	<u>(48,555)</u>	<u>(49,901)</u>	<u>3,598,687</u>
Net income for the period	-	-	-	-	173,324	173,324	-	-	-	173,324
Other comprehensive income for the period	-	-	-	-	(178)	(178)	2,368	(4,638)	(2,270)	(2,448)
Total comprehensive income for the period	-	-	-	-	173,146	173,146	2,368	(4,638)	(2,270)	170,876
Appropriation and distribution of retained earnings:										
Appropriation for legal reserve	-	-	6,648	-	(6,648)	-	-	-	-	-
Appropriation for special reserve	-	-	-	47,360	(47,360)	-	-	-	-	-
Issuance of ordinary share capital	42,200	107,821	-	-	-	-	-	-	-	150,021
Reversal of special reserve	-	-	-	(1,120)	1,120	-	-	-	-	-
Balance as of December 31, 2025	<u>\$ 2,303,882</u>	<u>250,130</u>	<u>1,084,493</u>	<u>48,781</u>	<u>284,469</u>	<u>1,417,743</u>	<u>1,022</u>	<u>(53,193)</u>	<u>(52,171)</u>	<u>3,919,584</u>

(See accompanying notes to parent company only financial statements.)

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc.
Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Income (loss) before income tax	\$ 141,082	(188,983)
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	27,944	30,593
Amortization	85,536	91,243
Expected credit impairment loss	-	1,954
Interest expense	18,119	22,172
Gain from price recovery of inventory	-	(20,000)
Interest income	(26,718)	(17,313)
Investments loss accounted for using equity method	(98,063)	72,551
Unrealized gross profit on sales to associates	1,748	(82,233)
Other items not affecting cash flows, net	4,869	1,761
Changes in operating assets and liabilities:		
Financial assets measured at fair value through profit or loss	(205,130)	28,780
Accounts receivable (including related parties)	231,929	(263,504)
Inventories	141,205	404,829
Operating assets	(1,521)	3,394
Accounts payable (including related parties)	30,925	107,869
Net defined benefit liability	(13,064)	(10,732)
Operating liabilities	(13,974)	(113,193)
Cash flows from operations	324,887	69,188
Interest received	26,073	15,992
Dividend received	131,500	284,567
Interest paid	(18,119)	(22,172)
Income tax refunded (paid)	72,666	(4,748)
Net cash flows from operating activities	<u>537,007</u>	<u>342,827</u>
Cash flows from investing activities:		
Proceeds from return of capital of investments accounted for using equity method	76,440	367,544
(Increase) decrease in prepayments for equipment	440	(580)
Acquisitions of property, plant and equipment	(16,193)	(3,550)
Proceeds from disposal of property, plant and equipment	114	-
Decrease in Guarantee deposits paid	1,903	60
Acquisition of intangible assets	(79,993)	(104,707)
(Increase) decrease in other financial assets	369,989	(586,076)
Increase in other non-current assets	(2,971)	-
Net cash flows (used in) from investing activities	<u>349,729</u>	<u>(327,309)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(350,000)	-
Decrease in Guarantee deposits received	(4,223)	(28,110)
Payments of lease liabilities	(10,954)	(11,107)
Cash dividends paid	-	(101,776)
Proceeds from issuing shares	150,021	-
Net cash flows from used in financing activities	<u>(215,156)</u>	<u>(140,993)</u>
Net (decrease) increase in cash and cash equivalents	671,580	(125,475)
Cash and cash equivalents at beginning of period	242,036	367,511
Cash and cash equivalents at end of period	<u>\$ 913,616</u>	<u>242,036</u>

(See accompanying notes to parent company only financial statements.)

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc.

Notes to Parent Company Only Financial Statements

December 31, 2025 and 2024

(Amounts expressed in thousands of New Taiwan Dollars,
except for per share information and unless otherwise noted)

1. Organization

Holtek Semiconductor Inc. (“the Company”) was incorporated on October 1, 1998, as a company limited by shares under the laws of the Republic of China (“ROC”) and the ROC Statute for the Establishment and Administration of the Science-Based Industrial Park. The Company began operations on December 11, 1998. The Company established a Hong Kong branch in April 2000. The shares of the Company have been listed on the Taipei Exchange (“TPEX”) since November 4, 2002, and then listed on the Taiwan Stock Exchange (“TWSE”) since September 27, 2004.

The Company is engaged mainly in the research, development, production, manufacture and sales of integrated circuits.

2. Approval Date and Procedures of the Financial Statements

The accompanying parent company only financial statements were passed for issue by the Board of Directors on February 9, 2026.

3. New Standards, Amendments and Interpretations Adopted

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

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

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its parent company only financial statements:

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7.
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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

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

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

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

The Company is evaluating the impact on its parent company only financial position and parent company only financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation. The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

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

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these parent company only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the “*Regulations Governing the Preparation of Financial Reports by Securities Issuers*” (hereinafter referred to as the Regulations).

(2) Basis of preparation

A. Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

- (a) Financial assets measured at fair value through profit or loss are measured at fair value;
- (b) The net defined benefit liability is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currency

A. Foreign currency transactions

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

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

The Company classifies the asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(5) Cash and cash equivalents

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

(6) Financial instruments

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

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A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

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

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

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

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

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including interest or income, are recognized in profit or loss.

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(c) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, guarantee deposits paid and other financial assets).

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

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

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor' s, Baa3 or higher per Moody' s or twA or higher per Taiwan Ratings.

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The loss allowance is charged to profit or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(d) Derecognition of financial assets

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

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

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B. Financial liabilities

(a) Classification of debt

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

(b) Financial liabilities

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

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

(c) Derecognition of financial liabilities

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

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

(d) Offsetting of financial assets and liabilities

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

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(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over their financial and operating policies. When the Company holds 20% to 50% of the voting rights of the investee company, it assumes that it has significant influence and adopts equity evaluation.

Under the equity method, investments in associates are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill, which is arising from the acquisition, less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Company and associates are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses exceeds its interest in associates, the carrying amount of that investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has a present legal or constructive obligation or has made payments on behalf of the investees.

(9) Investment in subsidiaries

The Company's subsidiaries are accounted for using equity method when preparing their parent company only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent company only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the parent company only financial statements.

The Company's change in the ownership interests of the subsidiaries did not result in loss of control and were treated as an interest transaction with the owner.

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(10) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent cost

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

C. Depreciation

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

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 20 to 30 years

(b) Machinery and equipment: 3 to 5 years

(c) Other equipment: 2 to 8 years

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

(11) Leases

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

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A. As a lease

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

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

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

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

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

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

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

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of company cars and dormitories that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

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

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

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(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

C. Amortization

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

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

The estimated useful lives for the current and comparative years of significant items of intangible assets are as follows:

(a) Computer Software: 1 to 5 years

(b) Acquired Special Technology: 1 to 5 years

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

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(13) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

(14) Revenue from contract with customers

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

A. Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

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B. Financing components

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

(15) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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C. Short-term employee benefits

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

(16) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

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Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(18) Operating segment information

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent company only financial statements.

5. Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty

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

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

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation company conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation company also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

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The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

6. Description of Significant Accounts

(1) Cash and cash equivalents

	December 31,	
	2025	2024
Cash and cash in bank	\$ 73,956	64,668
Time deposits	839,660	177,368
	\$ 913,616	242,036

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

	December 31,	
	2025	2024
Beneficiary certificates	\$ 419,999	210,385

A. Please refer to note 6(19) for the sensitivity analysis, fair value and market risk.

B. The Company's financial assets above were not pledged as collateral.

(3) Notes and accounts receivable, net (including related parties)

	December 31,	
	2025	2024
Notes receivable	\$ 2,972	2,682
Accounts receivable	38,873	44,285
Accounts receivable from related parties	194,625	421,432
	236,470	468,399
Less: allowance for doubtful accounts	(4,486)	(4,486)
	\$ 231,984	463,913

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The notes and accounts receivable, net (including related parties) was \$202,363 as of January 1, 2024.

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for notes and accounts receivable. The ECL on notes and accounts receivable by reference to past default experience of the customers and credit risk characteristics, as well as forward looking information, the loss allowance was determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Not past due	\$ 236,470	0.5%~1.9%	4,486
	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Not past due	\$ 401,782	0.3%~1.5%	1,378
Past due 0~90days	66,617	4.66%	3,108
	\$ 468,399		4,486

The movement in the allowance for notes and trade receivable was as follows:

	For the year ended December 31,	
	2025	2024
Beginning balance	\$ 4,486	2,532
Impairment losses recognized	-	1,954
Ending balance	\$ 4,486	4,486

(4) Inventories

	December 31,	
	2025	2024
Raw materials	\$ 465,636	608,756
Work in process	200,031	217,135
Finished goods and merchandise inventories	99,838	90,199
	\$ 765,505	916,090

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The details of operating costs were as follows:

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 1,541,691	1,286,722
Recovery of inventories	-	(20,000)
Cost of scrap materials	9,380	10,522
Recovery of onerous contract losses	-	(6,495)
	<u>\$ 1,551,071</u>	<u>1,270,749</u>

The Company reversed the previously recorded impairment of inventories as part of the related inventories were scrapped or sold, which was treated as a recovery of inventories for the year ended December 31, 2024.

The Company did not provide any inventories as collateral for its loans.

(5) Other current financial assets-current

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Time deposits (more than 3 months)	\$ 694,000	1,064,000
Restricted cash in banks (note 8)	2,162	2,151
Others	3,440	2,506
	<u>\$ 699,602</u>	<u>1,068,657</u>

No impairment loss of other financial assets-current were occurred and recognized for the year ended December 31, 2025 and 2024.

Please refer to note 6 (19) for further information of credit risk.

(6) Investments accounted for using equity method

Investments accounted for using equity method at the reporting date were as following:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 2,225,270	2,336,826
Less: unrealized gross profits on sales to associates	(133,094)	(131,346)
	<u>\$ 2,092,176</u>	<u>2,205,480</u>

Please refer to consolidated financial statements for the year ended December 31, 2025 for the subsidiaries information.

Share of the gains (losses) of subsidiaries accounted for using equity method were \$98,063 and \$(72,551) for the years ended December 31, 2025 and 2024, respectively.

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Kingtek Semiconductor Holding (BVI) Ltd. has completed its liquidation and reduced its capital \$69,542 in April 2025.

Sigmos Holdings Ltd. has completed its liquidation and reduced its capital \$6,898 in December 2025.

Holtek Semiconductor Holding (BVI) Ltd. has reduced its capital \$37,718 in June 2024.

Holtek Investment Co., Ltd. has reduced its capital \$329,826 in July 2024.

The Company received dividends of \$131,500 and \$284,567 from the equity method during the years ended December 31, 2025 and 2024, respectively.

The Company did not provide any investment accounted for using equity method as collaterals for its loans.

(7) Property, plant and equipment

Changes in the cost, and depreciation of the Company's property, plant and equipment were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2025	\$ 26,676	280,849	230,530	52,058	590,113
Additions	-	830	2,391	12,972	16,193
Disposals	-	-	(6,146)	(2,634)	(8,780)
Balance on December 31, 2025	<u>\$ 26,676</u>	<u>281,679</u>	<u>226,775</u>	<u>62,396</u>	<u>597,526</u>
Balance on January 1, 2024	\$ 26,676	280,366	235,879	50,343	593,264
Additions	-	483	-	3,067	3,550
Disposals	-	-	(5,349)	(1,352)	(6,701)
Balance on December 31, 2024	<u>\$ 26,676</u>	<u>280,849</u>	<u>230,530</u>	<u>52,058</u>	<u>590,113</u>
Accumulated depreciation:					
Balance on January 1, 2025	\$ -	233,807	221,840	45,270	500,917
Depreciation for the period	-	4,524	7,045	5,341	16,910
Disposals	-	-	(6,119)	(2,199)	(8,318)
Balance on December 31, 2025	<u>\$ -</u>	<u>238,331</u>	<u>222,766</u>	<u>48,412</u>	<u>509,509</u>
Balance on January 1, 2024	\$ -	229,298	214,412	44,935	488,645
Depreciation for the period	-	4,509	12,777	1,687	18,973
Disposals	-	-	(5,349)	(1,352)	(6,701)
Balance on December 31, 2024	<u>\$ -</u>	<u>233,807</u>	<u>221,840</u>	<u>45,270</u>	<u>500,917</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:					
Balance on December 31, 2025	\$ 26,676	43,348	4,009	13,984	88,017
Balance on December 31, 2024	\$ 26,676	47,042	8,690	6,788	89,196
Balance on January 1, 2024	\$ 26,676	51,068	21,467	5,408	104,619

The Company did not provide any property, plant and equipment as collaterals for its loans.

(8) Right-of-use assets

Changes in the cost, and depreciation of the Company's land and buildings were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Balance at January 1, 2025	\$ 67,604	41,347	108,951
Disposals	(1,985)	(18,484)	(20,469)
Balance at December 31, 2025	\$ 65,619	22,863	88,482
Balance at December 31, 2024 (Balance at January 1, 2024)	\$ 67,604	41,347	108,951
Accumulated depreciation :			
Balance at January 1, 2025	\$ 18,402	14,839	33,241
Depreciation for the year	2,951	8,083	11,034
Disposals	-	(4,505)	(4,505)
Balance at December 31, 2025	\$ 21,353	18,417	39,770
Balance at January 1, 2024	\$ 15,327	6,294	21,621
Depreciation for the year	3,075	8,545	11,620
Balance at December 31, 2024	\$ 18,402	14,839	33,241
Carrying amount :			
Balance at December 31, 2025	\$ 44,266	4,446	48,712
Balance at December 31, 2024	\$ 49,202	26,508	75,710
Balance at January 1, 2024	\$ 52,277	35,053	87,330

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(9) Intangible assets

Changes in the cost, and amortization of the Company's intangible assets were as follows:

	<u>Computer Software</u>	<u>Acquired Special Technology</u>	<u>Total</u>
Cost :			
Balance at January 1, 2025	\$ 94,977	-	94,977
Additions	79,993	-	79,993
Disposals	(92,452)	-	(92,452)
Balance at December 31, 2025	<u>\$ 82,518</u>	<u>-</u>	<u>82,518</u>
Balance at January 1, 2024	\$ 82,920	30,745	113,665
Additions	104,707	-	104,707
Disposals	(92,650)	(30,745)	(123,395)
Balance at December 31, 2024	<u>\$ 94,977</u>	<u>-</u>	<u>94,977</u>
Accumulated amortization :			
Balance at January 1, 2025	\$ 59,555	-	59,555
Amortization for the year	85,536	-	85,536
Disposals	(92,452)	-	(92,452)
Balance at December 31, 2025	<u>\$ 52,639</u>	<u>-</u>	<u>52,639</u>
Balance at January 1, 2024	\$ 61,474	30,233	91,707
Amortization for the year	90,731	512	91,243
Disposals	(92,650)	(30,745)	(123,395)
Balance at December 31, 2024	<u>\$ 59,555</u>	<u>-</u>	<u>59,555</u>
Carrying amount :			
Balance at December 31, 2025	<u>\$ 29,879</u>	<u>-</u>	<u>29,879</u>
Balance at December 31, 2024	<u>\$ 35,422</u>	<u>-</u>	<u>35,422</u>
Balance at January 1, 2024	<u>\$ 21,446</u>	<u>512</u>	<u>21,958</u>

The amortization of intangible assets are included in the statement of comprehensive income:

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Operating expenses	<u>\$ 85,536</u>	<u>91,243</u>

The Company did not provide any intangible assets as collaterals for its loans.

(10) Short-term loans

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Unsecured bank loans	<u>\$ 650,000</u>	<u>1,000,000</u>
Unused short-term credit lines	<u>\$ 1,550,000</u>	<u>1,200,000</u>
Range of interest rates	<u>2.025%~2.220%</u>	<u>2.025%~2.120%</u>

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(11) Lease liabilities

The amount of lease liabilities was as follows:

	December 31,	
	2025	2024
Current	<u>\$ 7,428</u>	<u>11,575</u>
Non-current	<u>\$ 43,655</u>	<u>66,976</u>

For the maturity analysis, please refer to note 6(19).

The amounts recognized in profit or loss were as follows:

	For the year ended December 31,	
	2025	2024
Interest on lease liabilities	<u>\$ 892</u>	<u>1,176</u>
Expenses relating to short-term leases	<u>\$ 144</u>	<u>385</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 341</u>	<u>427</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the year ended December 31,	
	2025	2024
Total cash outflow for leases	<u>\$ 12,331</u>	<u>13,095</u>

As of December 31, 2025, the Company leases land and buildings for its office space. The leases of land typically run for a period of 20 years, and of buildings for 2 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of office buildings contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The rental amount of the land contract shall be adjusted by the fluctuation of the current land value in the local area and the amortized expenditures used in public infrastructures.

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(12) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31,	
	2025	2024
Present value of the defined benefit obligation	\$ 3,654	21,864
Fair value of plan assets	(371)	(5,915)
Net defined benefit liabilities	\$ 3,283	15,949

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$371 as of December 31, 2025. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Changes in the present value of the defined benefit obligation

The changes in the present value of the defined benefit obligation of the Company were as follows:

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	For the year ended December 31,	
	2025	2024
Defined benefit obligation as of January 1	\$ 21,864	36,160
Benefits paid from plan assets	(19,474)	(12,265)
Current service costs and interest	255	296
Remeasurements of the net defined benefit liabilities		
— Actuarial loss (gain) arising from changes in financial assumptions	49	(705)
— Actuarial loss (gain) arising from experience adjustments	960	(1,622)
Defined benefit obligation as of December 31	<u>\$ 3,654</u>	<u>21,864</u>

(c) Changes in the fair value of the defined benefit plan assets

The changes in the fair value of the defined benefit plan assets of the Company were as follows:

	For the year ended December 31,	
	2025	2024
Fair value of plan assets as of January 1	\$ 5,915	6,145
Benefits paid from plan assets	(14,506)	(12,265)
Interest income	80	49
Contributions made	8,096	10,732
Remeasurements of the net defined benefit liabilities		
— Return on plan assets (excluding current interest)	786	1,254
Fair value of plan assets as of December 31	<u>\$ 371</u>	<u>5,915</u>

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(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or losses were as follows:

	For the year ended December 31,	
	2025	2024
Net interest on the net defined benefit liabilities	<u>\$ 175</u>	<u>247</u>
Cost of goods sold	\$ 13	17
Selling expenses	15	18
General and administrative expenses	31	36
Research and development expenses	<u>116</u>	<u>176</u>
	<u>\$ 175</u>	<u>247</u>

(e) Actuarial assumptions

The following are the Company's significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date

	December 31,	
	2025	2024
Discount rate	1.30%	1.60%
Future salary increase rate	2.00%	2.00%

The Company expects to make a contribution of \$74 to its defined benefit plans in the following year, beginning December 31, 2025.

The weighted-average duration of the defined benefit obligation is 4.4 years.

(f) Sensitivity analysis

If there is a change in the actuarial assumptions, the impact on the defined benefit obligation would be as follows:

<u>actuarial assumptions</u>	Impact on the defined benefit obligation	
	<u>Increase 0.1%</u>	<u>Decrease 0.1%</u>
December 31, 2025		
Discount rate	<u>\$ (17)</u>	<u>17</u>
Future salary increase rate	<u>\$ 17</u>	<u>(16)</u>
December 31, 2024		
Discount rate	<u>\$ (169)</u>	<u>172</u>
Future salary increase rate	<u>\$ 159</u>	<u>(157)</u>

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were \$23,203 and \$33,545 for the years ended December 31, 2025 and 2024, respectively. In addition, the total pension costs of the Company's overseas branch under their respective defined contribution plan were \$167 and \$560 for the years ended December 31, 2025 and 2024, which were recognized in accordance with their local regulations.

In accordance with amendments to local law of overseas branch in 2025, accrued pension will be reclassified from accrued expenses to long-term employee benefits. As of December 31, 2025, the overestimated amount of \$525 has been reversed as pension costs.

(13) Income tax

A. Income tax expenses

The amount of income tax expenses (benefit) was as follows:

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	For the year ended December 31,	
	2025	2024
Current income tax expense		
Current period	\$ 17,242	5,762
Adjustment to prior years	(56,110)	(31)
	<u>(38,868)</u>	<u>5,731</u>
Deferred income tax expense		
Temporary differences	6,626	(45,159)
Income tax expenses	<u>\$ (32,242)</u>	<u>(39,428)</u>

The amount of income tax expense (benefit) recognized in other comprehensive income was as follows:

	For the year ended December 31,	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	<u>\$ (45)</u>	<u>716</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of invested associates accounted for using equity method	<u>\$ 591</u>	<u>14,396</u>

The reconciliation of income tax expenses (benefit) and income (loss) before income tax was as follows:

	For the year ended December 31,	
	2025	2024
Income (loss) before income tax	\$ 141,082	(188,983)
Income tax at the Company's domestic tax rate	28,216	(37,797)
Permanent differences adjustment	(1,143)	2,553
Estimated increase in investment tax credit	(3,593)	(7,588)
Change in provision in prior periods	(56,110)	(31)
Other	388	3,435
	<u>\$ (32,242)</u>	<u>(39,428)</u>

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B. The changes of deferred tax assets and liabilities were as follows:

Deferred tax assets

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2025
Unrealized loss from Inventory devaluation	\$ 12,000	(4,000)	-	8,000	-	-	8,000
Unrealized gross profit from sales to associates	42,716	(16,447)	-	26,269	350	-	26,619
Allowance for doubtful accounts over the quota	99	(99)	-	-	424	-	424
Net defined benefit liabilities	6,003	(2,097)	(716)	3,190	(2,578)	45	657
Loss from exchange differences on translation of financial statements of foreign affiliates	10,946	-	(10,946)	-	-	-	-
Others	<u>6,173</u>	<u>104</u>	<u>-</u>	<u>6,277</u>	<u>(558)</u>	<u>-</u>	<u>5,719</u>
	<u>\$ 77,937</u>	<u>(22,539)</u>	<u>(11,662)</u>	<u>43,736</u>	<u>(2,362)</u>	<u>45</u>	<u>41,419</u>

Deferred tax liabilities

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2025
Foreign investment gains under the equity method	327,861	(67,815)	-	260,046	2,933	-	262,979
Gain from exchange differences on translation of financial statements of foreign affiliates	-	-	3,450	3,450	-	591	4,041
Others	<u>548</u>	<u>117</u>	<u>-</u>	<u>665</u>	<u>1,331</u>	<u>-</u>	<u>1,996</u>
	<u>328,409</u>	<u>(67,698)</u>	<u>3,450</u>	<u>264,161</u>	<u>4,264</u>	<u>591</u>	<u>269,016</u>

C. The tax authorities have assessed the Company's income tax returns through 2023.

(14) Capital and other equity interest

A. Ordinary shares

As of December 31, 2025 and 2024, the authorized capital of the Company amounted to \$3,000,000 of which included the amount of \$200,000 reserved for employee share options and the amount of \$500,000 for convertible bonds. The Company's issued and outstanding common stock, with par value of \$10 per share, amounted to \$2,303,882 and \$2,261,682 as at December 31, 2025 and 2024, respectively.

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On May 28, 2025, the shareholders of the Company resolved to approve a cash capital increase through a private placement of up to 10,000 thousand ordinary shares.

On July 2, 2025, the Board of Directors resolved to issue 4,220 thousand ordinary shares with a par value of NT\$10 per share at a subscription price of NT\$35.55 per share, raising an aggregate amount of \$150,021.

The subscription proceeds have been fully received, and the capital increase record date is July 16, 2025. The registration process has been completed.

B. Capital surplus

The balance of capital surplus as of December 31, 2025 and 2024, were as follows:

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Capital surplus — premium	<u>\$ 250,130</u>	<u>142,309</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be distributed as stock or cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received

Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid-in capital.

C. Retained earnings

According to the Company's Articles of Incorporation, if the Company has profit as a result of the accounting year, the Company shall first pay taxes, offset its losses in previous years and set aside a legal reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. Any rest balance, added to the accumulated undistributed earnings in previous years, shall be allocated by board of directors and shall be approved in shareholders' meeting.

The amount of dividends distributed to shareholders shall be no less than 50% of the distributable earnings of the year and no less than 50% of the shareholder's dividends shall be in the form of cash.

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(a) Legal reserve

Pursuant to the R.O.C. Company Act, the appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to \$18,008. And the Company's actuarial gains and losses be reclassified as retained earnings at the adoption date. The decrease in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to \$13,410. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve amounted to \$4,598 during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately.

The Company liquidated its subsidiary, Holtek Semiconductor (Shenzhen) Inc. and Holtek Semiconductor (Suzhou) Inc. in August, 2014 and April, 2025, respectively. In accordance with the provisions of the above-mentioned regulations, the special reserve was reclassified to retained earnings amounted to \$1,956 and \$1,120, respectively. The Company liquidated its investee company by equity method, Bestway Electronics (Shenzhen) Inc. in May, 2023. In accordance with the provisions of the above-mentioned regulations, the special reserve was reclassified to retained earnings amounted to \$101. The carrying amount of special reserve amounted to \$1,421 and \$2,541 as of December 31, 2025 and 2024, respectively.

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In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(c) Earnings distribution

The following are the appropriation of earnings in 2024 and 2023 which were approved in the shareholders' meeting held on May 28, 2025 and May 29, 2024, respectively :

	For the year ended December 31,			
	2024		2023	
	NT dollars per share	Total amount	NT dollars per share	Total amount
Cash dividends distributed to ordinary shareholders:	\$ -	-	0.45	101,776
	\$ -	-	0.45	101,776

According to the shareholders' meeting held on May 28, 2025 and May 29, 2024, the appropriation legal reserve were \$6,648 and \$11,223, respectively, and the appropriation special reserve were \$47,360 and \$0, respectively.

The information is available on the Market Observation Post System website.

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(15) Earnings per share

The Company's calculation of basic earnings per share was as follows:

	For the year ended December 31,	
	2025	2024
Basic earnings per share:		
Net income (loss) for the period	<u>\$ 173,324</u>	<u>(149,555)</u>
Ordinary share at the beginning of period	226,168	226,168
Issue of shares	<u>1,954</u>	<u>-</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands)	<u>228,122</u>	<u>226,168</u>
Basic earnings per share (NT dollars)	<u>\$ 0.76</u>	<u>(0.66)</u>
Diluted earnings per share:		
Net income (loss) for the period	<u>\$ 173,324</u>	<u>(149,555)</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands)	228,122	226,168
Remuneration to employees	<u>451</u>	<u>-</u>
Weighted-average number of ordinary shares outstanding during the year (diluted) (in thousands)	<u>228,573</u>	<u>226,168</u>
Diluted earnings per share (NT dollars)	<u>\$ 0.76</u>	<u>(0.66)</u>

Since the Company incurred net loss for the year ended December 31, 2024, there were no potential ordinary shares with dilutive effect for the period.

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(16) Remuneration to employees and directors

On May 28, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 5~15% shall be allocated as employee remuneration (including a minimum of 1% to those base-level employees) and a maximum of 1.5% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 5~15% should be allocated as employee remuneration and no more than 1.5% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration could include employees of the subsidiaries who met certain specific requirements.

The remunerations to employees amounted to \$16,764 (including base-level employees) and \$0, and the remunerations to directors amounted to \$1,996 and \$0 for the years ended December 31, 2025 and 2024, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under cost of goods sold or expenses for the years ended December 31, 2025 and 2024. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing market price of the shares on the day preceding the board of directors' meeting.

The Company incurred a loss in 2024, and therefore, no remuneration have been made for employees and directors. Remuneration to employees and directors for 2023 in the amounts of \$8,504 and \$1,012, respectively, which were paid in cash. The aforementioned approved amounts are the same as the amounts charged against earnings of 2023. The information is available on the Market Observation Post System website.

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(17) Revenue from Contracts with Customers

A. Segmentation of revenue

	For the year ended December 31,	
	2025	2024
Revenues from major regional markets:		
China	\$ 1,572,652	1,207,982
Taiwan	269,735	230,371
Others	468,902	418,337
	\$ 2,311,289	1,856,690
Revenue from major products:		
Sales of integrated circuits	\$ 2,307,734	1,851,540
Design revenue	3,555	5,150
	\$ 2,311,289	1,856,690

B. Contract balance

Please refer to note 6(3) for the amount of accounts receivables and impairment loss.

(18) Non-operating income and expenses

The details of other income and expenses were as follows:

	For the year ended December 31,	
	2025	2024
Foreign exchange income (loss)	\$ (7,316)	12,595
Gains on financial assets at fair value through profit or loss	4,484	2,513
Others	4,455	4,013
	\$ 1,623	19,121

(19) Financial instruments

A. Credit risk

(a) Exposure to credit risk

Maximum credit risk exposure is mainly from the carrying amount of financial assets recognized in the balance sheet.

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(b) Concentration of credit risk

The main sales of the Company are domestic and foreign companies with good reputation, in addition to the credit line according to the operation procedures, and continue to understand the credit status of customers. As of December 31, 2025 and 2024, customers (including related parties) whose notes and accounts receivables that accounted for more than 10% have amounted to \$157,132 and \$316,408, respectively. The Company has concentration of credit risk arising from sales transactions. The Company has estimated the recoverable amount and recognized allowance for doubtful accounts, the management expected that no significant impairment loss will occurred.

(c) Credit risk of accounts receivables and debt securities

Please refer to note 6(3) for the information of the credit risk exposure of note and trade receivables.

Other financial assets at amortized cost include time deposits (more than 3 months) and restricted cash in banks. Please refer to note 6(5) for the information of the details and loss allowance.

Please refer to note 4(6) for the information of the above financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk.

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B. Liquidity risk

The following are the contractual maturities of financial liabilities:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1year</u>	<u>More than 5 years</u>
December 31, 2025				
Non-derivative financial liabilities				
Short-term loans	\$ 650,000	651,356	651,356	-
Notes and accounts payable (including related parties)	252,766	252,766	252,766	-
Salary and bonus payable	145,808	145,808	145,808	-
Accrued expenses (recorded in other current liabilities)	29,980	29,980	29,980	-
Guarantee deposit received (recorded in other non-current liabilities)	14,527	14,527	-	14,527
Lease liabilities	<u>51,083</u>	<u>56,176</u>	<u>8,077</u>	<u>48,099</u>
	<u>\$ 1,144,164</u>	<u>1,150,613</u>	<u>1,087,987</u>	<u>62,626</u>
December 31, 2024				
Non-derivative financial liabilities				
Short-term loans	\$ 1,000,000	1,001,283	1,001,283	-
Notes and accounts payable (including related parties)	221,841	221,841	221,841	-
Salary and bonus payable	171,678	171,678	171,678	-
Accrued expenses (recorded in other current liabilities)	33,649	33,649	33,649	-
Guarantee deposit received (recorded in other non-current liabilities)	18,750	18,750	-	18,750
Lease liabilities	<u>78,551</u>	<u>86,356</u>	<u>12,591</u>	<u>73,765</u>
	<u>\$ 1,524,469</u>	<u>1,533,557</u>	<u>1,441,042</u>	<u>92,515</u>

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

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C. Market risk

Currency risk

(a) Exposure to currency risk

The Company's financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 6,408	31.38	201,087	3,570	32.735	116,858
RMB	33,440	4.4694	149,009	93,801	4.4549	417,874
<u>Non-monetary items</u>						
USD	\$ 62,360	31.38	1,956,867	61,324	32.735	2,007,455
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 4,387	31.38	137,664	3,118	32.735	102,076
RMB	4,917	4.4694	21,975	5,912	4.4549	26,337

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, and accounts payable that are denominated in foreign currency. A fluctuation in the NTD/USD and NTD/RMB exchange rate on the reporting date, with other factors remaining constant, would have increased or decreased the net income amounted to \$1,524 and \$3,251 for the years ended December 31, 2025 and 2024, respectively.

(c) Foreign exchange gains (losses) on monetary items

Due to the variety of the functional currencies of the Company, the Company's foreign exchange gains (losses) on monetary items amounted to \$(7,316) and \$12,595 for the years ended December 31, 2025 and 2024, respectively.

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(d) Other price risk

For the years ended December 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

<u>Prices of securities at the reporting date</u>	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
1% increase	\$ <u>3,360</u>	<u>1,683</u>
1% decrease	\$ <u>(3,360)</u>	<u>(1,683)</u>

D. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income is measured on a recurring basis. The Company's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts and equity investments which cannot be estimated reliably in an active market) were as follows:

	<u>December 31, 2025</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through profit or loss	\$ <u>419,999</u>	<u>419,999</u>	<u>-</u>	<u>-</u>	<u>419,999</u>

	<u>December 31, 2024</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through profit or loss	\$ <u>210,385</u>	<u>210,385</u>	<u>-</u>	<u>-</u>	<u>310,385</u>

(b) Valuation techniques for financial instruments that are measured at fair value

The Company valuation techniques and assumptions used for financial instruments of financial assets with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

(c) There was no transfer of fair value level as of December 31, 2025 and 2024.

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(20) Financial risk management

A. Overview

The Company is exposed to the following risks due to usage of financial instruments:

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures can be referred to note 6 (19).

B. Risk management framework

The Board of Directors has overall responsibility for developing and monitoring of the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, and accounts receivables.

Please refer to Note 6 (19) for the credit risk analyses of cash and cash equivalents, and accounts receivables. As of December 31, 2025 and 2024, no guarantees were outstanding.

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D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Company also monitors the level of expected cash flows on long-term and short-term trades. Company treasury invests surplus cash in time deposits with appropriate maturities or other short-term investments to ensure sufficient liquidity and meet its liabilities when due. As of December 31, 2025, the Company's unused credit line were amounted to \$1,550,000, which ensures compliance with the terms of loan agreements and cope with its operations and avoid liquidity risk.

E. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises currency risk and interest risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company controls the risks arising from fluctuation of market rate and price change of beneficiary certificates, all significant transactions are approved by the Board of Directors. The relevant financial operations are monitored by internal audit department.

The management regulations are as follows:

- (1) The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company, primarily the US Dollar (USD), and the Chinese Yuan (RMB).

When a short-term imbalance of financial assets and liabilities in foreign currency occurred, the Company can maintain the net exposure risk at an acceptable level by purchasing or selling foreign currency at current rate.

- (2) Every significant investment of the Company's portfolio is managed individually, and all the decisions on transactions are approved by the Board of Directors.

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(21) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The strategy of capital structure management is based on the Company's industry scope, the future cost of industry, and products development blueprint. The Board of Directors settled the strategy to determine an applicable market share, and decide the operating capitals to make an overall plan for the various assets scales that the Company can develop continuously. Finally, the Board of Directors will estimate possible marginal utility, operating profit margin, and cash flows based on the competitiveness of the Company's products, and will consider different risk factors like business cycle fluctuation, product life cycle, to determine the appropriate capital structure for the Company.

The Board of Directors monitors the capital structure regularly, and considers the potential risk the Company may be involved in various capital structures.

There were no changes in the Company's approach to capital management during the year ended December 31, 2025.

The Company's debt-to-adjusted-capital ratio at the reporting date was as follows:

	December 31,	
	2025	2024
Total liabilities	\$ 1,477,732	1,846,732
Total equity	\$ 3,919,584	3,598,687
Debt-to-adjusted-capital ratio	38%	51%

The decrease in the debt-to-adjusted-capital ratio during the period was primarily attributable to a cash capital increase and the repayment of a portion of short-term loans.

(22) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow, were as follows:

A. Acquisition of right-of-use assets at leases, please refer to notes 6(8).

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

	January 1, 2025	Cash flow	Other	December 31, 2025
Short-term loans	\$ 1,000,000	(350,000)	-	650,000
Lease liabilities	78,551	(10,954)	(16,514)	51,083
Guarantee deposit received	18,750	(4,223)	-	14,527
Total liabilities from financing activities	\$ 1,097,301	(365,177)	(16,514)	715,610

Note : Due to the early termination of the lease for the Hsinchu office, the lease liabilities changed during the period.

	January 1, 2024	Cash flow	Other (Note)	December 31, 2024
Short-term loans	\$ 1,000,000	-	-	1,000,000
Lease liabilities	89,658	(11,107)	-	78,551
Guarantee deposit received	46,860	(28,110)	-	18,750
Total liabilities from financing activities	\$ 1,136,518	(39,217)	-	1,097,301

7. Related-party Transactions

(1) Names and relationship with related parties

The followings are the Company's subsidiaries and the related parties which had transaction with the Company during the periods covered in the parent company only financial statements.

Name of related parties	Relationship with the Company
MCU Holdings Ltd. (MCU)	A subsidiary of the consolidated company
Holtek Semiconductor Holding (BVI) Ltd. (HOLTEK (BVI))	A subsidiary of the consolidated company
Sigmos Holdings Ltd. (Sigmos)	A subsidiary of the consolidated company, which had liquidated in December, 2025
Kingtek Semiconductor Holding (BVI) Ltd.(Kingtek BVI)	A subsidiary of the consolidated company, which had liquidated in April, 2025
Holtek Investment Co., Ltd. (Holtek Investment)	A subsidiary of the consolidated company
Best Health Electronics Corp. (Best Health)	A subsidiary of the consolidated company
Best Health Electronics HK Limited (Best Health HK)	A subsidiary of the consolidated company
Best Health Electronics (Dongguan) Corporation	A subsidiary of the consolidated company
Anchip Technology Corporation (Anchip)	A subsidiary of the consolidated company
Anchip Technology (Dongguan) Corporation	A subsidiary of the consolidated company
Best Driver-tech Corporation. (Best Driver-tech)	A subsidiary of the consolidated company, which had liquidated in October, 2024

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<u>Name of related parties</u>	<u>Relationship with the Company</u>
Best Driver-tech (Hangzhou) Corporation.	A subsidiary of the consolidated company, which had liquidated in October, 2024
Best Module-tech Corporation. (Best Module-tech)	A subsidiary of the consolidated company, which had liquidated in November, 2024
Best Module-tech (Xiamen) Corporation.	A subsidiary of the consolidated company, which had liquidated in November, 2024
Xinqun Semiconductor (XIAMEN) Inc. (Xinqun)	A subsidiary of the consolidated company
Holtek Semiconductor (China) Inc. (Holtek China)	A subsidiary of the consolidated company
Holtek Semiconductor (USA) Inc. (Holtek (USA))	A subsidiary of the consolidated company, which had liquidated in December, 2025
Holtek Semiconductor (Suzhou) Inc. (Holtek Suzhou)	A subsidiary of the consolidated company, which had liquidated in April, 2025
Holtek Semiconductor (INDIA) Private Ltd. (Holtek INDIA)	A subsidiary of the consolidated company
Best Solution Technology Inc. (Best Solution)	A subsidiary of the consolidated company
Best Solution Electronics Inc. (Best Solution BVI)	A subsidiary of the consolidated company, which had liquidated in December, 2025
Best Solution Electronics (Dongguan) Inc.	A subsidiary of the consolidated company, which had liquidated in December, 2025
Best Modules Corp. (Best Modules)	A subsidiary of the consolidated company
Best Modules (BVI) Corp. (Best Modules BVI)	A subsidiary of the consolidated company
Best Modules Electronic Commerce (Xiamen) Corp.	A subsidiary of the consolidated company
BestComm RF Electronics Inc. (BestComm)	A subsidiary of the consolidated company, which had liquidated in November, 2025
BestComm RF Electronics (BVI) Inc. (BestComm BVI)	A subsidiary of the consolidated company, which had liquidated in December, 2024
BestComm RF Electronics (Dongguan) Inc.	A subsidiary of the consolidated company, which had liquidated in December, 2024
Crown Rich Technology Holding Ltd. (Crown Rich)	An associate of the Company
Fine Chip Electronics Inc. (Fine Chip)	An associate of the Company
ForIC Electronics Holding Ltd. (ForIC)	An associate of the Company
JXY Electronics Corporation (JXY)	An associate of the Company
New Wave Electronics Holding Ltd. (New Wave)	An associate of the Company
Newtek Electronics Ltd. (Newtek)	An associate of the Company
Quanding Technology Holding Ltd. (Quanding)	An associate of the Company
Santek Holdings Ltd. (Santek)	An associate of the Company
Truetek Technology Ltd. (Truetek)	An associate of the Company
Signal Electronic Co., Ltd. (Signal)	An associate of the Company
Tech Wave Ltd. (Tech Wave)	An associate of the Company

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<u>Name of related parties</u>	<u>Relationship with the Company</u>
ETEK Technology Company Ltd. (ETEK)	An associate of the Company, but MCU had sold its equity in July, 2024

(2) Significant related-party transactions

A. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the year ended December 31,	
	2025	2024
Xinqun	\$ 571,394	581,071
Holtek China	434,180	392,098
NEWTEK	351,070	47,097
Subsidiaries	11,310	32,547
Associates	<u>286,981</u>	<u>235,025</u>
	<u>\$ 1,654,935</u>	<u>1,287,838</u>

The Company will determine sales price by product type specification, and offer different discount according to the selling quantity. The credit terms for sales transactions for related parties ranged from 60 to 120 days. While the credit term for routine sales transactions, which are usually based on the experiences and the result form credit evaluation, can be varied from advance payment, T/T on demand, or 30 to 60 days on open account.

As for the years ended December 31, 2025 and 2024, the Company recognized unrealized gross profits of sales to associates amounting to \$133,094 and \$131,346 respectively.

The receivables from related parties (including allowance for doubtful accounts) were as follows:

	December 31,	
	2025	2024
Xinqun	\$ 81,572	316,408
NEWTEK	45,327	24,819
Holtek China	30,233	35,819
Subsidiaries	93	2,935
Associates	<u>33,861</u>	<u>37,141</u>
	<u>\$ 191,086</u>	<u>417,122</u>

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The temporary receipts and advance receipts from related parties were as follows:

	December 31,	
	2025	2024
Advance receipts –Subsidiaries (Other current liabilities)	\$ -	180
Advance receipts –Associates (Other current liabilities)	7,524	1,462
Temporary receipts –Associates (Other current liabilities)	13,771	4,179
	\$ 21,295	5,821

B. Purchases and others

The amounts of significant purchases by the Company from related parties were as follows:

	For the year ended December 31,	
	2025	2024
Subsidiaries	\$ 39,830	32,064

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

The Company has paid to the related parties for consumables, miscellaneous purchase, and sales service of integrated circuit as follows:

	For the year ended December 31,	
	2025	2024
Subsidiaries (Operating expenses)	\$ 32,312	23,686

The payables to related parties were as follows:

	December 31,	
	2025	2024
Accounts payable to related parties -Subsidiaries	\$ 11,234	16,358

C. Other transactions

The Company's revenue from subsidiaries and related parties about the human support service charge and disbursement have amounting to \$1,591 and \$1,495 for the year ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the receivables classified under abovementioned other financial assets – current have amounting to \$269 and \$682, respectively.

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(3) Transactions with key management personnel

Key management personnel compensation comprised:

	For the year ended December 31,	
	2025	2024
Short-term employee benefits	\$ 17,560	15,494
Post-employment benefits	432	432
	\$ 17,992	15,926

8. Pledged Assets

Assets	Purpose of Pledged	December 31,	
		2025	2024
Time deposits (recorded in other financial assets – current)	Guarantee deposits from customs	\$ 2,162	2,151
Time deposits (recorded in other non-current assets)	Guarantee deposits from customs and HSPB	6,749	6,749
		\$ 8,911	8,900

9. Significant Commitments and Contingencies

- (1) The Company has signed the contract of technical authorization with ARM Ltd. When the Company sells products which apply the promised technique, it has to pay the royalty with certain amount according to the contract.
- (2) The Company has signed the contract of production capacity guarantee with one supplier and will paid the deposit (Other non-current assets). In the contract, the Company need to purchase the minimum quantity on the relevant years.

10. Losses Due to Major Disasters: None.

11. Significant Subsequent Events: None.

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12. Other

The following is the summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

By item	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	31,427	394,741	426,168	29,801	441,776	471,577
Labor and health insurance	2,613	32,670	35,283	2,850	39,334	42,184
Pensions	2,955	20,065	23,020	1,789	32,563	34,352
Directors	-	2,428	2,428	-	-	-
Others	1,554	15,248	16,802	1,613	17,294	18,907
Depreciation	2,790	25,154	27,944	752	29,841	30,593
Amortization	-	85,536	85,536	-	91,243	91,243

The amount of employees and employee benefits for the years ended December 31, 2025 and 2024, was as follows:

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
The number of employees	<u>331</u>	<u>403</u>
The number of directors who were not holding as a position of employee	<u>5</u>	<u>4</u>
The Average of employee benefits	<u>\$ 1,538</u>	<u>1,421</u>
The Average of Salaries	<u>\$ 1,307</u>	<u>1,182</u>
The Average of salary adjust rate	<u>10.61 %</u>	
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:

- (1) Remuneration for directors and managers: the remuneration distribution for each director will be proposed by the board chairman and the remuneration of managers is determined by the relevant supervisors, which were submitted to the salary and remuneration committee for approval.

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- (2) Salaries for employees and managers: this will be implemented according to the company's "Initial Salary and Salary Adjustment Process", along with other factors which include years of service and work performance.
- (3) Quarterly bonuses for employees and managers: this will be implemented according to the company's "Employee Quarterly Bonus Standard Announcements".
- (4) Year-end bonuses for employees and managers: according to the company's annual operating results, the general manager's office will propose an amount for the year-end bonus. Relevant supervisors then allocate an amount to each employee based on their individual performance evaluation.
- (5) The Company has established an audit committee to replace the supervisor system.

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13. Other disclosures

(1) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

- i. Loans to other parties: None.
- ii. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollar)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Holtek Semiconductor Inc.	Xinqun Semiconductor (XIAMEN) Inc.	Subsidiary of the Company	783,917	109,830	-	-	-	2.80 %	1,959,792	Y	N	Y

Note1 : The total amount of guarantee shall not exceed fifty percent (50%) of the Company’s net equity, and the total amount of the guarantee provided by the Company to any individual entity shall not exceed twenty percent (20%) of the Company’s net equity.

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iii. Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	FSITC Taiwan Money Market	-	Financial assets measured at fair value through profit or loss – current	8,286	134,302	-	134,302	-	
The Company	UPAMC James Bond Money Market Fund	-	Financial assets measured at fair value through profit or loss – current	16,176	285,697	-	285,697	-	

iv. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance (Note2)	Percentage of total notes/accounts receivable (payable)	
The Company	Xinqun	Subsidiary of the Company	Sales	571,394	25%	Open account 120 days	No significant difference	Note7	81,572	35%	
The Company	Holtek (China)	Subsidiary of the Company	Sales	434,180	19%	Open account 120 days	No significant difference	Note7	30,233	13%	
The Company	Newtek	Investee of the Company's subsidiary evaluated under the equity method	Sales	351,070	15%	Open account 60 days	No significant difference	Note7	45,327	20%	
The Company	Signal	Investee of the Company's subsidiary evaluated under the equity method	Sales	110,680	5%	Open account 60 days	No significant difference	Note7	9,021	4%	

Note1 : One-way expression only for companies recognizing income and assets.

Note2 : Notes and accounts receivable, net include allowance for doubtful accounts.

v. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock: None.

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

(2) Information on investees:

The following is the information on investees for the year 2025 (excluding information on investees in Mainland China):

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Holtek Semiconductor Holding (BVI) Ltd.	B.V.I.	Overseas investment activities	627,731	627,731	20,803	100.00%	1,250,523	76,459	76,459	The Company's Subsidiary
The Company	Kingtek Semiconductor Holding (BVI) Ltd.	B.V.I.	Overseas investment activities	-	69,542	-	-%	-	6,791	6,791 Note2	The Company's Subsidiary
The Company	Sigmatos Holdings Ltd.	B.V.I.	Overseas investment activities	-	6,898	-	-%	-	(554)	(554) Note3	The Company's Subsidiary
Sigmatos Holdings Ltd.	Holtek Semiconductor (USA) Inc.	California, USA	Sales of integrated circuits and technical services	-	6,898	-	-%	-	(138)	Note1, 3	The Company's second-tier subsidiary
The Company	MCU Holdings Ltd.	B.V.I.	Overseas investment activities	16,333	16,333	500	100.00%	706,340	10,276	10,276	The Company's Subsidiary
MCU Holdings Ltd.	ForIC Electronics Holding Ltd.	B.V.I.	Overseas investment activities	18,384	9,733	580	40.00%	7,408	(26,092)	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Truetek Technology Ltd.	B.V.I.	Overseas investment activities	16,306	16,306	920	40.00%	49,055	(12,541)	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Quanding Technology Holding Ltd.	B.V.I.	Overseas investment activities	31,124	31,124	1,045	40.00%	58,879	10,355	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Santek Holdings Ltd.	B.V.I.	Overseas investment activities	3,758	3,758	180	40.00%	44,772	3,092	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	New Wave Electronics Holding Ltd.	B.V.I.	Overseas investment activities	24,784	24,784	800	40.00%	62,837	(5,411)	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Newtek Electronics Ltd.	B.V.I.	Overseas investment activities	8,105	8,105	1,501	40.61%	58,523	(8,996)	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Crown Rich Technology Holding Ltd.	B.V.I.	Overseas investment activities	2,641	2,641	80	40.00%	132,979	245	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Fine Chip Electronics Inc.	B.V.I.	Overseas investment activities	7,039	7,039	1	40.00%	171	(378)	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	Anchip Technology Corporation	B.V.I.	Overseas investment activities	2,937	2,937	1	60.00%	54,603	20,182	Note1	The Company's second-tier subsidiary
MCU Holdings Ltd.	Tech Wave Ltd.	Hong Kong	Sales of integrated circuits and technical services	9,907	9,907	2,400	40.00%	5,325	(10,191)	Note1	The Subsidiary's investee company by equity method
MCU Holdings Ltd.	JXY Electronics Corporation	B.V.I.	Overseas investment activities	9,076	9,076	2	40.00%	9,696	(4,984)	Note1	The Subsidiary's investee company by equity method

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
MCU Holdings Ltd.	Best Health Electronics Corp.	B.V.I.	Overseas investment activities	19,808	19,808	5	75.00%	69,647	24,329	Note1	The Company's second-tier subsidiary
Best Health Electronics Corp.	Best Health Electronics HK Limited	Hong Kong	Sales of integrated circuits and technical services	1,299	1,299	300	100.00%	20,081	17,170	Note1	The Company's second-tier subsidiary
The Company	Holtek Semiconductor (India) Private Limited	INDIA	Sales of integrated circuits and technical services	3	3	6	0.10%	4	798	1	The Company's second-tier subsidiary
The Company	Holtek Investment Co., Ltd.	Hsinchu City	Domestic investment activities	260,000	100,000	26,000	100.00%	268,403	5,090	5,090	The Company's Subsidiary
Holtek Investment Co., Ltd.	Signal Electronic Co., Ltd.	Taipei City	Sales of integrated circuits and technical services	95,941	95,941	7,880	40.00%	131,894	25,666	Note1	The Subsidiary's investee company by equity method
Signal Electronic Co., Ltd.	Best Solution Technology Inc.	Taipei City	Sales of integrated circuits and technical services	7,375	7,375	738	36.88%	7,189	(3,521)	Note1	The Company's second-tier subsidiary
Holtek Investment Co., Ltd.	Best Solution Technology Inc.	Taipei City	Sales of integrated circuits and technical services	8,000	8,000	800	40.00%	7,799	(3,521)	Note1	The Company's second-tier subsidiary
Best Solution Technology Inc.	Best Solution Electronics Inc.	B.V.I.	Overseas investment activities	-	6,140	-	-%	-	(3,641)	Note1, 3	The Company's third-tier subsidiary
Holtek Investment Co., Ltd.	TANGENT Microelectromechanics Corp.	Hsinchu City	Electronic component manufacturing, electronic materials wholesale and retail, telecommunication equipment wholesale and retail, intellectual property rights, information service and international trade	10,002	10,002	380	20.00%	-	(51)	Note1, 4	The Subsidiary's investee company by equity method
Holtek Investment Co., Ltd.	BestComm RF Electronics Inc.	Hsinchu City	Sales of integrated circuits and technical services	-	40,000	-	-%	-	38	Note1, 3	The Company's second-tier subsidiary
Holtek Investment Co., Ltd.	Best Modules Corp.	Hsinchu City	Electronic component manufacturing, electronic materials wholesale and retail, retail trade not in stores or stalls, and international trade	105,000	105,000	10,500	100.00%	79,395	(5,434)	Note1	The Company's second-tier subsidiary
Best Modules Corp.	Best Modules (BVI) Corp.	B.V.I.	Overseas investment activities	28,326	28,326	7	100.00%	25,630	(3,797)	Note1	The Company's third-tier subsidiary
Holtek Investment Co., Ltd.	Holtek Semiconductor (India) Private Limited	INDIA	Sales of integrated circuits and technical services	2,945	2,945	6,479	99.90%	4,611	798	Note1	The Company's second-tier subsidiary

Note1 : The share of profits/losses of the investee company is already included in the share of profits/losses of the investor company.

Note2 : This company was liquidated in 2Q25.

Note3 : This company was liquidated in 4Q25.

Note4 : The company has ceased operations, and the carrying amount of its investment at the end of the period has been fully recognized as a loss.

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

(3) Information on investment in mainland China:

i. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Gains (losses) on investments	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
Xinqun Semiconductor (XIAMEN) Inc.	Sales of integrated circuits and technical services	322,726	(Note1)	290,645	-	-	290,645	72,520	100%	72,520 (Note 5)	367,423	-
Holtek Semiconductor (China) Inc.	Sales of integrated circuits and technical services	292,423	(Note1)	272,221	-	-	272,221	3,829	100%	3,829 (Note 5)	840,118	-
Santek Electronics (Xiamen) Ltd.	Sales of integrated circuits and technical services	6,398	(Note1)	2,506	-	-	2,506	2,633	40%	1,053	22,204	-
New Wave Electronics (Shenzhen) Ltd.	Sales of integrated circuits and technical services	9,287	(Note1)	3,928	-	-	3,928	(5,305)	40%	(2,122) (Note 5)	62,667	-
ForIC Electronics (Beijing) Ltd.	Sales of integrated circuits and technical services	41,264	(Note1)	3,601	-	-	3,601	431	40%	173	(6,683)	-
E-Micro Technology (Qingdao) Ltd.	Sales of integrated circuits and technical services	6,315	(Note1)	2,634	-	-	2,634	222	40%	89	2,199	-
Newtek Electronics (Shenzhen) Ltd	Sales of integrated circuits and technical services	65,860	(Note1)	2,647	-	-	2,647	2,280	40.61%	926 (Note 5)	33,837	-
Truetek Technology (Shanghai) Ltd.	Sales of integrated circuits and technical services	30,293	(Note1)	3,911	-	-	3,911	(12,553)	40%	(5,021)	13,152	-
Crown Rich Technology (Shenzhen) Ltd.	Sales of integrated circuits and technical services	18,446	(Note1)	1,964	-	-	1,964	323	40%	129 (Note 5)	132,111	-
Quanding Technology (Suzhou) Ltd.	Sales of integrated circuits and technical services	21,670	(Note1)	1,600	-	-	1,600	10,344	40%	4,138 (Note 5)	45,941	-
Holtek Semiconductor (Suzhou) Inc.	Sales of integrated circuits and technical services	- (Note 6)	(Note1)	69,712	-	69,712	-	20	-%	20 (Note 5)	-	51,367
Fine Chip Electronics (Shanghai) Inc.	Sales of integrated circuits and technical services	7,541	(Note1)	-	-	-	-	(297)	40%	(119)	(660)	-

Holtek Semiconductor Inc.
Notes to Parent Company Only Financial Statements

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Gains (losses) on investments	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
Anchip Technology (Dongguan) Corporation	Sales of integrated circuits and technical services	1,521	(Note1)	-	-	-	-	20,247	60%	12,148	53,994	-
JXY Electronics (Shenzhen) Corporation	Sales of integrated circuits and technical services	18,706	(Note1)	-	-	-	-	(4,908)	40%	(1,963)	9,569	-
Best Health Electronics (Dongguan) Corporation	Sales of integrated circuits and technical services	23,057	(Note1)	-	-	-	-	7,233	75%	5,425	53,769	-
Best Solution Technology (Dongguan) Inc.	Sales of integrated circuits and technical services	- (Note 7)	(Note1)	-	-	-	-	(3,849)	-%	(2,107)	-	31,437
Best Modules Electronic Commerce (Xiamen) Corp.	Sales of integrated circuits and technical services	28,307	(Note1)	28,307	-	-	28,307	(3,792)	100%	(3,792)	25,603	

ii. Limit of investments in Mainland China:

Accumulated Investments in Mainland China as of December 31, 2025(Note2)	Investment Amounts Authorized by Investment Commission, MOEA (Note3)	Maximum Limit of Investment (Note4)
585,657 (US\$19,751 in thousands)	708,148 (US\$22,567 in thousands)	2,351,750

Note1 : Investment in companies in Mainland China through the existing companies in the third regions.

Note2 : Accumulated investments in Mainland China are calculated in NTD using exchange rate on the remitting date.

Note3 : Investment amounts authorized by Investment Commission, MOEA are calculated in NTD using exchange rate on the reporting date. Including accumulated remittances from Taiwan for \$563,297 (US\$17,951 in thousands); and from the third regions for \$144,851 (US\$4,616 in thousands).

Note4 : According to "Principle of investment or Technical Cooperation in Mainland China", the Company's accumulated investments in Mainland China do not exceed the maximum limit of investment. Net value $\$3,919,584 \times 60\% = \$2,351,750$.

Note5 : The financial statements of the Company were audited by the auditors.

Note6 : This company was liquidation in 2Q25.

Note7 : This company was liquidation in 4Q25.

iii. Significant transactions

The significant intercompany transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the Company please refer to *Information on significant transactions* for further information.

14. Segment Information

Please refer to consolidated financial statements for the year ended December 31, 2025.

Holtek Semiconductor Inc.
Statement of Cash and Cash Equivalents
December 31, 2025

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash	— NTD	\$ 10
	— Foreign currency HKD 967.10	4
Checking deposits	— NTD	432
	— Foreign currency HKD 39,491.37	158
Cash in bank	— NTD	12,980
	— Foreign currency HKD 270,751.15	1,085
	— Foreign currency USD 1,819,463.08	57,095
	— Foreign currency RMB 490,517.55	2,192
Time deposits	— NTD	776,900
	— Foreign currency USD 2,000,000.00	62,760
Total		<u>\$ 913,616</u>

Note: The exchange rates for foreign currency to NTD were as follows:

USD : 31.38

HKD : 4.008

RMB : 4.4694

Holtek Semiconductor Inc.

**Statement of Financial Assets Measured at Fair
Value through Profit or Loss - Current**

December 31, 2025

(In Thousands of New Taiwan Dollars)

<u>Name of financial instrument</u>	<u>Description</u>	<u>Shares or units</u>	<u>Acquisition cost</u>	<u>Fair value</u>		<u>Collateral</u>
				<u>Unit Price</u>	<u>Total amount</u>	
FSITC Taiwan Money Market	Financial assets available-for-sale — beneficiary certificates	8,286	\$ 129,387	16.2088	134,302	Nil
UPAMC James Bond Money Market Fund	As above	16,176	<u>283,432</u>	17.6620	<u>285,697</u>	Nil
	Total		<u>\$ 412,819</u>		<u>419,999</u>	

Statement of Notes and Accounts Receivables

<u>Client name</u>	<u>Amount</u>
Avnet Technology Electronics Marketing (Taiwan) Co., Ltd.	\$ 9,735
inergy Technology Inc.	6,740
RYOSAN COMPANY, LIMITED	5,121
All Winners Co.,Ltd.	4,523
THALES DIS FRANCE SAS	2,529
Chuanwei Technology Limited	2,452
Tyco Fire & Security GmbH	2,109
Others (Note)	<u>8,636</u>
	41,845
Less: Allowance for doubtful accounts	<u>(947)</u>
Total	<u>\$ 40,898</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Holtek Semiconductor Inc.

Statement of Inventories

December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net realizable value	
Finished goods and merchandise	\$ 99,838	199,366	Basis of inventories net realizable value refer to Note 4 (7) for further explanation in parent company only financial statements.
Work in process	200,031	401,411	
Materials and supplies	465,636	478,421	
	<u>\$ 765,505</u>	<u>1,079,198</u>	

Statement of Other Financial Assets - Current

Please refer to note 6(5) for further information of Other Financial Assets - Current.

Statement of Other Current Assets

Item	Description	Amount
Overpaid sales tax	The overpaid sales tax of Value-Added Tax	\$ 9,702
Prepayments for purchases		1,114
Prepaid expenses		632
Others (Note)		<u>372</u>
Total		<u>\$ 11,820</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Holtek Semiconductor Inc.
Statement of Changes in Investments Accounted for Using Equity Method
For the year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

<u>Name of investee</u>	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Investment Income (loss)</u>	<u>Cumulative Translation Adjustments</u>	<u>Other (Note)</u>	<u>Ending Balance</u>	<u>Percentage of ownership</u>
MCU Holdings Ltd.	\$ 700,445	-	10,276	2,218	(6,599)	706,340	100.00%
Holtek Semiconductor Holding (BVI) Ltd.	1,166,263	-	76,459	7,801	-	1,250,523	100.00%
Holtek Investment Co., Ltd.	329,371	-	5,090	(896)	(65,162)	268,403	100.00%
Kingtek Semiconductor Holding (BVI) Ltd.	121,436	(69,542)	6,791	(5,740)	(52,945)	-	-%
Sigmos Holdings Ltd.	19,307	(6,898)	(554)	(423)	(11,432)	-	-%
Holtek Semiconductor (India) Pvt. Ltd.	<u>4</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>4</u>	100.00%
	2,336,826	(76,440)	98,063	2,959	(136,138)	2,225,270	
Less: unrealized gross profits of sales to associates	<u>131,346</u>	<u>1,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,094</u>	
	<u>\$ 2,205,480</u>	<u>(78,188)</u>	<u>98,063</u>	<u>2,959</u>	<u>(136,138)</u>	<u>2,092,176</u>	

Note : The amounts of unrealized gains (losses) from investments measured at fair value through other comprehensive income of IFRS9 and cash dividends from investee companies

Holtek Semiconductor Inc.
Statement of Changes in Property, Plant and Equipment
For the year ended December 31, 2025

Please refer to note 6(7) for further information of Property, Plant and Equipment.

Statement of Right-of-use assets

Please refer to note 6(8) for further information of Right-of-use assets.

Statement of Intangible assets

Please refer to note 6(9) for further information of Intangible assets.

Statement of Deferred Tax Assets

Please refer to note 6(13) for further information of Deferred Tax Assets.

Holtek Semiconductor Inc.
Statement of Other Non-current Assets
December 31, 2025
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Guarantee deposits paid	\$ 44,727
Restricted cash in banks-non-current	6,749
Prepayments	<u>3,111</u>
Total	<u>\$ 54,587</u>

Holtek Semiconductor Inc.
Statement of Notes and Accounts Payable
December 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
HeJian Technology (SuZhou) Co., Ltd.	\$ 78,769
Greatek Electronics Inc.	54,815
United Microelectronics Corporation	47,815
EPISIL TECHNOLOGIES INC.	14,371
Tianshui Huatian Technology Co., Ltd.,	13,147
Others (Note)	32,615
Total	\$ 241,532

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

Statement of Other Current Liabilities

Item	Description	Amount
Accrued expenses		\$ 29,980
Advance sales receipts		22,144
Temporary receipts (including related parties)		18,827
Receipts under custody		4,964
Total		\$ 75,915

Note: The amount of each item in others does not exceed 5% of the account balance.

Holtek Semiconductor Inc.
Statement of Deferred Tax Liabilities
December 31, 2025

Please refer to note 6(13) for further information of Deferred Tax Liabilities.

Statement of Lease liabilities

Please refer to note 6(11) for further information of Lease liabilities.

Statement of Revenue
For the year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity (thousands)</u>	<u>Amount</u>
Sales of integrated circuits	665,328	\$ 2,307,734
Design revenue	-	<u>3,555</u>
Revenue		<u><u>\$ 2,311,289</u></u>

Holtek Semiconductor Inc.
Statement of Cost of Goods Sold
For the year ended December 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 624,428
Add : Raw material purchased	989,853
Less : Raw materials, end of year	(480,939)
Transferred to expenses	(8,494)
Raw materials directly used	1,124,848
Manufacturing expenses	63,557
Processing expenses	357,942
Manufacturing cost	1,546,347
Add : Work in process, beginning of year	235,289
Less : Work in process, end of year	(216,913)
Transferred to expenses	(8,384)
Cost of finished goods	1,556,339
Add : Finished goods and merchandise, beginning of year	94,642
Less : Finished goods and merchandise, end of year	(105,994)
Others	(3,296)
Cost of production and marketing	1,541,691
Cost of scrap materials	9,380
Cost of goods sold	\$ 1,551,071

Holtek Semiconductor Inc.
Statement of Selling, Administrative, and Research and Development Expenses
For the year ended December 31, 2025
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling</u>	<u>General and Administrative</u>	<u>Research and Development</u>
Salaries	\$ 37,433	83,400	273,908
Professional service fees	33,052	6,700	2,306
Consumables	1,360	524	23,572
Insurance expense	3,201	10,409	23,006
Depreciation and amortization	3,135	29,455	78,100
Royalties	6,891	-	-
Others (Note)	<u>13,960</u>	<u>34,937</u>	<u>60,324</u>
Total	<u>\$ 99,032</u>	<u>165,425</u>	<u>461,216</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of the Other Income and Expenses

Please refer to note 6(18) for further information of Other Income and Expenses.