

Stock Code : 6202

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**HOLTEK SEMICONDUCTOR INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements  
With Independent Auditors' Report**

**For the Years Ended December 31, 2025 and 2024**

**Address : No.3, Creation Rd. II, Science Park, Hsinchu 300, Taiwan, R.O.C.**

**Telephone No. : (03)563-1999**

*The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.*

## Table of contents

Contents	Page
1.Cover Page	1
2.Table of Contents	2
3.Representation Letter	3
4.Independent Auditors' Report	4
5.Consolidated Balance Sheets	5
6.Consolidated Statements of Comprehensive Income	6
7.Consolidated Statements of Changes in Equity	7
8.Consolidated Statements of Cash Flows	8
9.Notes to the Consolidated Financial Statements	
(1) Organization	9
(2) The Authorization of financial statements	9
(3) New standards, amendments and interpretations adopted	9
(4) Summary of significant accounting policies	11
(5) Major sources of accounting judgments, estimations and assumptions of uncertainty	29
(6) Description of significant accounts	30
(7) Related-party transactions	58
(8) Pledged assets	61
(9) Significant commitments and contingencies	61
(10) Losses Due to Major Disasters	61
(11) Significant subsequent Events	61
(12) Other	61
(13) Other disclosures	
(a) Information on significant transactions	62
(b) Information on investees	66
(c) Information on investment in mainland China	68
(14) Segment information	71

## Representation Letter

The entities that are required to be included in the combined financial statements of Holtek Semiconductor Inc. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Holtek Semiconductor Inc. and its subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company Name: Holtek Semiconductor Inc.

Chairman: WU, CHI YUNG

Date: February 9, 2026

## **Independent Auditors' Report**

To the Board of Directors of Holtek Semiconductor Inc.:

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and 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 Consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements.

#### **Description of key audit matter:**

The revenue is the basic operational activity of the Group'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 Group’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 Group has properly disclosed relevant information about the sales of the related parties and unrealized gross profit on sales to associates.

### **Other Matters**

Holtek Semiconductor Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion with emphasis-of-matter paragraph.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

**Notice to Readers**

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and 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 consolidated financial statements are those generally accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.*

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**Holtek Semiconductor Inc. and Subsidiaries**

**Consolidated 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	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(1))	\$ 1,495,204	27	903,004	16	2100	Short-term loans (note 6(11))	\$ 650,000	12	1,000,000	18
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	299,249	5	274,039	5
1170 Notes and accounts receivable, net (note 6(4))	62,725	1	58,190	1	2180	Accounts payable from related parties (note 7)	261	-	62	-
1180 Accounts receivable from related parties (notes 6(4) and 7)	333,082	6	360,365	7	2201	Salary and bonus payable	169,711	3	201,727	4
130X Inventories (note 6(5))	1,036,127	19	1,192,861	21	2230	Current income tax liabilities	19,258	-	12,155	-
1476 Other financial assets—current (notes 6(6)、7 and 8)	1,141,138	20	1,696,497	30	2280	lease liabilities—current (note 6(12))	11,191	-	17,744	-
1479 Other current assets	23,732	-	74,348	1	2399	Other current liabilities (note 7)	81,172	2	73,271	1
	<u>4,512,007</u>	<u>81</u>	<u>4,495,650</u>	<u>80</u>			<u>1,230,842</u>	<u>22</u>	<u>1,578,998</u>	<u>28</u>
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>				
1518 Equity instruments measured at fair value through other comprehensive income—non-current (note 6(3))	66	-	4,704	-	2570	Deferred tax liabilities (note 6(14))	269,015	5	267,874	5
1550 Investments accounted for using equity method (notes 6(7) and 7)	492,451	9	496,047	9	2580	lease liabilities—non-current (note 6(12))	48,930	1	75,102	2
1600 Property, plant and equipment (note 6(8))	364,966	7	380,895	7	2640	Net defined benefit liabilities (note 6(13))	3,283	-	15,949	-
1755 Right-of—use assets (note 6(9))	57,307	1	89,834	2	2670	Other non-current liabilities	23,561	-	23,205	-
1780 Intangible assets (note 6(10))	30,344	-	36,870	-			<u>344,789</u>	<u>6</u>	<u>382,130</u>	<u>7</u>
1840 Deferred tax assets (note 6(14))	41,480	1	45,079	1		<b>Total liabilities</b>	<u>1,575,631</u>	<u>28</u>	<u>1,961,128</u>	<u>35</u>
1900 Other non-current assets (notes 8 and 9)	65,034	1	68,631	1		<b>Equity (note 6(15)) :</b>				
	<u>1,051,648</u>	<u>19</u>	<u>1,122,060</u>	<u>20</u>		Equity attributable to shareholders of the parent				
<b>Total assets</b>	<u>\$ 5,563,655</u>	<u>100</u>	<u>5,617,710</u>	<u>100</u>	3110	Ordinary share capital	2,303,882	41	2,261,682	40
					3200	Capital surplus	250,130	5	142,309	3
					3300	Retained earnings	1,417,743	26	1,244,597	22
					3400	Other equity	(52,171)	(1)	(49,901)	(1)
						Total equity attributable to shareholders of the parent	<u>3,919,584</u>	<u>71</u>	<u>3,598,687</u>	<u>64</u>
					36XX	Non-controlling interests	68,440	1	57,895	1
						<b>Total equity</b>	<u>3,988,024</u>	<u>72</u>	<u>3,656,582</u>	<u>65</u>
						<b>Total liabilities and equity</b>	<u>\$ 5,563,655</u>	<u>100</u>	<u>5,617,710</u>	<u>100</u>

(See accompanying notes to consolidated financial statements.)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**Holtek Semiconductor Inc. and Subsidiaries**  
**Consolidated 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	Revenues (notes 6(18) 、 7)	\$ 3,057,722	100	2,501,630	100
5000	Cost of Goods Sold (notes 6(5) 、 (13) 、 (17) 、 7 and 12)	<u>1,879,931</u>	<u>61</u>	<u>1,538,786</u>	<u>62</u>
	<b>Gross profits</b>	1,177,791	39	962,844	38
5910	Unrealized gross profits on sales to associates	<u>(12,215)</u>	<u>-</u>	<u>(45,165)</u>	<u>(2)</u>
	<b>Realized gross profits</b>	<u>1,190,006</u>	<u>39</u>	<u>1,008,009</u>	<u>40</u>
	<b>Operating expenses (notes 6(13) 、 (17) and 12) :</b>				
6100	Selling	122,911	4	142,291	6
6200	General and administrative	279,251	9	334,627	13
6300	Research and development	680,896	22	819,757	33
6450	Expected credit impairment loss (reversal gain) (note 6(4))	<u>-</u>	<u>-</u>	<u>(51,879)</u>	<u>(2)</u>
		<u>1,083,058</u>	<u>35</u>	<u>1,244,796</u>	<u>50</u>
	<b>Operating income (loss)</b>	<u>106,948</u>	<u>4</u>	<u>(236,787)</u>	<u>(10)</u>
	<b>Non-operating income and expenses:</b>				
7020	Other gains and losses (notes 6(19) and 7)	44,662	1	55,090	2
7060	Investment income accounted for using equity method (note 6(7))	(10,850)	-	(27,970)	(1)
7100	Interest income	37,168	1	41,342	2
7510	Interest expense	<u>(18,283)</u>	<u>(1)</u>	<u>(22,389)</u>	<u>(1)</u>
		<u>52,697</u>	<u>1</u>	<u>46,073</u>	<u>2</u>
	<b>Income (loss) before income tax</b>	159,645	5	(190,714)	(8)
7950	Income tax (note 6(14))	<u>(26,241)</u>	<u>(1)</u>	<u>(42,565)</u>	<u>(2)</u>
	<b>Net income (loss)</b>	<u>185,886</u>	<u>6</u>	<u>(148,149)</u>	<u>(6)</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of the defined benefit plans(note 6(13))	(223)	-	3,581	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income(note 6(3))	(4,638)	-	(250,228)	(10)
8349	Income tax relating to items that will be not reclassified subsequently (note 6(14))	(45)	-	716	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>(4,816)</u>	<u>-</u>	<u>(247,363)</u>	<u>(10)</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of financial statements of foreign affiliates	2,250	-	50,234	2
8371	Exchange differences on translation of financial statements of invested associates accounted for using equity method (note 6(7))	886	-	23,640	1
8399	Income tax relating to items that may be reclassified subsequently (note 6(14))	<u>591</u>	<u>-</u>	<u>14,396</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>2,545</u>	<u>-</u>	<u>59,478</u>	<u>3</u>
8300	<b>Other comprehensive income (loss)</b>	<u>(2,271)</u>	<u>-</u>	<u>(187,885)</u>	<u>(7)</u>
	<b>Total comprehensive income (loss)</b>	<u>\$ 183,615</u>	<u>6</u>	<u>(336,034)</u>	<u>(13)</u>
	<b>Net income attributable to:</b>				
8610	Shareholders of the parent	\$ 173,324	6	(149,555)	(6)
8620	Non-controlling interests	<u>12,562</u>	<u>-</u>	<u>1,406</u>	<u>-</u>
		<u>\$ 185,886</u>	<u>6</u>	<u>(148,149)</u>	<u>(6)</u>
	<b>Total comprehensive income (loss) attributable to:</b>				
8710	Shareholders of the parent	\$ 170,876	6	(339,335)	(13)
8720	Non-controlling interests	<u>12,739</u>	<u>-</u>	<u>3,301</u>	<u>-</u>
		<u>\$ 183,615</u>	<u>6</u>	<u>(336,034)</u>	<u>(13)</u>
	<b>Earnings per share (New Taiwan Dollars) (note 6(16))</b>				
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 consolidated financial statements.)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**Holtek Semiconductor Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Equity attributed to shareholders of the parent

	Retained earnings						Total other equity interest			Total equity attributed to shareholders of the parent	Non-controlling interests	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			
<b>Balance as of January 1, 2024</b>	2,261,682	142,309	1,066,622	2,541	210,730	1,279,893	(58,929)	414,843	355,914	4,039,798	59,817	4,099,615
Net income for the period	-	-	-	-	(149,555)	(149,555)	-	-	-	(149,555)	1,406	(148,149)
Other comprehensive income for the period	-	-	-	-	2,865	2,865	57,583	(250,228)	(192,645)	(189,780)	1,895	(187,885)
Total comprehensive income for the period	-	-	-	-	(146,690)	(146,690)	57,583	(250,228)	(192,645)	(339,335)	3,301	(336,034)
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)	-	(101,776)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	213,170	213,170	-	(213,170)	(213,170)	-	-	-
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,835)	(2,835)
Reversal of special reserve	-	-	-	-	-	-	-	-	-	-	(2,388)	(2,388)
<b>Balance as of December 31, 2024</b>	<b>2,261,682</b>	<b>142,309</b>	<b>1,077,845</b>	<b>2,541</b>	<b>164,211</b>	<b>1,244,597</b>	<b>(1,346)</b>	<b>(48,555)</b>	<b>(49,901)</b>	<b>3,598,687</b>	<b>57,895</b>	<b>3,656,582</b>
Net income for the period	-	-	-	-	173,324	173,324	-	-	-	173,324	12,562	185,886
Other comprehensive income for the period	-	-	-	-	(178)	(178)	2,368	(4,638)	(2,270)	(2,448)	177	(2,271)
Total comprehensive income for the period	-	-	-	-	173,146	173,146	2,368	(4,638)	(2,270)	170,876	12,739	183,615
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	-	150,021
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,194)	(2,194)
Reversal of special reserve	-	-	-	(1,120)	1,120	-	-	-	-	-	-	-
<b>Balance as of December 31, 2025</b>	<b>\$ 2,303,882</b>	<b>250,130</b>	<b>1,084,493</b>	<b>48,781</b>	<b>284,469</b>	<b>1,417,743</b>	<b>1,022</b>	<b>(53,193)</b>	<b>(52,171)</b>	<b>3,919,584</b>	<b>68,440</b>	<b>3,988,024</b>

(See accompanying notes to consolidated financial statements.)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

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

	2025	2024
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 159,645	(190,714)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation	66,466	70,087
Amortization	86,875	92,532
Expected credit impairment loss (reversal gain)	-	(51,879)
Interest expense	18,283	22,389
Interest income	(37,168)	(41,342)
Investment loss (income) accounted for using equity method	10,850	27,970
Loss (gain) on disposals of investments	-	2,558
Unrealized gross profit on sales to associates	(12,215)	(45,165)
Gain from price recovery of inventory	-	(20,000)
Other items not affecting cash flows, net	(1,591)	3,936
<b>Changes in operating assets and liabilities:</b>		
Financial assets measured at fair value through profit or loss	(205,130)	28,780
Notes and accounts receivable (including related parties)	22,456	(47,286)
Inventories	148,679	422,716
Other operating assets	27,328	(2,380)
Notes and accounts payable (including related parties)	40,294	122,453
Net defined benefit liabilities	(13,064)	(10,732)
Other operating liabilities	(29,345)	(115,610)
Cash flows from operations	282,363	268,313
Interest received	34,731	40,383
Dividends received	14,157	28,234
Interest paid	(18,283)	(22,389)
Income tax refunded (paid)	67,485	(4,278)
<b>Net cash flows from operating activities</b>	380,453	310,263
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	406,787
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	18,092
Acquisition of investments accounted for using equity method	(8,651)	(2,671)
Proceeds from disposal of investments accounted for using equity method	-	5,773
Acquisitions of property, plant and equipment	(36,334)	(10,099)
Proceeds from disposal of property, plant and equipment	3,238	-
Decrease in Guarantee deposit paid	3,948	2,130
Acquisition of intangible assets	(80,356)	(106,384)
Decreasing (Increase) other financial assets	553,822	(409,045)
Increase in other non-current assets	(573)	(2,615)
<b>Net cash flows from (used in) investing activities</b>	435,094	(98,032)
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(350,000)	-
Increase (Decrease) in Guarantee deposit received	88	(28,310)
Payments of lease liabilities	(17,761)	(19,819)
Proceeds from issuing shares	150,021	-
Cash dividends paid	-	(101,776)
Decrease in non-controlling interests	(2,194)	(5,223)
<b>Net cash flows from used in financing activities</b>	(219,846)	(155,128)
<b>Effect of foreign exchange changes</b>	(3,501)	14,491
<b>Net Increase in cash and cash equivalents</b>	592,200	71,594
<b>Cash and cash equivalents at beginning of period</b>	903,004	831,410
<b>Cash and cash equivalents at end of period</b>	\$ 1,495,204	903,004

(See accompanying notes to consolidated financial statements.)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated 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 and its subsidiaries (collectively as “the Group”) are engaged mainly in the research, development, production, manufacture and sales of integrated circuits.

**2. The Authorization of Financial Statements**

The accompanying consolidated financial statements were passed for issuance by the Board of Directors on February 9, 2026.

**3. New Standards, Amendments and Interpretations Adopted**

(1) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted. The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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.

## Holtek Semiconductor and Subsidiaries

### Notes to Consolidated Financial Statements

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

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements (IAS 8. 30~31):

- 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 Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 <i>“Presentation and Disclosure in Financial Statements”</i>	<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"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	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 and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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

The Group 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 consolidated 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 consolidated 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 consolidated financial statements.

##### **(1) Statement of compliance**

The consolidated 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) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

##### **(2) Basis of preparation**

###### **A. Basis of measurement**

The consolidated 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) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value;
- (c) 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 and Subsidiaries**  
**Notes to Consolidated Financial Statements**

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total non-controlling interests in the subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

B. List of subsidiaries in the consolidated financial statements

<b>Name of Investor</b>	<b>Name of Subsidiary</b>	<b>Business</b>	<b>Percentage of Ownership at,</b>	
			<b>December 31, 2025</b>	<b>December 31, 2024</b>
the Company	MCU Holdings Ltd. (MCU)	Investment holding company	100%	100%
the Company	Holtek Semiconductor Holding (BVI) Ltd. (Holtek BVI)	Investment holding company	100%	100%
the Company	Sigmos Holdings Ltd. (Sigmos)	Investment holding company	-% (Note 4)	100%
the Company	Kingtek Semiconductor Holding (BVI) Ltd. (Kingtek BVI)	Investment holding company	-% (Note 3)	100%
the Company	Holtek Investment Co., Ltd. (Holtek Investment)	Specialized investment corporation	100%	100%
MCU	Best Health Electronics Corp. (Best Health)	Investment holding company	75%	75%
Best Health	Best Health Electronics (Dongguan) Corporation	Manufacturing, sales and technical services	100%	100%

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

<b>Name of Investor</b>	<b>Name of Subsidiary</b>	<b>Business</b>	<b>Percentage of Ownership at,</b>	
			<b>December 31, 2025</b>	<b>December 31, 2024</b>
Best Health	Best Health Electronics HK Limited	Manufacturing, sales and technical services	100%	100%
MCU	Anchip Technology Corporation (Anchip)	Investment holding company	60%	60%
Anchip	Anchip Technology (Dongguan) Corporation	Manufacturing, sales and technical services	100%	100%
Holtek BVI	Xinqun Semiconductor (XIAMEN) Inc. (Xinqun)	Manufacturing, sales and technical services	100%	100%
Holtek BVI	Holtek Semiconductor (China) Inc.	Manufacturing, sales and technical services	100%	100%
Sigmos	Holtek Semiconductor (USA) Inc. (Holtek (USA))	Manufacturing, sales and technical services	-% (Note 4)	100%
Kingtek BVI	Holtek Semiconductor (Suzhou) Inc.	Manufacturing, sales and technical services	-% (Note 3)	100%
the Company and Holtek Investment	Holtek Semiconductor (INDIA) Private Ltd. (Holtek INDIA)	Manufacturing, sales and technical services	100% (Note 1)	100% (Note 1)
Holtek Investment	Best Solution Technology Inc. (Best Solution)	Manufacturing, sales and technical services	54.75% (Note 2)	54.75% (Note 2)
Best Solution	Best Solution Electronics Inc. (Best Solution BVI)	Investment holding company	-% (Note 4)	100%
Best Solution BVI	Best Solution Technology (Dongguan) Inc.	Manufacturing, sales and technical services	-% (Note 4)	100%
Holtek Investment	Best Modules Corp. (Best Modules)	Manufacturing, sales and technical services	100%	100%
Best Modules	Best Modules (BVI) Corp. (Best Modules BVI)	Investment holding company	100%	100%
Best Modules BVI	Best Modules Electronic Commerce (Xiamen) Corp.	Manufacturing, sales and technical services	100%	100%

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

<b>Name of Investor</b>	<b>Name of Subsidiary</b>	<b>Business</b>	<b>Percentage of Ownership at,</b>	
			<b>December 31, 2025</b>	<b>December 31, 2024</b>
Holtek Investment	BestComm RF Electronics Inc. (BestComm)	Manufacturing, sales and technical services	-% (Note 4)	100%

Note 1 : The combined shareholding ratio is calculated both 99.9% owned by Holtek Investment and 0.1% owned by the Company.

Note 2 : The combined shareholding ratio is calculated both 40% owned by Holtek Investment directly and 36.875% indirectly held by the associate company which Holtek Investment owns its 40% shareholdings.

Note 3 : This company was liquidated in 2Q25.

Note 4 : This company was liquidated in 4Q25.

C. List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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 Group 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 Group 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.

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

The Group classifies an 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 a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a 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 Group 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(6) Cash and cash equivalents

Cash comprises 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.

(7) 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 Group 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.

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 Group 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

- (c) 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 Group 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 any interest income, are recognized in profit or loss.

- (d) Impairment of financial assets

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

## **Holtek Semiconductor and Subsidiaries**

### **Notes to Consolidated Financial Statements**

- 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

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

The Group 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).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive.

## **Holtek Semiconductor and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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 gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### **(e) Derecognition of financial assets**

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

### **B. Financial liabilities**

#### **(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.

## **Holtek Semiconductor and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

#### **(8) 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.

#### **(9) Investment in associates**

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

## **Holtek Semiconductor and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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 consolidated financial statements include the Group'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 Group, from the date that significant influence commences until the date that significant influence ceases.

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

When the Group'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 Group has a present legal or constructive obligation or has made payments on behalf of the investees.

#### (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 Group.

##### 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:

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

- (a) Buildings: 20 to 40 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 Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lease

The Group 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 Group's incremental borrowing rate. Generally, the Group 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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(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 Group'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

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 Group 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 Group 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 Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

B. As a lessor

When the Group 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 Group 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 Group 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 Group applies IFRS15 to allocate the consideration in the contract.

(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 Group 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 Group 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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.

(13) Impairment of non-financial assets

At each reporting date, the Group 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 group 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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

A. Sale of goods

The Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

B. Financing components

The Group 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 group 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 Group'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 Group, 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.

## **Holtek Semiconductor and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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 Group 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 Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **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 Group 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:

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

- A. the Group 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.

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 Group 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 segments

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated 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, 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 Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

**Judgment of whether the Group has substantive control over its subsidiaries**

The Group holds 20%~41% of the outstanding voting shares of associates. Although the remaining of associate's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group hasn't substantive control.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group 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.

The Group 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. Please refer to Note 6(20) for assumptions used in measuring fair value.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**6. Description of Significant Accounts**

**(1) Cash and cash equivalents**

	December 31,	
	2025	2024
Cash and cash in bank	\$ 594,260	498,986
Time deposits	900,944	404,018
	<b>\$ 1,495,204</b>	<b>903,004</b>

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

	December 31,	
	2025	2024
Beneficiary certificates	<b>\$ 419,999</b>	<b>210,385</b>

A. Please refer to note 6(20) for the sensitivity analysis, fair value and market risk.

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

**(3) Equity investments at FVOCI- non-current**

	December 31,	
	2025	2024
Equity securities – unlisted company		
Precision Sensor Design Inc. (Precision)	\$ -	4,614
Gingy Technology Corporation. (Gingy)	66	90
	<b>\$ 66</b>	<b>4,704</b>

The purpose that the Group invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose.

The Group sold Shieh Yong and Unitech, which were measured at fair value through other comprehensive income due to operational plans on June 27, 2024 and May 30, 2024, respectively. The fair values of the disposals were \$366,587 and \$40,200, respectively. The accumulated disposal gains or losses were \$259,720 and \$(46,550), respectively, which have been transferred from other equity to retained earnings.

A. Please refer to note 6(20) for the sensitivity analysis, fair value and market risk .

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(4) Notes and accounts receivable, net (including related parties)**

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Notes receivable	\$ 2,972	2,681
Accounts receivable	60,545	56,297
Receivables from related parties	336,776	364,139
	400,293	423,117
Less: allowance for doubtful accounts	(4,486)	(4,562)
	<b>\$ 395,807</b>	<b>418,555</b>

The notes and accounts receivable, net (including related parties) was \$324,967 as of January 1, 2024.

As of December 31, 2025, the Group had discounted notes receivable with banks amounting to \$11,978 that had not yet matured. As substantially all the risks and rewards associated with these notes receivable had been transferred, the Group derecognized such amounts from notes receivable. There were no such transactions as of December 31, 2024.

The Group 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:

	<b>December 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Not past due	\$ 400,231	0.50%~1.50%	4,484
Past due 0~90days	62	2.28%	2
	<b>\$ 400,293</b>		<b>4,486</b>
	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Not past due	\$ 422,917	0.50%~1.50%	4,480
Past due 0~90days	123	4.03%	5
Past due more than 90days	77	100%	77
	<b>\$ 423,117</b>		<b>4,562</b>

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 4,562	55,895
Impairment losses recognized	-	(51,879)
Effect of foreign exchange changes	(76)	546
Ending balance	<b>\$ 4,486</b>	<b>4,562</b>

The Group did not provide any notes and accounts receivable as collateral for its loans.

**(5) Inventories**

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Raw materials	\$ 517,464	676,070
Work in process	282,002	297,470
Finished goods and merchandise inventories	236,661	219,321
	<b>\$ 1,036,127</b>	<b>1,192,861</b>

The details of operating costs were as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Cost of goods sold	\$ 1,867,051	1,554,409
Recovery of inventories	-	(20,000)
Cost of scrap materials	12,880	10,872
Recovery of onerous contract losses	-	(6,495)
	<b>\$ 1,879,931</b>	<b>1,538,786</b>

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

**(6) Other financial assets-current**

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Time deposits (more than 3 months)	\$ 1,122,828	1,681,187
Restricted cash in banks	2,362	2,351
Others	15,948	12,959
	<b>\$ 1,141,138</b>	<b>1,696,497</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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(20) for further information of credit risk.

**(7) Investments accounted for using equity method**

Investments in equity-accounted investees at the reporting dates consisted of the following:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total amount of equities in associates	\$ 558,663	574,474
Less: unrealized gross profits on sales to associates	(66,212)	(78,427)
	<b>\$ 492,451</b>	<b>496,047</b>

There is no individually significant associate for the Group. The following table summarized the amount recognized by the Group at its share of those associates.

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Other comprehensive income attributable to the Group:		
Net income (loss) from continuing operation	\$ (10,850)	(27,970)
Other comprehensive income	886	23,640
Total comprehensive income	<b>\$ (9,964)</b>	<b>(4,330)</b>

The Group agreed to participate in ForIC Electronics Holding Ltd. with cash of \$ 8,651 in November 2025, shareholding ratio remains unchanged.

The Group sold the remaining equity of ETEK Technology company Ltd., and received of \$5,773 in July 2024.

The Group agreed to participate in JXY Electronics Corporation with cash of \$2,671, shareholding ratio remains unchanged.

The Group received dividends of \$14,157 and \$28,234 from the equity method during the year ended December 31, 2025 and 2024, respectively.

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(8) Property, plant and equipment**

Changes in the cost, and depreciation of the Group'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	638,276	310,403	115,247	1,090,602
Additions	-	8,812	6,389	21,133	36,334
Disposals	-	-	(11,718)	(6,313)	(18,031)
Effect of foreign exchange changes	-	1,141	58	435	1,634
Balance on December 31, 2025	<u>\$ 26,676</u>	<u>648,229</u>	<u>305,132</u>	<u>130,502</u>	<u>1,110,539</u>
Balance on January 1, 2024	\$ 26,676	625,069	366,072	126,692	1,144,509
Additions	-	767	5,136	4,196	10,099
Disposals	-	-	(65,268)	(18,369)	(83,637)
Effect of foreign exchange changes	-	12,440	4,463	2,728	19,631
Balance on December 31, 2024	<u>\$ 26,676</u>	<u>638,276</u>	<u>310,403</u>	<u>115,247</u>	<u>1,090,602</u>
Accumulated depreciation:					
Balance on January 1, 2025	\$ -	346,116	275,779	87,812	709,707
Depreciation for the period	-	18,532	15,584	14,238	48,354
Disposals	-	-	(8,404)	(5,553)	(13,957)
Effect of foreign exchange changes	-	881	194	394	1,469
Balance on December 31, 2025	<u>\$ -</u>	<u>365,529</u>	<u>283,153</u>	<u>96,891</u>	<u>745,573</u>
Balance on January 1, 2024	\$ -	324,026	314,861	96,065	732,952
Depreciation for the period	-	18,593	21,495	9,556	49,644
Disposals	-	-	(64,070)	(17,593)	(81,663)
Effect of foreign exchange changes	-	3,497	3,493	1,784	8,774
Balance on December 31, 2024	<u>\$ -</u>	<u>346,116</u>	<u>275,779</u>	<u>87,812</u>	<u>709,707</u>
Carrying amount:					
Balance on December 31, 2025	<u>\$ 26,676</u>	<u>282,700</u>	<u>21,979</u>	<u>33,611</u>	<u>364,966</u>
Balance on January 1, 2024	<u>\$ 26,676</u>	<u>301,043</u>	<u>51,211</u>	<u>32,627</u>	<u>411,557</u>
Balance on December 31, 2024	<u>\$ 26,676</u>	<u>292,160</u>	<u>34,624</u>	<u>27,435</u>	<u>380,895</u>

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(9) Right-of-use assets**

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Balance at January 1, 2025	\$ 67,604	67,041	134,645
Additions	-	1,596	1,596
Disposals	(1,985)	(30,481)	(32,466)
Balance at December 31, 2025	<u>\$ 65,619</u>	<u>38,156</u>	<u>103,775</u>
Balance at January 1, 2024	\$ 67,604	69,106	136,710
Additions	-	6,241	6,241
Disposals	-	(8,306)	(8,306)
Balance at December 31, 2024	<u>\$ 67,604</u>	<u>67,041</u>	<u>134,645</u>
Accumulated depreciation :			
Balance at January 1, 2025	\$ 18,402	26,409	44,811
Depreciation for the year	2,951	15,161	18,112
Disposals	-	(16,455)	(16,455)
Balance at December 31, 2025	<u>\$ 21,353</u>	<u>25,115</u>	<u>46,468</u>
Balance at January 1, 2024	\$ 15,327	15,517	30,844
Depreciation for the year	3,075	17,368	20,443
Disposals	-	(6,476)	(6,476)
Balance at December 31, 2024	<u>\$ 18,402</u>	<u>26,409</u>	<u>44,811</u>
Carrying amount :			
Balance at December 31, 2025	<u>\$ 44,266</u>	<u>13,041</u>	<u>57,307</u>
Balance at January 1, 2024	<u>\$ 52,277</u>	<u>53,589</u>	<u>105,866</u>
Balance at December 31, 2024	<u>\$ 49,202</u>	<u>40,632</u>	<u>89,834</u>

**(10) Intangible assets**

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

	<u>Computer Software</u>	<u>Acquired Special Technology</u>	<u>Total</u>
Cost :			
Balance at January 1, 2025	\$ 102,000	-	102,000
Additions	80,356	-	80,356
Disposals	(92,452)	-	(92,452)
Effect of foreign exchange changes	(969)	-	(969)
Balance at December 31, 2025	<u>\$ 88,935</u>	<u>-</u>	<u>88,935</u>
Balance at January 1, 2024	\$ 88,127	30,745	118,872
Additions	106,384	-	106,384
Disposals	(92,650)	(30,745)	(123,395)
Effect of foreign exchange changes	139	-	139
Balance at December 31, 2024	<u>\$ 102,000</u>	<u>-</u>	<u>102,000</u>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

	Computer Software	Acquired Special Technology	Total
Accumulated amortization :			
Balance at January 1, 2025	\$ 65,130	-	65,130
Amortization for the year	86,875	-	86,875
Disposals	(92,452)	-	(92,452)
Effect of foreign exchange changes	(962)	-	(962)
Balance at December 31, 2025	<u>\$ 58,591</u>	<u>-</u>	<u>58,591</u>
Balance at January 1, 2024	\$ 65,645	30,233	95,878
Amortization for the year	92,020	512	92,532
Disposals	(92,650)	(30,745)	(123,395)
Effect of foreign exchange changes	115	-	115
Balance at December 31, 2024	<u>\$ 65,130</u>	<u>-</u>	<u>65,130</u>
Carrying amount :			
Balance at December 31, 2025	<u>\$ 30,344</u>	<u>-</u>	<u>30,344</u>
Balance at January 1, 2024	<u>\$ 22,482</u>	<u>512</u>	<u>22,994</u>
Balance at December 31, 2024	<u>\$ 36,870</u>	<u>-</u>	<u>36,870</u>

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

**(11) Short-term loans**

	December 31,	
	2025	2024
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>

**(12) Lease liabilities**

The amount of lease liabilities was as follows:

	December 31,	
	2025	2024
Current	<u>\$ 11,191</u>	<u>17,744</u>
Non-current	<u>\$ 48,930</u>	<u>75,102</u>

For the maturity analysis, please refer to note 6(20).

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The amounts recognized in profit or loss were as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	\$ 1,055	1,393
Expenses relating to short-term leases	\$ 2,499	7,799
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 359	482

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

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	\$ 21,674	29,493

As of December 31, 2025 and 2024, the Group 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 Group 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 Group 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.

**(13) 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 Group were as follows:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The Group 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 Group 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 Group'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 Group were as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
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	<b><u>\$ 3,654</u></b>	<b><u>21,864</u></b>

(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 Group were as follows:

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
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	<b>\$ 371</b>	<b>5,915</b>

(d) Expenses recognized in profit or loss

The Group's expenses recognized in profit or loss were as follows:

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

(e) Actuarial assumptions

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

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Discount rate	1.30%	1.60%
Future salary increase rate	2.00%	2.00%

The Group 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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

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 and domestic subsidiaries 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 Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were \$23,536 and \$34,193 for the years ended December 31, 2025 and 2024, respectively. In addition, the total pension costs of the Group's overseas branch and subsidiaries under their respective defined contribution plan were \$33,785 and \$43,926 for the years ended December 31, 2025 and 2024, which were recognized in accordance with their local regulations.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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.

**(14) Income tax**

A. Income tax expenses

The amount of income tax expenses was as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current income tax expense		
Current period	\$ 25,745	6,208
Adjustment to prior years	(56,180)	(2,527)
	<u>\$ (30,435)</u>	<u>3,681</u>
Deferred income tax expense		
Temporary differences and reversal	4,194	(46,246)
Income tax expenses	<u>\$ (26,241)</u>	<u>(42,565)</u>

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

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
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 foreign affiliates	\$ 450	10,047
Exchange differences on translation of financial statements of invested associates accounted for using equity method	141	4,349
	<u>\$ 591</u>	<u>14,396</u>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The reconciliation of income tax expenses and income before income tax was as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Income before income tax	\$ 159,645	(190,174)
Income tax at the Company's domestic tax rate	31,929	(38,143)
Effect of tax rates in foreign jurisdiction	(8,603)	(2,318)
Permanent differences adjustment	(4,360)	6,009
Share of profit (loss) of subsidiaries accounted for using equity method, net	21,117	(16,383)
Estimated increase in investment tax credit	(3,593)	(7,588)
Change in unrecognized temporary differences	3,334	7,376
Change in provision in prior periods	(56,180)	(2,527)
Other	(9,885)	11,009
	<b>\$ (26,241)</b>	<b>(42,565)</b>

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	6,247	1,373	-	7,620	(1,840)	-	5,780
	<b>78,011</b>	<b>(21,270)</b>	<b>(11,662)</b>	<b>45,079</b>	<b>(3,644)</b>	<b>45</b>	<b>41,480</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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	\$ 331,247	(67,774)	-	263,473	(494)	-	262,979
Exchange gains on translation of financial statements of foreign affiliates	-	-	3,450	3,450	-	591	4,041
Others	693	258	-	951	1,044	-	1,995
	<u>331,940</u>	<u>(67,516)</u>	<u>3,450</u>	<u>267,874</u>	<u>550</u>	<u>591</u>	<u>269,015</u>

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

**(15) 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 stock options and the amount of \$500,000 for convertible bonds. The Company's issued and outstanding common stock, with par value of \$10 dollars per share, amounted to \$2,303,882 and \$2,261,682 as at December 31, 2025 and 2024, respectively.

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

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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.

(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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(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.

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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(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 :

	2024		2023	
	NT dollars per share	Total amount	NT dollars per share	Total amount
Cash dividends distributed to ordinary shareholders:	<u>\$ -</u>	<u>-</u>	<u>0.45</u>	<u>101,776</u>

Due to the operating loss incurred in 2024, the Company will not declare or distribute any cash dividends.

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.

**(16) 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 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>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Diluted earnings per share:		
Net income 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
Effect of potential diluted ordinary shares (in thousands)	<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.

**(17) 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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 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.

**(18) Revenue from Contracts with Customers**

A. Segmentation of revenue

Please refer to note 14 for the Segment Information.

B. Contract balance

Please refer to note 6(4) for the amount of accounts receivables and impairment loss.

**(19) Non-operating income and expenses**

The details of other gains and losses were as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Foreign exchange (losses) gains	\$ (17,047)	17,401
Government grants	44,504	36,068
Gains from liquidation of a subsidiary	7,645	-
Others	9,560	1,621
	<b><u>\$ 44,662</u></b>	<b><u>55,090</u></b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(20) Financial instruments**

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The cash and time deposits are deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The main sales of the Group 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 \$221,909 and \$265,029, respectively. The Group have concentration of credit risk arising from sales transactions. The Group have 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(4) for the information of the credit risk exposure of note and account receivables.

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

Please refer to note 4(7) 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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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 1 years</u>
<b>December 31, 2025</b>				
Non-derivative financial liabilities				
Short-term loans	\$ 650,000	651,356	651,356	-
Notes and accounts payables (including related parties)	299,510	299,510	299,510	-
Salary and bonus payable	169,711	169,711	169,711	-
Accrued expenses (recorded in other current liabilities)	34,540	34,540	34,540	-
Guarantee deposit received	23,466	23,466	-	23,466
Lease liabilities	<u>60,121</u>	<u>65,373</u>	<u>11,939</u>	<u>53,434</u>
	<b><u>\$ 1,237,348</u></b>	<b><u>1,243,956</u></b>	<b><u>1,167,056</u></b>	<b><u>76,900</u></b>
<b>December 31, 2024</b>				
Non-derivative financial liabilities				
Short-term loans	\$ 1,000,000	1,001,283	1,001,283	-
Notes and accounts payables (including related parties)	274,101	274,101	274,101	-
Salary and bonus payable	201,727	201,727	201,727	-
Accrued expenses (recorded in other current liabilities)	38,472	38,472	38,472	-
Guarantee deposit received	23,205	23,205	-	23,205
Lease liabilities	<u>92,846</u>	<u>100,959</u>	<u>18,911</u>	<u>82,048</u>
	<b><u>\$ 1,630,351</u></b>	<b><u>1,639,747</u></b>	<b><u>1,534,494</u></b>	<b><u>105,253</u></b>

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

C. Market risk

Currency risk

(a) Exposure to currency risk

The Group'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	\$ 7,430	31.38	233,144	4,837	32.735	158,338
RMB	44,905	4.4694	200,698	50,353	4.4549	224,320
<u>Non-monetary items</u>						
USD	\$ 13,692	31.38	429,645	13,954	32.735	456,773
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 4,596	31.38	144,216	3,118	32.735	102,076
RMB	4,917	4.4694	21,975	5,912	4.4549	26,337

(b) Sensitivity analysis

The Group'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 \$2,141 and \$2,034 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 Group's entities, the Group's foreign exchange gains (losses) on monetary items amounted to \$(17,047) and \$17,401 for the years ended December 31, 2025 and 2024, respectively.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(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:

<b>Prices of securities at the reporting date</b>	<b>For the year ended December 31,</b>				
	<b>2025</b>		<b>2024</b>		
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>	<b>Net income</b>	
1% increase	\$ 1	3,360	38	1,683	
1% decrease	\$ (1)	(3,360)	(38)	(1,683)	

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 Group'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:

	<b>December 31, 2025</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level1</b>	<b>Level2</b>	<b>Level3</b>	<b>Total</b>
Financial assets measured at fair value through profit or loss	\$ 419,999	419,999	-	-	419,999
Financial assets measured at fair value through other comprehensive income	66	-	-	66	66
	<b>\$ 420,065</b>	<b>419,999</b>	<b>-</b>	<b>66</b>	<b>420,065</b>

  

	<b>December 31, 2024</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level1</b>	<b>Level2</b>	<b>Level3</b>	<b>Total</b>
Financial assets measured at fair value through profit or loss	\$ 210,385	210,385	-	-	210,385
Financial assets measured at fair value through other comprehensive income	4,704	-	-	4,704	4,704
	<b>\$ 215,089</b>	<b>210,385</b>	<b>-</b>	<b>4,704</b>	<b>215,089</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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

- The Group’s 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.
- The Group’s financial assets at the equity investment without an active market were as follows:

Unquoted equity instruments : The Group invests companies. Asset value method is used to reflect corporate value by evaluating the aggregate value of individual assets and individual liabilities from the target of evaluation. For other investment the market price is established as the fair value if the quoted prices in active markets are available. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

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

(d) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI–equity investments.

The Group classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent; therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at FVOCI -equity investments without an active market	Market approach (Compared to the price-equity ratio of market practice among listed companies)	<ul style="list-style-type: none"> <li>• Price per book value multiplier (2025.12.31 and 2024.12.31: 1.08% and 1.69%~2.05%)</li> <li>• Discount for lack of marketability (2025.12.31 and 2024.12.31 : 25%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-equity ratio, the higher the fair value.</li> <li>• The higher the discount for lack of marketability, The lower the fair value.</li> </ul>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(e) Reconciliation for fair value measurements categorized within Level 3

	<b>Financial assets measured at FVOCI — equity investments</b>	
	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Balance at beginning of the period</b>	\$ 4,704	679,811
Disposals	-	(406,787)
Capital reduction	-	(18,092)
Net gains (loss) included in other comprehensive income	(4,638)	(250,228)
<b>Balance at end of the period</b>	<b>\$ 66</b>	<b>4,704</b>

Net gains or loss that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income for the years ended December 31, 2025 and 2024, were as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses on financial assets at fair value through other comprehensive income”	\$ (4,638)	(8,701)

**(21) Financial risk management**

A. Overview

The Group 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 Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk. Further quantitative disclosures can be referred to note 6(20).

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**B. Risk management framework**

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, and accounts receivables.

Please refer to Note 6(20) for the credit risk analyses of accounts receivables. As of December 31, 2025 and 2024, the Group is to provide guarantees only to wholly owned subsidiaries.

**D. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

## **Holtek Semiconductor and Subsidiaries**

### **Notes to Consolidated Financial Statements**

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group also monitors the level of expected cash flows on long-term and short-term trades. Group 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 Group'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 group 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 Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, 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 Group 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 Group's portfolio is managed individually, and all the decisions on transactions are approved by the Board of Directors.

#### **(22) Capital management**

The primary objective of the Group'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.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The strategy of capital structure management is based on the Group'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 Group 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 Group's products, and will consider different risk factors like business cycle fluctuation, product life cycle, to determine the appropriate capital structure of the Group.

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

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

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

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total liabilities	<b>\$ 1,575,631</b>	<b>1,961,128</b>
Total equity	<b>\$ 3,988,024</b>	<b>3,656,582</b>
Debt-to-adjusted-capital ratio	<b>40%</b>	<b>54%</b>

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.

**(23) financing activities not affecting current cash flow**

The Group'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(9).

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

	<b>January 1, 2025</b>	<b>Cash flow</b>	<b>Other</b>	<b>December 31, 2025</b>
Lease liabilities	\$ 92,846	(17,761)	(14,964)	60,121
Guarantee deposit received	23,205	88	173	23,466
Short-term loans	1,000,000	(350,000)	-	650,000
Total liabilities from financing activities	<b>\$ 1,116,051</b>	<b>(367,673)</b>	<b>(14,791)</b>	<b>733,587</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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

	<b>January 1,</b>			<b>December</b>
	<b>2024</b>	<b>Cash flow</b>	<b>Other</b>	<b>31, 2024</b>
Lease liabilities	\$ 108,270	(19,819)	4,395	92,846
Guarantee deposit received	51,361	(28,310)	154	23,205
Short-term loans	1,000,000	-	-	1,000,000
Total liabilities from financing activities	<u>\$ 1,159,631</u>	<u>(48,129)</u>	<u>4,549</u>	<u>1,116,051</u>

## 7. Related-party Transactions

### (1) Names and relationship with related parties

The followings are the related parties which had transaction with the Group during the periods covered in the consolidated financial statements.

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Crown Rich Technology Holding Ltd. (Crown Rich)	An associate of the Group
Fine Chip Electronics Inc. (Fine Chip)	An associate of the Group
ForIC Electronics Holding Ltd. (ForIC)	An associate of the Group
JXY Electronics Corporation (JXY)	An associate of the Group
New Wave Electronics Holding Ltd. (New Wave)	An associate of the Group
Newtek Electronics Ltd. (Newtek)	An associate of the Group
Quanding Technology Holding Ltd.(Quanding)	An associate of the Group
Santek Holdings Ltd.(Santek)	An associate of the Group
Truetek Technology Ltd.(Truetek)	An associate of the Group
Signal Electronic Co., Ltd. (Signal)	An associate of the Group
Tech Wave Ltd. (Tech Wave)	An associate of the Group
ETEK technology company Ltd. (ETEK)	An associate of the Group, but MCU had agreed to sell its equity in July, 2024

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**(2) Significant related-party transactions**

A. Sales

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

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Signal	\$ 496,166	363,607
Newtek	439,270	154,106
Crown Rich	278,670	302,628
Associates	922,503	873,658
	<b>\$ 2,136,609</b>	<b>1,693,999</b>

The Group will determine selling price by product type specification, and offer different discount based on the quantity. The credit terms for sales transactions for related parties ranged 60 days. While the credit terms for routine sales transactions, which are usually decided upon 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 Group recognized unrealized gross profits of sales to associates amounting to \$66,212 and \$78,427 respectively.

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

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
SIGNAL	\$ 71,059	75,798
Newtek	61,456	43,957
Crown Rich	47,651	53,534
Truetek	41,743	45,650
New Wave	29,963	46,090
Associates	81,210	95,336
	<b>\$ 333,082</b>	<b>360,365</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The advance receipts from related parties were as follows:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Advance receipts –Associates (recorded in advance receipts)	<b>\$ 10,967</b>	<b>4,890</b>

**B. Purchases**

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

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Associates	<b>\$ 4,420</b>	<b>3,730</b>

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

The payables to related parties were as follows:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Associates	<b>\$ 261</b>	<b>62</b>

**C. Other transactions**

The Group’s revenue from related parties about the human support service charge and disbursement have amounting to \$1,231 and \$680 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 \$422, respectively.

**(3) Transactions with key management personnel**

Key management personnel compensation comprised:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 28,504	27,524
Post-employment benefits	432	432
	<b>\$ 28,936</b>	<b>27,956</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**8. Pledged Assets**

<u>Assets</u>	<u>Purpose of Pledged</u>	<u>December 31,</u>	
		<u>2025</u>	<u>2024</u>
Time deposits (recorded in other financial assets – current)	Guarantee deposits from customs and others	\$ 2,362	2,351
Time deposits (recorded in other non-current assets)	Guarantee deposits from customs and HSPB	6,749	6,749
		<u>\$ 9,111</u>	<u>9,100</u>

**9. Significant Commitments and Contingencies**

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

**10. Losses Due to Major Disasters: None.**

**11. Significant Subsequent Events: None.**

**12. Other**

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

By function	For the year ended December 31,			For the year ended December 31,		
	2025			2024		
By item	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	31,427	625,463	656,890	29,801	752,217	782,018
Labor and health insurance	2,613	44,768	47,381	2,850	55,729	58,579
Pensions	2,955	54,016	56,971	1,789	76,577	78,366
Others	1,554	17,749	19,303	1,613	20,544	22,157
Depreciation	2,790	63,676	66,466	753	69,334	70,087
Amortization	-	86,875	86,875	-	92,352	92,352

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**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 Group:

i. Loans to other parties: None.

(In Thousands of New Taiwan Dollar)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Holtek Semiconductor (China) Inc.	Xinqun Semiconductor (XIAMEN) Inc.	Other receivables from related parties	Y	272,976	268,164	223,470	1.10%	Short-term financing	-	Operating	-	-	-	336,047	420,059

Note1 : According to the financing company’s financial management clauses, for financing between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, or from such foreign companies to the Company, the financing limit for each borrower is 40% of net equity and the aggregate financing limit is 50% of net equity.

Note2 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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.

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

(Amounts 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 Bond Fund	-	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	-	

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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 (Note3)	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%	Note1
The Company	Holtek (China)	Subsidiary of the Company	Sales	434,180	19%	Open account 120 days	No significant difference	Note7	30,233	13%	Note1
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%	
Xinqun	Signal	Investee of the Company's subsidiary evaluated under the equity method	Sales	229,502	22%	Open account 60 days	No significant difference	Note7	27,750	17%	
Xinqun	New Wave	Investee of the Company's subsidiary evaluated under the equity method	Sales	136,481	13%	Open account 60 days	No significant difference	Note7	19,779	12%	
Xinqun	Quanding	Investee of the Company's subsidiary evaluated under the equity method	Sales	132,993	13%	Open account 60 days	No significant difference	Note7	22,907	14%	
Xinqun	Truetek	Investee of the Company's subsidiary evaluated under the equity method	Sales	105,432	10%	Open account 60 days	No significant difference	Note7	24,087	15%	
Xinqun	Crown Rich	Investee of the Company's subsidiary evaluated under the equity method	Sales	102,461	10%	Open account 60 days	No significant difference	Note7	16,326	10%	
Holtek (China)	Crown Rich	Investee of the Company's subsidiary evaluated under the equity method	Sales	134,292	20%	Open account 60 days	No significant difference	Note7	22,517	18%	

Note1 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Note2 : One-way expression only for companies recognizing income and assets.

Note3 : 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 and Subsidiaries**  
**Notes to Consolidated Financial Statements**

vi. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Holtek (China)	Parent company to subsidiary	Sales	434,180	Open account 120 days	14 %
0	The Company	Holtek (China)	Parent company to subsidiary	Accounts receivable	30,233	Open account 120 days	1 %
0	The Company	Xinqun	Parent company to subsidiary	Sales	571,394	Open account 120 days	19 %
0	The Company	Xinqun	Parent company to subsidiary	Sales	81,572	Open account 120 days	1 %
1	Holtek (China)	Anchip	Subsidiary to subsidiary	Sales	133,386	Open account 60 days	4 %
2	Xinqun	The Company	Subsidiary to parent company	Sales	31,132	Open account 60 days	1 %
3	Anchip	Holtek (China)	Subsidiary to subsidiary	Sales	17,071	Open account 60 days	1 %
4	Best Health	The Company	Subsidiary to parent company	Sales	27,615	Open account 60 days	1 %
4	Best Health	Xinqun	Subsidiary to subsidiary	Sales	17,887	Open account 60 days	1 %

Note1 : The transactions with amount that account for more than 0.5% of the comprehensive earnings or net assets are disclosed.

Note2 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Note3 : Notes and accounts receivable, net include allowance for doubtful accounts.

## Holtek Semiconductor and Subsidiaries

### Notes to Consolidated Financial Statements

(2) Information on investees:

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2024			Highest percentage of ownership during the year	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	100.00%	76,459	76,459 Note2	The Company's Subsidiary
The Company	Kingtek Semiconductor Holding (BVI) Ltd.	B.V.I.	Overseas investment activities	-	69,542	-	-%	-	100.00%	6,791	6,791 Note2, 3	The Company's Subsidiary
The Company	Sigmos Holdings Ltd.	B.V.I.	Overseas investment activities	-	6,898	-	-%	-	100.00%	(554)	(554) Note2, 4	The Company's Subsidiary
Sigmos Holdings Ltd.	Holtek Semiconductor (USA) Inc.	California, USA	Sales of integrated circuits and technical services	-	6,898	-	-%	-	100.00%	(138)	Note1, 2, 4	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	100.00%	10,276	10,276 Note2	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	40.00%	(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	40.00%	(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	40.00%	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	40.00%	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	40.00%	(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	40.61%	(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	40.00%	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	40.00%	(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	60.00%	20,182	Note1, 2	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	40.00%	(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	40.00%	(4,984)	Note1	The Subsidiary's investee company by equity method

## Holtek Semiconductor and Subsidiaries

### Notes to Consolidated Financial Statements

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Balance as of December 31, 2024			Highest percentage of ownership during the year	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	75.00%	24,329	Note1, 2	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	100.00%	17,170	Note1, 2	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	0.10%	798	1 Note 2	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	100.00%	5,090	5,090 Note2	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	40.00%	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	36.88%	(3,521)	Note1, 2	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	40.00%	(3,521)	Note1, 2	The Company's second-tier subsidiary
Best Solution Technology Inc.	Best Solution Electronics Inc.	B.V.I.	Overseas investment activities	-	6,140	-	-%	-	100.00%	(3,641)	Note1, 2, 4	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%	-	20.00%	(51)	Note1, 5	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	-	-%	-	100.00%	38	Note1, 2, 4	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	100.00%	(5,434)	Note1, 2	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	100.00%	(3,797)	Note1, 2	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	99.90%	798	Note1, 2	The Company's second-tier subsidiary

## Holtek Semiconductor and Subsidiaries

### Notes to Consolidated Financial Statements

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

Note2 : The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

Note3 : This company was liquidated in 2Q25.

Note4 : This company was liquidated in 4Q25.

Note5 : 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.

#### (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	Highest percentage of ownership during the year	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%	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%	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%	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%	40%	(2,122)	62,667	-
ForIC Electronics (Beijing) Ltd.	Sales of integrated circuits and technical services	41,264	(Note1)	3,601	-	-	3,601	431	40%	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%	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%	40.61%	926	33,837	-
Truetek Technology (Shanghai) Ltd.	Sales of integrated circuits and technical services	30,293	(Note1)	3,911	-	-	3,911	(12,553)	40%	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%	40%	129	132,111	-
Quanding Technology (Suzhou) Ltd.	Sales of integrated circuits and technical services	21,670	(Note1)	1,600	-	-	1,600	10,344	40%	40%	4,138	45,941	-

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated 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	Highest percentage of ownership during the year	Gains (losses) on investments	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow							
Holtek Semiconductor (Suzhou) Inc.	Sales of integrated circuits and technical services	- (Note 6)	(Note1)	69,712	-	69,712	-	20	-%	100%	20	-	51,367
Fine Chip Electronics (Shanghai) Inc.	Sales of integrated circuits and technical services	7,541	(Note1)	-	-	-	-	(297)	40%	40%	(119)	(660)	-
Anchip Technology (Dongguan) Corporation	Sales of integrated circuits and technical services	1,521	(Note1)	-	-	-	-	20,247	60%	60%	12,148	53,994	-
JXY Electronics (Shenzhen) Corporation	Sales of integrated circuits and technical services	18,706	(Note1)	-	-	-	-	(4,908)	40%	40%	(1,963)	9,569	-
Best Health Electronics (Dongguan) Corporation	Sales of integrated circuits and technical services	23,057	(Note1)	-	-	-	-	7,233	75%	75%	5,425	53,769	-
Best Solution Technology (Dongguan) Inc.	Sales of integrated circuits and technical services	- (Note 7)	(Note1)	-	-	-	-	(3,849)	-%	100%	(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%	100%	(3,792)	25,603	

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

ii. Limit of investments in Mainland China:

<b>Name of company</b>	<b>Accumulated Investments in Mainland China as of December 31, 2025 (Note2)</b>	<b>Investment Amounts Authorized by Investment Commission, MOEA (Note3)</b>	<b>Maximum Limit of Investment (Note4)</b>
The Company	585,657 (US\$19,751 in thousands)	708,148 (US\$22,567 in thousands)	2,351,750
Best Modules	28,307 (US\$962 in thousands)	30,193 (US\$962 in thousands)	80,000
Best Solution	-	Note3	80,000

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 the Company 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); and Best Modules accumulated remittances from the third regions for \$30,193 (US\$962 in thousands); and Best Solution accumulated remittances from the third regions for \$4,481 (US\$143 in thousands). Best Solution repatriated cash dividends \$5,558 (US\$188 in thousands) in August, 2025, and liquidated in December 2025, with a total repatriated capital and retained earnings of \$9,306 (US\$299 in thousands). On the audit report date, the case is still pending approval by the Investment Commission, MOEA. Best Solution repatriated cash dividends \$12,459 (US\$397 in thousands) and \$ 8,257 (US\$263 in thousands) in December, 2023 and November, 2022, respectively.

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 x 60% = \$2,351,750; and Best Solution and Best Modules comply with the SME standards of the "Measures for the Review of Investment or Technical Cooperation in Mainland China". The upper limit on investment in mainland China is capped at 80,000 or sixty percent (60%) of the Company net worth, whichever is higher.

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

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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 (1) *Information on significant transactions x. Business relationships and significant intercompany transactions* for further information.

**14. Segment Information**

(1) General and segment information

The Group operates predominantly in single industry segment which includes the research and development, manufacture, and sales of integrated circuits. The segment financial information is consistent with the consolidated financial statements. For sales to unconsolidated entities and income before income tax, please see the consolidated statements of comprehensive income. For assets, please see the consolidated balance sheets.

(2) Products and services information

Revenues of the Group from external customers:

	For the year ended December 31,			
	2025		2024	
	Amount	% of net sales	Amount	% of net sales
Sales of integrated circuits	\$ 3,040,715	99	2,491,322	100
Design and IC programming	17,007	1	10,308	-
	<b>\$ 3,057,722</b>	<b>100</b>	<b>2,501,630</b>	<b>100</b>

**Holtek Semiconductor and Subsidiaries**  
**Notes to Consolidated Financial Statements**

(3) Geographic information

Segment revenues are classified based on the geographical location of customers, and segment assets are classified based on the geographical location of the assets.

	For the year ended December 31,			
	2025		2024	
	Amount	% of net sales	Amount	% of net sales
Revenues from external customers:				
China	\$ 2,272,216	74	1,794,542	72
Taiwan	306,851	10	273,089	11
Other countries	478,655	16	433,999	17
	<b>\$ 3,057,722</b>	<b>100</b>	<b>2,501,630</b>	<b>100</b>

	For the year ended December 31,			
	2025		2024	
	Amount	% of total assets	Amount	% of total assets
Non-current assets				
Taiwan	\$ 213,817	4	238,232	4
China	294,537	5	325,788	6
Other countries	9,297	-	12,210	-
	<b>\$ 517,651</b>	<b>9</b>	<b>576,230</b>	<b>10</b>

(4) Major customer information

Sales to individual customers for greater than 10% of total sales were as follows:

	For the year ended December 31,			
	2025		2024	
	Amount	% of net sales	Amount	% of net sales
Signal	\$ 496,166	16	363,607	15
Newtek	439,270	14	154,106	6
Crown Rich	278,670	9	302,628	12
	<b>\$ 1,214,106</b>	<b>39</b>	<b>820,341</b>	<b>33</b>