

**3406**

**GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE YEARS ENDED  
31 DECEMBER 2025 AND 2024**

Address: No. 1, Keya E. Rd., Daya Dist., Central Taiwan Science Park, Taichung

Company phone number: (04)2566-7115

Notice to Readers

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.

## **Statement**

For the year ended 31 December 2025 (from 1 January 2025 to 31 December 2025), pursuant to “Criteria Governing Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and Affiliation Reports,” the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standards 10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare,

GENIUS ELECTRONIC OPTICAL CORPORATION

CEO: TIEN-CHING CHEN

12 March 2026

## **Independent Auditors' Report**

To GENIUS ELECTRONIC OPTICAL CO, LTD:

### **Opinion**

We have audited the accompanying consolidated balance sheets of GENIUS ELECTRONIC OPTICAL CO, LTD (the "Company") and its subsidiaries as of 31 December 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries (the "Group") as of 31 December 2025 and 2024, and their consolidated financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Impairment of accounts receivable**

As of 31 December 2025, the accounts receivable and allowance for doubtful accounts amounted to NTD \$5,599,521 thousand and NTD \$18,687 thousand, respectively. Net accounts receivable represented 13% of total consolidated assets and have significant impacts on the Group. Since the accounts receivable from main consumers dominated the Group's accounts receivable, the collection of accounts receivable is a key factor in the working capital management of Group, and the adoption of provision policy requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; investigating accounts receivable details, recalculating the reasonableness of loss allowance based on assumptions of the credit risk and the expected credit loss ratio of customers; evaluating individually the reasonableness of the impairment of accounts receivable long overdue and its collection in subsequent period. We also assessed the adequacy of the disclosures related to the impairment of accounts receivable in Notes 5 and 6 to the financial statements.

### **Valuation for inventories**

As of 31 December 2025, the net inventories amounted to NTD \$2,115,310 thousand, accounting for 5% of the total consolidated assets that could have significant impact on the Group. Due to uncertainty arising from rapid changes in product technology, the inventory price fluctuates greatly due to the influence of the market, and the provision for valuation loss, sluggish or obsolete inventories involves major judgments by the management, we therefore determined this a key audit matter.

Our audit procedures included, but were not limited to, evaluate the effectiveness of the internal control established by the management for inventory, including performing simple tests and understanding the appropriateness of the management's assessment of inventory evaluation policies and methods, evaluating the management's stocktaking plan and conducting inventory inspections on the spot, checking the unit cost of inventory, sampling inventory purchase and sales related documents to verify the net realizable value, and obtain the inventory aging table and test the correctness of the inventory age. We also assessed the adequacy of the disclosures related to the valuation for inventory in Notes 5 and 6 to the financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## **Others**

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

Lai Shu Chen

Huang Tzu Ping

Ernst & Young, Taiwan  
12 March 2026

## **Notes to Readers**

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

GENIUS ELECTRONIC OPTICAL CO., LTD  
CONSOLIDATED BALANCE SHEETS  
31 December 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of				
		31 December 2025		31 December 2024		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	4, 6(1)	\$10,794,553	25	\$11,173,450	26
1110	Financial assets measured at fair value through profit or loss - current	4, 6(2)	601,876	1	-	-
1136	Financial assets measured at amortized cost	4, 6(3)	1,497,935	3	590,257	2
1140	Contract assets - current	6(17), (18)	146,214	-	81,805	-
1150	Notes receivable, net	6(18)	59,345	-	49,051	-
1170	Accounts receivable, net	6(4), (18)	5,580,834	13	3,932,127	9
130x	Inventories	4, 6(5)	2,115,310	5	2,379,054	6
1410	Prepayment	7	266,205	1	404,456	1
1470	Other current assets		315,681	1	176,175	-
11xx	<b>Total current assets</b>		<u>21,377,953</u>	<u>49</u>	<u>18,786,375</u>	<u>44</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non current	4, 6(6)	202,357	-	310,892	1
1600	Property, plant and equipment	4, 6(7), 8	18,991,468	44	20,727,419	48
1755	Right-of-use assets	4, 6(19), 8	684,592	2	757,360	2
1760	Investment property, net	4, 6(8)	175,878	-	189,153	-
1780	Intangible assets	4, 6(9)	118,570	-	103,009	-
1840	Deferred income tax assets	4, 6(23)	338,229	1	290,139	1
1900	Other non-current assets	6(10), (15)	1,751,695	4	1,871,003	4
15xx	<b>Total non-current assets</b>		<u>22,262,789</u>	<u>51</u>	<u>24,248,975</u>	<u>56</u>
1xxx	<b>Total assets</b>		<u>\$43,640,742</u>	<u>100</u>	<u>\$43,035,350</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)  
(continued)

GENIUS ELECTRONIC OPTICAL CO., LTD  
CONSOLIDATED BALANCE SHEETS  
31 December 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	As of			
			31 December 2025		31 December 2024	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term loans	4, 6(11), 8	\$382,910	1	\$1,801,540	4
2130	Contract liabilities - current	6(17)	247,152	-	175,158	-
2150	Notes payable	7	260,549	1	100,870	-
2170	Accounts payable	7	2,370,464	5	1,266,384	3
2200	Other payables	6(12), 7	2,179,634	5	2,031,712	5
2230	Current income tax liabilities		1,093,329	3	1,201,436	3
2300	Other current liabilities	6(19)	986,677	2	606,263	1
2322	Current portion of long-term loans	6(13), 8	1,125,102	3	1,692,480	4
21xx	<b>Total current liabilities</b>		<u>8,645,817</u>	<u>20</u>	<u>8,875,843</u>	<u>20</u>
<b>Non-current liabilities</b>						
2540	Long-term loans	6(13), 8	2,758,741	6	3,365,234	8
2570	Deferred income tax liabilities	4, 6(23)	3,304,541	7	2,806,022	7
2580	Lease liabilities, non-current	4, 6(19)	391,464	1	460,954	1
2600	Other non-current liabilities	6(14)	2,056,372	5	2,762,777	6
25xx	<b>Total non-current liabilities</b>		<u>8,511,118</u>	<u>19</u>	<u>9,394,987</u>	<u>22</u>
2xxx	<b>Total liabilities</b>		<u>17,156,935</u>	<u>39</u>	<u>18,270,830</u>	<u>42</u>
<b>Equity attributable to the parent company</b>		4, 6(16)				
3100	Capital					
3110	Common stock		1,127,431	3	1,127,431	3
3200	Additional paid-in capital		9,239,675	21	9,239,675	21
3300	Retained earnings					
3310	Legal reserve		2,052,476	5	1,619,953	4
3320	Special reserve		259,122	-	364,421	1
3350	Unappropriated earnings		13,460,415	31	12,112,285	28
	Total retained earnings		<u>15,772,013</u>	<u>36</u>	<u>14,096,659</u>	<u>33</u>
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		267,112	1	109,720	-
3420	Unrealized gains or losses from financial assets measured at fair value through other comprehensive income		104,147	-	217,609	1
	Total other components of equity		<u>371,259</u>	<u>1</u>	<u>327,329</u>	<u>1</u>
31xx	Equity attributable to the parent company		<u>26,510,378</u>	<u>61</u>	<u>24,791,094</u>	<u>58</u>
36xx	Non-controlling interests	6(16)	(26,571)	-	(26,574)	-
3xxx	<b>Total equity</b>		<u>26,483,807</u>	<u>61</u>	<u>24,764,520</u>	<u>58</u>
<b>Total liabilities and equity</b>			<u>\$43,640,742</u>	<u>100</u>	<u>\$43,035,350</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

GENIUS ELECTRONIC OPTICAL CO., LTD  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December			
		2025		2024	
		Amount	%	Amount	%
4000 Operating revenues	4, 6(17)	\$24,988,810	100	\$23,186,728	100
5000 Operating costs	6(5), (9), (19), (20), 7	(16,863,849)	(67)	(15,190,027)	(66)
5900 Gross profit		8,124,961	33	7,996,701	34
6000 Operating expenses	6(9), (15), (19), (20), 7				
6100 Selling and marketing expenses		(277,122)	(1)	(292,983)	(1)
6200 General and administrative expenses		(987,209)	(4)	(1,035,826)	(5)
6300 Research and development expenses		(2,089,028)	(9)	(2,002,730)	(8)
6450 Expected credit income	6(18)	1,338	-	6,150	-
Total operating expenses		(3,352,021)	(14)	(3,325,389)	(14)
6900 Operating income		4,772,940	19	4,671,312	20
7000 Non-operating income and expenses	6(21)				
7010 Other income		1,130,561	5	1,089,363	5
7020 Other gains and losses		(791,255)	(3)	344,469	2
7050 Finance costs		(121,987)	(1)	(180,377)	(1)
Total non-operating income and expenses		217,319	1	1,253,455	6
7900 Income from continuing operations before income tax		4,990,259	20	5,924,767	26
7950 Income tax expense	4, 5, 6(23)	(1,282,245)	(5)	(1,586,966)	(7)
8200 Income from continuing operations, net of tax		3,708,014	15	4,337,801	19
8300 Other comprehensive income (loss)	6(22), (23)				
8310 Items that may not be reclassified subsequently to profit or loss					
8311 Remeasurements of defined benefit plans		2,587	-	1,769	-
8316 Unrealized gains or loss from financial assets at fair value through other comprehensive income		(113,462)	(1)	97,166	-
8360 Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of foreign operations		196,631	1	741,194	4
8399 Income tax related to items that may be reclassified subsequently to profit or loss		(39,348)	-	(148,646)	(1)
Total other comprehensive income, net of tax		46,408	0	691,483	3
8500 Total comprehensive income		\$3,754,422	15	\$5,029,284	22
8600 Net income attributable to:					
8610 Shareholders of the parent		\$3,702,142		\$4,323,457	
8620 Non-controlling interests		5,872		14,344	
		\$3,708,014		\$4,337,801	
8700 Comprehensive income attributable to:					
8710 Shareholders of the parent		\$3,748,659		\$5,016,976	
8720 Non-controlling interests		5,763		12,308	
		\$3,754,422		\$5,029,284	
Earnings per share (NT\$)	6(24)				
9750 Earnings per share-basic		\$32.84		\$38.35	
9850 Earnings per share-diluted		\$32.78		\$38.28	

(The accompanying notes are an integral part of the consolidated financial statements.)

GENIUS ELECTRONIC OPTICAL CO., LTD  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the years ended 31 December 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Code	Item	Equity attributable to the parent company									Total Equity	
		Common Stock	Additional Paid-in Capital	Retained earnings			Other components of equity			Equity attributable to the parent company		Non-controlling interests
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains or losses from financial assets at fair value through other comprehensive income				
		3100	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX	
A1	<b>Balance as of 1 January 2024</b>	\$1,127,431	\$9,239,675	\$1,312,694	\$259,122	\$9,552,534	\$(484,864)	\$120,443	\$21,127,035	\$(30,962)	\$21,096,073	
	Appropriation of earnings, 2023											
B1	Legal reserve			307,259		(307,259)			-		-	
B3	Special reserve				105,299	(105,299)			-		-	
B5	Cash dividends					(1,352,917)			(1,352,917)		(1,352,917)	
D1	Net income in 2024					4,323,457			4,323,457	14,344	4,337,801	
D3	Other comprehensive income (loss), net of income tax in 2024					1,769	594,584	97,166	693,519	(2,036)	691,483	
D5	Total comprehensive income	-	-	-	-	4,325,226	594,584	97,166	5,016,976	12,308	5,029,284	
O1	Cash dividends distributed by subsidiaries									(7,920)	(7,920)	
Z1	<b>Balance as of 31 December 2024</b>	<u>\$1,127,431</u>	<u>\$9,239,675</u>	<u>\$1,619,953</u>	<u>\$364,421</u>	<u>\$12,112,285</u>	<u>\$109,720</u>	<u>\$217,609</u>	<u>\$24,791,094</u>	<u>\$(26,574)</u>	<u>\$24,764,520</u>	
A1	<b>Balance as of 1 January 2025</b>	\$1,127,431	\$9,239,675	\$1,619,953	\$364,421	\$12,112,285	\$109,720	\$217,609	\$24,791,094	\$(26,574)	\$24,764,520	
	Appropriation of earnings, 2024											
B1	Legal reserve			432,523		(432,523)			-		-	
B5	Cash dividends					(2,029,375)			(2,029,375)		(2,029,375)	
B17	Reversal of special reserve				(105,299)	105,299			-		-	
D1	Net income in 2025					3,702,142			3,702,142	5,872	3,708,014	
D3	Other comprehensive income (loss), net of income tax in 2025					2,587	157,392	(113,462)	46,517	(109)	46,408	
D5	Total comprehensive income (loss)	-	-	-	-	3,704,729	157,392	(113,462)	3,748,659	5,763	3,754,422	
O1	Cash dividends distributed by subsidiaries									(5,760)	(5,760)	
Z1	<b>Balance as of 31 December 2025</b>	<u>\$1,127,431</u>	<u>\$9,239,675</u>	<u>\$2,052,476</u>	<u>\$259,122</u>	<u>\$13,460,415</u>	<u>\$267,112</u>	<u>\$104,147</u>	<u>\$26,510,378</u>	<u>\$(26,571)</u>	<u>\$26,483,807</u>	

(The accompanying notes are an integral part of the consolidated financial statements.)

GENIUS ELECTRONIC OPTICAL CO., LTD  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended 31 December 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net income before tax	\$4,990,259	\$5,924,767
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	3,969,800	4,156,626
Amortization	39,568	30,552
Expected credit income	(1,338)	(6,150)
Net gain on financial assets measured at fair value through profit or loss	(1,876)	-
Others (Depreciation of Investment property)	13,615	13,989
(Gain from price recovery of inventories) Loss for market price decline and obsolete and slow-moving inventories	(101,414)	63,414
Gain on disposal of property, plant and equipment	(58,420)	(12,486)
Interest expense	121,987	180,377
Interest income	(420,315)	(484,651)
Dividend income	(2,067)	(3,711)
Gain from lease modification	(8,493)	(42)
Impairment loss (reversal) on non-financial assets	94,645	(48,365)
Changes in operating assets and liabilities:		
(Increase) Decrease in contract asset-current	(64,409)	21,931
Increase in notes receivable	(9,892)	(27,217)
(Increase) Decrease in accounts receivable	(1,653,665)	1,770,154
Decrease (Increase) in inventories	302,429	(616,562)
Decrease (Increase) in prepayments	148,365	(25,137)
Increase in other current assets	(155,602)	(119,886)
Decrease in other non-current assets	61,184	241,612
Increase in contract liabilities-current	71,994	61,798
Increase (Decrease) in notes payable	159,679	(70,717)
Increase in accounts payable	1,104,080	361,449
(Decrease) Increase in other payables	(1,706)	269,842
Increase in other current liabilities	382,781	233,387
Decrease in other non-current liabilities	(706,405)	(144,601)
Cash generated from operations	8,274,784	11,770,373
Income tax paid	(963,175)	(1,121,695)
Net cash provided by operating activities	7,311,609	10,648,678

(The accompanying notes are an integral part of the consolidated financial statements.)

(continued)

GENIUS ELECTRONIC OPTICAL CO., LTD  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended 31 December 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2025	2024
(Continued)		
<b>Cash flows from investing activities:</b>		
(Increase) Decrease in financial assets at fair value through other comprehensive income	(7,900)	1,397
Acquisition of financial assets at fair value through profit or loss	(600,000)	-
Acquisition of financial assets measured at amortized cost	(2,110,663)	(587,356)
Disposal of financial assets measured at amortized cost	1,238,024	75,735
Acquisition of property, plant and equipment	(1,839,907)	(1,412,295)
Disposal of property, plant and equipment	237,466	22,708
Acquisition of other non-current assets	(288,669)	(1,553,288)
Acquisition of intangible assets	(45,433)	(65,056)
Interest received	420,315	484,651
Dividend received	5,040	3,711
Net cash used in investing activities	(2,991,727)	(3,029,793)
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	3,208,080	9,246,100
Decrease in short-term loans	(4,628,720)	(10,527,000)
Increase in long-term loans	1,425,373	229,388
Decrease in long-term loans	(2,579,196)	(2,615,176)
Lease principal repayment	(97,993)	(166,322)
Cash dividends	(2,029,375)	(1,352,917)
Interest paid	(108,482)	(181,857)
Changes in non-controlling interests	(5,760)	(7,920)
Net cash (used in) generated from financing activities	(4,816,073)	(5,375,704)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	117,294	216,200
<b>Net (decrease) increase in cash and cash equivalents</b>	(378,897)	2,459,381
<b>Cash and cash equivalents at beginning of period</b>	11,173,450	8,714,069
<b>Cash and cash equivalents at end of period</b>	<b>\$10,794,553</b>	<b>\$11,173,450</b>

(The accompanying notes are an integral part of the consolidated financial statements.)

# GENIUS ELECTRONIC OPTICAL CO.,LTD. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

FOR THE YEARS ENDED  
31 DECEMBER 2025 AND 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

### 1. HISTORY AND ORGANIZATION

Genius Electronic Optical Corporation (“the Company”) was incorporated in February 1990 to manufacture and sell optical instruments, mold, lighting equipment, and their spare parts, and acts as an agent of related export and import trade. The Company was authorized to publicly trade its shares in November 2005 and its shares were listed on the Taiwan Stock Exchange on 20 December 2005. The Company’s registered location and main operations are located at Central Taiwan Science Park, No. 1, Keya E. Rd., Daya Dist., Taichung City, Taiwan (R.O.C.)

The Company merged a whole-owned company, Lizhuo Precision Industry Co., Ltd (“Lizhuo Company”) on 1 January 2008, the consolidation record date, with the Company as the surviving entity, and Lizhuo Company was dissolved following the merger.

### 2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended 31 December 2025 and 2024 were authorized for issue by the Company’s board of directors’ on 12 March 2026.

### 3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Group.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards-Volume 11

- (1) Amendments to IFRS 1
- (2) Amendments to IFRS 7
- (3) Amendments to Guidance on implementing IFRS 7
- (4) Amendments to IFRS 9
- (5) Amendments to IFRS 10
- (6) Amendments to IAS 7

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

The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Group.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

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

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (d) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (1) Clarify that when the entity's functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (2) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (3) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRS, IAS, IFRIC and SIC which is endorsed by the FSC.

- (2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
- B. derecognizes the carrying amount of any non-controlling interest
- C. recognizes the fair value of the consideration received
- D. recognizes the fair value of any investment retained
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership(%)	
			31 Dec. 2025	31 Dec. 2024
The Company	GLOBALIZE INTERNATIONAL LTD.	Holding company	100%	100%
The Company	GENIUS ELECTRONIC OPTICAL CO., LTD.	Trading	100%	100%
The Company	UMA TECHNOLOGY INC.	Types of MTF eccentric adjustment of lens lenses, focusing of COMS modules image quality analysis and testing, and development of production equipment	80%	80%
The Company	GENIUS ELECTRO-OPTICS (XIAMEN) CO.,LTD.	Manufacturing and sales of optical lens and the related spare parts	100%	100%
GLOBALIZE INTERNATIONAL LTD.	GENIUS ELECTRONIC OPTICAL(XIAMEN) CO.,LTD.	Manufacturing and sales of optical lens, optical components, and the related spare parts	100%	100%
GLOBALIZE INTERNATIONAL LTD.	GIANT ELECTRONIC OPTICAL ( XIAMEN ) CO.,LTD.	Engage in design, processing, production and sales of optical and electronic masonry and non-metallic product molds.	80.44%	80.44%
GLOBALIZE INTERNATIONAL LTD.	SHENYANG GIANT ELECTRONIC OPTICAL CO.,LTD.	LED street lights, LED lamps and related products, parts production, assembly, installation, and maintenance; self-operated and agent import and export of various commodities and technologies.	70%	70%
GENIUS ELECTRONIC OPTICAL(XIAMEN) CO.,LTD.	GENESIS ELECTRONIC OPTICAL(XIAMEN) CO.,LTD.	Manufacture of optical electronic devices, other electronic devices, plastic containers and molds for product and non-metallic products; sales of mechanical parts and components.	100%	100%

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Group holds the asset primarily for the purpose of trading.
- (c) The Group expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle.
- (b) The Group holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular purchase or sales of financial assets on the trading date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i).purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii).financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and merchandise – Purchase cost on weighted averaged method.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria were met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Item	Useful years
Buildings	3~51 years
Machinery and equipment	3~11 years
Transportation equipment	4~6 years
Office equipment	3~8 years
Other equipment	2~11 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Item	Useful years
Buildings	11~51 years
Right-of-use asset	50~51 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

On the day that contracts are established, the Group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date.
- (c) Amounts expected to be payable by the lessee under residual value guarantees.
- (d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Technology and patent rights	Trademarks
Useful lives	2~5 years	5 years or with limited useful lives	10 years
Amortization method used	Amortized on a straight- line basis	Amortized on a straight- line basis	Amortized on a straight- line basis
Internally generated or acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited to the extent that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A cash generating unit or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, base on past experience, management's judgement and other know factors.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is types of optical lens, lighting fixtures, and high-end machinery, etc., and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers, therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year; thus, no significant financing component is arised.

Interest Income

The interest revenue of financial assets measured at amortized cost (including loans and receivables and financial assets measured at amortized cost) and financial assets measured at fair value through profit or loss is calculated by using the effective interest method. The related interest revenue is recognized in profit or loss.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Dividend Revenue

The company recognizes the dividend revenue when it has the right to collect dividends.

Rent Revenue

The rent revenue from the operating lease is recognized in the period of the lease by the straight-line basis.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(20) Post-employment benefit plans

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company and its domestic subsidiaries recognize expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No expense is recognized for awards that do not ultimately vest; except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(22) Income tax

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

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity but not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the surplus distribution proposal is approved at the Shareholders' meeting.

Deferred income tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities can be offset with each other if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

(23) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination and is irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant impact on the amounts recognized in the consolidated financial statements:

Investment property

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions cannot be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is not significant.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Post-employment benefit plan

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including discount rates and expected salary increases and decreases, etc.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(e) Accounts receivable – estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(f) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of 31 December	
	2025	2024
Cash on hand	\$4,888	\$4,760
Demand deposits	10,789,665	11,168,690
Total	\$10,794,553	\$11,173,450

Cash and cash equivalents were not pledged.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	As of 31 December	
	2025	2024
Mandatorily measured at fair value through profit or loss:		
Fund beneficiary certificates	\$601,876	\$-

Financial assets at fair value through profit or loss of the Group were not pledged.

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

	As of 31 December	
	2025	2024
Time Deposit	\$1,497,935	\$590,257

The financial assets measured at amortized cost of the Group were not pledged. Please refer to Note 12(4) for details on credit risk.

(4) Accounts receivable

	As of 31 December	
	2025	2024
Accounts receivable	\$5,599,521	\$3,952,020
Less: loss allowance	(18,687)	(19,893)
Total	\$5,580,834	\$3,932,127

The Group's accounts receivable were not pledged.

Accounts receivable are generally on 30-120 day terms. The total carrying amount of accounts receivable, including both current and non-current notes receivable as of 31 December 2025 and 2024 are \$5,677,173 and \$4,001,071, respectively. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the years ended 31 December 2025 and 2024. Please refer to Note 12(4) for more details on credit risk management.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Inventories

(a) Details as follows:

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Raw materials	\$512,339	\$474,845
Supplies & parts	45,704	45,015
Work in progress	418,711	239,228
Finished goods	1,085,796	1,377,165
Merchandise	52,760	242,801
Total	<u>\$2,115,310</u>	<u>\$2,379,054</u>

(b) The cost of inventories recognized in operating costs for the years ended 31 December 2025 and 2024 were \$16,863,849 and \$15,190,027, respectively. The profit and loss related to cost of goods sold were as follows:

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Reversal write-downs of inventory/ (Inventory write-downs)	\$101,414	\$(63,414)
Scraps	(82,482)	(258,492)
Revenue from sale of scraps	37,588	42,001
Gain on physical inventory count	726	389
Net	<u>\$57,246</u>	<u>\$(279,516)</u>

The Group recognized a reversal of inventory write-downs in 2025 because the factors that had previously caused the inventories' net realizable value to fall below cost had ceased to exist.

No inventories above were pledged.

(6) Financial assets at fair value through other comprehensive income- Non-current

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed companies stocks	\$179,826	\$287,732
Unlisted companies stocks	22,531	23,160
Total	<u>\$202,357</u>	<u>\$310,892</u>

Financial assets at fair value through other comprehensive income of the Group were not pledged.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's dividends income related to equity instrument measured at fair value through other comprehensive income for the years ended 31 December of 2025 and 2024 are as follows:

	As of 31 December	
	2025	2024
Related to investments held at the end of the reporting period		
Dividends recognized during the period	\$2,067	\$3,711
Cash dividends distributed from capital surplus	\$2,973	\$-

(7) Property, plant and equipment

	As of 31 December	
	2025	2024
Owner occupied property, plant and equipment	\$18,991,468	\$20,727,419

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machine equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 Jan. 2025	\$78,510	\$6,362,032	\$19,987,093	\$45,341	\$613,544	\$10,464,238	\$526,437	\$38,077,195
Additions	-	11,938	588,813	2,176	36,614	898,558	391,971	1,930,070
Disposals	-	(11,586)	(406,631)	(6,133)	(13,558)	(1,468,501)	-	(1,906,409)
Transfers	-	38,823	(32,175)	-	(48)	767,471	(415,810)	358,261
Exchange differences	-	22,125	90,923	191	3,591	54,396	2,614	173,840
As of 31 Dec. 2025	\$78,510	\$6,423,332	\$20,228,023	\$41,575	\$640,143	\$10,716,162	\$505,212	\$38,632,957
As of 1 Jan. 2024	\$78,510	\$6,017,233	\$18,300,716	\$43,784	\$548,174	\$9,199,031	\$1,036,044	\$35,223,492
Additions	-	74,640	547,619	4,170	54,425	514,018	428,899	1,623,771
Disposals	-	(10,061)	(348,782)	(3,677)	(6,617)	(768,587)	-	(1,137,724)
Transfers	-	122,197	920,001	43	1,060	1,250,969	(968,351)	1,325,919
Exchange differences	-	158,023	567,539	1,021	16,502	268,807	29,845	1,041,737
As of 31 Dec. 2024	\$78,510	\$6,362,032	\$19,987,093	\$45,341	\$613,544	\$10,464,238	\$526,437	\$38,077,195

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machine equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation								
As of 1 Jan. 2025	\$-	\$1,883,598	\$9,024,187	\$34,149	\$438,982	\$5,968,860	\$-	\$17,349,776
Depreciation	-	284,435	1,551,903	3,816	84,033	1,957,892	-	3,882,079
Disposals	-	(9,949)	(371,367)	(6,133)	(13,558)	(1,326,356)	-	(1,727,363)
Transfers	-	-	(73,706)	-	(48)	68,716	-	(5,038)
Exchange differences	-	14,074	74,362	165	4,262	49,172	-	142,035
As of 31 Dec. 2025	<u>\$-</u>	<u>\$2,172,158</u>	<u>\$10,205,379</u>	<u>\$31,997</u>	<u>\$513,671</u>	<u>\$6,718,284</u>	<u>\$-</u>	<u>\$19,641,489</u>
As of 1 Jan. 2024								
As of 1 Jan. 2024	\$-	\$1,519,921	\$7,643,650	\$32,071	\$335,159	\$4,549,843	\$-	\$14,080,644
Depreciation	-	331,009	1,496,769	4,915	99,483	2,069,664	-	4,001,840
Disposals	-	(10,061)	(341,371)	(3,677)	(6,589)	(765,804)	-	(1,127,502)
Transfers	-	72	(26,997)	-	(26)	(28,150)	-	(55,101)
Exchange differences	-	42,657	252,136	840	10,955	143,307	-	449,895
As of 31 Dec. 2024	<u>\$-</u>	<u>\$1,883,598</u>	<u>\$9,024,187</u>	<u>\$34,149</u>	<u>\$438,982</u>	<u>\$5,968,860</u>	<u>\$-</u>	<u>\$17,349,776</u>
Net carrying amount:								
As of 31 Dec. 2025	<u>\$78,510</u>	<u>\$4,251,174</u>	<u>\$10,022,644</u>	<u>\$9,578</u>	<u>\$126,472</u>	<u>\$3,997,878</u>	<u>\$505,212</u>	<u>\$18,991,468</u>
As of 31 Dec. 2024	<u>\$78,510</u>	<u>\$4,478,434</u>	<u>\$10,962,906</u>	<u>\$11,192</u>	<u>\$174,562</u>	<u>\$4,495,378</u>	<u>\$526,437</u>	<u>\$20,727,419</u>

The major components of the Group's buildings are main buildings, air conditioners and water and power supply, and depreciated according to their useful life of 50 and 10-15 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

Capitalized borrowing costs of purchasing property, plant and equipment for the years ended 31 December 2025 and 2024 were \$4,251 and \$23,633, respectively, with capitalization weighted average interest rate of borrowing costs were 1.90% and 2.02%, respectively.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Investment property

The Group's investment properties include both owned investment properties and investment properties held by the Group as right-of-use assets. The Group's owner-occupied investment properties were not leased yet. The investment properties held by the Group as right-of-use assets with non-cancellable period of 50 years. Some of these contracts provide the Group options to extend the leases.

	Buildings	Right-of-use assets	Total
Cost:			
As of 1 Jan. 2025	\$488,498	\$38,005	\$526,503
Exchange differences	2,182	170	2,352
As of 31 Dec. 2025	<u>\$490,680</u>	<u>\$38,175</u>	<u>\$528,855</u>
Depreciation and impairment :			
As of 1 Jan. 2025	\$327,279	\$10,071	\$337,350
Depreciation	12,879	736	13,615
Exchange differences	1,939	73	2,012
As of 31 Dec. 2025	<u>\$342,097</u>	<u>\$10,880</u>	<u>\$352,977</u>
Cost:			
As of 1 Jan. 2024	\$472,458	\$36,757	\$509,215
Exchange differences	16,040	1,248	17,288
As of 31 Dec. 2024	<u>\$488,498</u>	<u>\$38,005</u>	<u>\$526,503</u>
Depreciation and impairment:			
As of 1 Jan. 2024	\$303,672	\$9,005	\$312,677
Depreciation	13,233	756	13,989
Exchange differences	10,374	310	10,684
As of 31 Dec. 2024	<u>\$327,279</u>	<u>\$10,071</u>	<u>\$337,350</u>
Net carrying amount:			
As of 31 Dec. 2025	<u>\$148,583</u>	<u>\$27,295</u>	<u>\$175,878</u>
As of 31 Dec. 2024	<u>\$161,219</u>	<u>\$27,934</u>	<u>\$189,153</u>

Investment properties of the Group were not pledged.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of the Group's investment properties was \$176,124 and \$196,638, as of 31 December 2025 and 2024, respectively. The fair value has been determined based on valuations performed by an independent valuer.

(9) Intangible assets

	Trademarks and patents	Goodwill	Computer software	Total
Cost:				
As of 1 Jan. 2025	\$37,150	\$27,087	\$327,692	\$391,929
Addition-acquired separately	-	-	45,433	45,433
Reclassification	-	-	5,006	5,006
Exchange differences	9	-	2,672	2,681
As of 31 Dec. 2025	<u>\$37,159</u>	<u>\$27,087</u>	<u>\$380,803</u>	<u>\$445,049</u>
Amortization and impairment:				
As of 1 Jan. 2025	\$35,272	\$-	\$253,648	\$288,920
Amortization	1,050	-	34,691	35,741
Exchange differences	39	-	1,779	1,818
As of 31 Dec. 2025	<u>\$36,361</u>	<u>\$-</u>	<u>\$290,118</u>	<u>\$326,479</u>
Cost:				
As of 1 Jan. 2024	\$35,071	\$27,087	\$259,047	\$321,205
Addition-acquired separately	2,069	-	62,987	65,056
Exchange differences	10	-	5,658	5,668
As of 31 Dec. 2024	<u>\$37,150</u>	<u>\$27,087</u>	<u>\$327,692</u>	<u>\$391,929</u>
Amortization and impairment:				
As of 1 Jan. 2024	\$34,667	\$-	\$221,918	\$256,585
Amortization	602	-	26,941	27,543
Exchange differences	3	-	4,789	4,792
As of 31 Dec. 2024	<u>\$35,272</u>	<u>\$-</u>	<u>\$253,648</u>	<u>\$288,920</u>
Net carrying amount:				
As of 31 Dec. 2025	<u>\$798</u>	<u>\$27,087</u>	<u>\$90,685</u>	<u>\$118,570</u>
As of 31 Dec. 2024	<u>\$1,878</u>	<u>\$27,087</u>	<u>\$74,044</u>	<u>\$103,009</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization expense of intangible assets under the statement of comprehensive income:

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Operating costs	\$9,012	\$7,646
Operating expenses	26,729	19,897
Total	<u>\$35,741</u>	<u>\$27,543</u>

(10) Other non-current assets

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Other deferred expenses	\$961,943	\$1,144,702
Prepayment for equipment	717,895	667,507
Refundable deposits	42,576	50,534
Long-term notes receivable	18,307	-
Net defined benefit asset - non-current	10,974	8,260
Total	<u>\$1,751,695</u>	<u>\$1,871,003</u>

(11) Short-term loans

	<u>As of 31 December</u>	
	<u>2025</u>	<u>2024</u>
Unsecured bank loans	\$362,910	\$1,699,155
Secured bank loans	20,000	102,385
Total	<u>\$382,910</u>	<u>\$1,801,540</u>

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Interest rates	1.75%~2.18%	1.76%~2.52%
Unused short-term lines of credits amounted	\$5,407,000	\$4,233,000

Please refer to Note 8 for more details on secured loans.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Other payables

	As of 31 December	
	2025	2024
Accrued payroll	\$1,100,116	\$1,136,498
Accrued for equipment	478,806	325,919
Others	600,712	569,295
Total	\$2,179,634	\$2,031,712

(13) Long-term loans

	As of 31 December	
	2025	2024
Secured bank loans	\$2,005,808	\$2,614,025
Unsecured bank loans	1,878,035	2,443,689
Subtotal	3,883,843	5,057,714
Less: current portion	(1,125,102)	(1,692,480)
Total	\$2,758,741	\$3,365,234
Rate	1.00%~2.00%	1.00%~2.55%

Please refer to Note 8 for more details on secured loan listed above.

(14) Other non-current liabilities

	As of 31 December	
	2025	2024
Deferred revenue - noncurrent	\$1,666,625	\$1,975,734
Temporary receipts	325,997	709,212
Others	63,750	77,831
Total	\$2,056,372	\$2,762,777

(15) Post-employment benefit plans

(a) Defined contribution plans

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the “Labor Standards Act of the R.O.C.”. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Group has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

The Group's expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were \$31,461 and \$35,908 respectively.

(b) Defined benefits plan

- a. The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group and domestic subsidiaries contribute an amount equivalent to 5% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one payment before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for mid-term and long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As The Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$(144) to its defined benefit plan in the next year starting from 31 December 2025.

The average duration of the defined benefit plan obligation as at 31 December 2025 and 2024, were 7 years and 8 years.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. The summary of defined benefits plan reflected in profit or loss is as follows:

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Current period service cost	\$-	\$-
Net defined interest on benefit assets	(127)	(82)
Total	<u>\$(127)</u>	<u>\$(82)</u>

c. Changes in the defined benefit obligation and fair value of plan assets are as follows:

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>	<u>1 Jan. 2024</u>
Defined benefit obligation	\$23,451	\$24,525	\$23,244
Plan assets at fair value	(34,425)	(32,785)	(29,653)
Net defined benefit assets – non-current	<u>\$(10,974)</u>	<u>\$(8,260)</u>	<u>\$(6,409)</u>

d. Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of 1 Jan. 2024	\$23,244	\$(29,653)	\$(6,409)
Current service costs	-	-	-
Interest expense (income)	297	(379)	(82)
Subtotal	<u>23,541</u>	<u>(30,032)</u>	<u>(6,491)</u>
Remeasurements of the net defined benefit liability (assets):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(520)	-	(520)
Experience adjustments	1,504	-	1,504
Remeasurements of the net defined benefit asset	-	(2,753)	(2,753)
Subtotal	<u>984</u>	<u>(2,753)</u>	<u>(1,769)</u>
Payments from the plan	-	-	-
Contributions by employer	-	-	-
As of 31 Dec. 2024	\$24,525	\$(32,785)	\$(8,260)
Current service costs	-	-	-
Net interest expense (income)	375	(502)	(127)
Subtotal	<u>24,900</u>	<u>(33,287)</u>	<u>(8,387)</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Remeasurements of the net defined benefit liability (assets):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	374	-	374
Experience adjustments	(681)	-	(681)
Remeasurements of the net defined benefit asset	-	(2,280)	(2,280)
Subtotal	(307)	(2,280)	(2,587)
Payments from the plan	(1,142)	1,142	-
Contributions by employer	-	-	-
As of 31 Dec. 2025	\$23,451	\$(34,425)	\$(10,974)

e. The principal actuarial assumptions used were as follows:

	For the years ended 31 December	
	2025	2024
Discount rate	1.31%	1.53%
Expected rate of salary increases	3.00%	3.00%

f. Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2025		2024	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	\$-	\$834	\$-	\$988
Discount rate decreased by 0.5%	893	-	1,060	-
Future salary increased by 0.5%	873	-	1,039	-
Future salary decreased by 0.5%	-	825	-	979

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(16) Equities

(a) Common stock

As of 31 December 2025 and 2024, the Company's authorized capital amounted to \$1,500,000 thousand, divided into 150,000 thousand shares with par value of NT\$10 each. The number of shares issued was 112,743 thousand shares, and the paid-in capital amounted to \$1,127,431 thousand. Each share has one voting right and a right to receive dividends.

As of 31 December 2025, there were no changes in the Company's authorized capital, issued shares, or paid-in capital.

(b) Additional paid-in capital

Under the relevant laws, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

Details of additional paid-in capital are shown below:

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Premium from merger	\$9,034,561	\$9,034,561
Capital increased by employee stock option	203,920	203,920
Share-base payment transactions	1,194	1,194
Total	<u>\$9,239,675</u>	<u>\$9,239,675</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Payment of all taxes and dues;
- B. Offset prior years' operation losses;
- C. Set aside 10% of the remaining amount as legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations;
- E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

If the aforementioned earnings are distributed in the form of cash, approval for such distribution should be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders, balanced dividend and long-term financial plan, etc. The Board of Directors shall propose a motion and submit it to the shareholders' meeting for approval before distribution annually, and the cash dividend ratio shall not be less than 10% of the total shareholder dividend, however, can choose to no distribution. The type and ratio of this surplus distribution may be adjusted by the resolution of the shareholders' meeting depending on the actual profit and capital status of the year.

According to the Company Act, the Group needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reverse in the amount equal to the reversal may be released for earnings distribution.

Details of the 2025 and 2024 earnings distribution and dividends per share as approved and resolved by the board of meeting on 12 March 2026, and the shareholders’ meeting on 17 June 2025, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2025	2024	2025	2024
Common stock - cash dividend	\$1,916,632	\$2,029,375	\$17	\$18
Legal reserve	370,473	432,523		
Special reserve	-	(105,299)		

Please refer to Note 6(20) for more details on employees’ compensation and remuneration to directors.

(d) Non-controlling interests

	For the years ended 31 December	
	2025	2024
Beginning balance	\$(26,574)	\$(30,962)
Net income attributable to non-controlling interests	5,872	14,344
Cash dividends from subsidiaries	(5,760)	(7,920)
Other comprehensive income attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(109)	(2,036)
Ending balance	<u>\$(26,571)</u>	<u>\$(26,574)</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Operating revenue

	For the years ended 31 December	
	2025	2024
Revenue from contracts with customers		
Sale of goods	\$24,988,810	\$23,186,728

Analysis of revenue from contracts with customers during the periods ended 31 December 2025 and 2024 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2025:

	Phone lens	Others	Total
Sale of goods	\$18,656,340	\$6,332,470	\$24,988,810

For the year ended 31 December 2024:

	Phone lens	Others	Total
Sale of goods	\$17,152,058	\$6,034,670	\$23,186,728

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

(b) Contract balances

A. Contract assets – current

	31 Dec.2025	31 Dec. 2024	1 Jan. 2024
Sale of goods	\$146,214	\$81,805	\$103,736

The significant changes in the Group's balances of contract assets for the years ended 31 December 2025 and 2024 are as follows:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2025	2024
The opening balance transferred to accounts receivable	\$(81,805)	\$(103,736)
Satisfy the performance obligation but fail to meet the unconditional collection	140,979	81,404
Exchange differences	5,235	401
Changes in the period	\$64,409	\$(21,931)

B. Contract liabilities – current

	31 Dec.2025	31 Dec. 2024	1 Jan. 2024
Sale of goods	\$247,152	\$175,158	\$113,360

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December	
	2025	2024
The opening balance transferred to revenue	\$(118,385)	\$(107,843)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	187,381	169,083
Exchange differences	2,998	558
Changes in the period	\$71,994	\$61,798

(c) Transaction price allocated to unfulfilled performance obligations

As of the year ended 31 December 2025, there are no details of the unfulfilled actions that have not yet been fulfilled performance obligation as the client contracts of sales of goods are within a year.

(d) Assets recognized from costs to fulfil a contract

None.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Expected credit income

	For the years ended 31 December	
	2025	2024
Accounts receivable	\$1,338	\$6,150

Please refer to Note 12 for more details on credit risk.

The loss allowances of the Group's contractual assets and receivables (including notes receivable, long-term notes receivable and accounts receivable) were measured at lifetime expected credit loss. The assessment of the Company's loss allowance as of 31 December 2025 and 2024 are as follows:

(a) The total carrying amounts of the contract assets were \$146,214 and \$81,805, respectively as of 31 December 2025 and 2024. The amounts of the allowance losses were \$0.

(b) The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

As of 31 December 2025

GROUP 1

	Not yet due (Note)	Overdue					Upon 121 days	Total
		Within 30 days	31-60 days	61-90 days	91-120 days			
		Gross carrying amount	\$5,482,003	\$112,932	\$59	\$54		
Loss ratio	0%~0.1%	0%~1%	0%~5%	0%~35%	0%~69%	0%~100%		
Lifetime expected credit losses	(137)	(59)	-	-	-	(144)	(340)	
Carrying amount	\$5,481,866	\$112,873	\$59	\$54	\$-	\$-	\$5,594,852	

GROUP 2

	Not yet due (Note)	Overdue					Over 121 days	Total
		Within 30 days	31-60 days	61-90 days	91-120 days			
		Gross carrying amount	\$41,850	\$3,483	\$11,138	\$1,793		
Lifetime expected credit losses	-	-	(593)	(180)	(1,799)	(15,775)	(18,347)	
Carrying amount	\$41,850	\$3,483	\$10,545	\$1,613	\$1,865	\$4,278	\$63,634	

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2024

GROUP 1

	Overdue						Total
	Not yet due	Within 30			Upon 121		
		days	31-60 days	61-90 days	91-120 days	days	
Gross carrying amount	\$3,718,236	\$224,189	\$19,695	\$224	\$-	\$9,707	\$3,972,051
Loss ratio	0%~0.04%	0%~2%	0%~19%	0%~48%	0%~79%	0%~100%	
Lifetime expected credit losses	(968)	(18)	(2,775)	-	-	(8,641)	(12,402)
Carrying amount	<u>\$3,717,268</u>	<u>\$224,171</u>	<u>\$16,920</u>	<u>\$224</u>	<u>\$-</u>	<u>\$1,066</u>	<u>\$3,959,649</u>

GROUP 2

	Overdue						Total
	Not yet due (Note)	Within 30			Over 121		
		days	31-60 days	61-90 days	91-120 days	days	
Gross carrying amount	\$10,392	\$3,219	\$814	\$3,529	\$2,982	\$8,084	\$29,020
Lifetime expected credit losses	-	-	(41)	(353)	(1,491)	(5,606)	(7,491)
Carrying amount	<u>\$10,392</u>	<u>\$3,219</u>	<u>\$773</u>	<u>\$3,176</u>	<u>\$1,491</u>	<u>\$2,478</u>	<u>\$21,529</u>

Note: The Group accrues the expected credit impairment loss according to the individual customer assessment method.

The movement in the provision for impairment of note receivables and accounts receivables during the ended 31 December 2025 and 2024 is as follows:

	Note receivables	Accounts receivables	Total
As of 1 Jan. 2025	\$-	\$19,893	\$19,893
Reversal for the current year	-	(1,338)	(1,338)
Exchange differences	-	132	132
As of 31 Dec. 2025	<u>\$-</u>	<u>\$18,687</u>	<u>\$18,687</u>
As of 1 Jan. 2024	\$-	\$25,604	\$25,604
Reversal for the current year	-	(6,150)	(6,150)
Exchange differences	-	439	439
As of 31 Dec. 2024	<u>\$-</u>	<u>\$19,893</u>	<u>\$19,893</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Leases

(1) Group as a lessee

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2025	2024
Land	\$406,248	\$401,159
Buildings	278,344	356,201
Total	\$684,592	\$757,360

During the year ended 31 December 2025 and 2024, the Group's additions to right-of-use assets amounted to \$118,739 and \$6,596, respectively.

Please refer to Note 8 for more details on the right-of-use assets under pledged.

ii. Lease liabilities

	As of 31 December	
	2025	2024
Lease liabilities	\$474,484	\$546,341
Current	\$83,020	\$85,387
Non-current	\$391,464	\$460,954

Please refer to Note 6(21)(c) for the interest on lease liabilities recognized during the year ended 31 December 2025 and 2024, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2025 and 2024.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Land	\$13,716	\$13,280
Buildings	74,005	141,506
Total	\$87,721	\$154,786

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2025	2024
The expenses relating to short-term leases	\$11,729	\$15,847

D. Cash outflow relating to leasing activities

During the years ended 31 December 2025 and 2024, the Group's total cash outflows for leases amounted to \$109,722 and \$182,169, respectively.

(20) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2025 and 2024:

Function Nature	2025			2024		
	Operating cost	Operating expense	total	Operating cost	Operating expense	total
Employee benefits expense						
Salaries	\$3,899,985	\$1,686,758	\$5,586,743	\$4,102,674	\$1,684,957	\$5,787,631
Labor and health insurance	640,443	222,724	863,167	629,445	209,011	838,456
Pension	16,672	14,662	31,334	20,325	15,501	35,826
Other employee benefits expense	189,122	56,659	245,781	211,112	63,551	274,663
Depreciation	3,546,591	423,209	3,969,800	3,698,632	457,994	4,156,626
Amortization	11,909	27,659	39,568	9,497	21,055	30,552

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall contribute at least 1% as employee compensation, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash. At least 15% of the employee compensation shall be allocated to non-managerial employees. The distribution shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting.

If the shareholders' meeting resolves to distribute employees' compensation through stock, the number of stocks is calculated based on the closing price one day prior to the date of the meeting. The difference between the estimation and the resolution will be recognized as profit or loss of the subsequent year.

Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System " of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2025 of profit of the current year. The employees' compensation and remuneration to directors for the year ended 31 December 2025 amount to \$70,000 and \$17,000, respectively, recognized as salary expense.

A resolution was passed at the board meeting held on 12 March 2026 to distribute \$70,000 and \$17,000 in cash as 2025 employees' compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2025.

The actual distribution of the employee's compensation and remuneration to the directors in 2024 were \$90,000 and \$20,000, respectively, which were consistent with the estimated amount recognized in the 2024 financial statements.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Non-operating income and expenses

(a) Other income

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Subsides income		
Interest income	\$538,011	\$480,046
Financial assets measured at amortized cost	420,315	484,651
Rental income	2,783	1,954
Dividend income	2,067	3,711
Other income	167,385	119,001
Total	<u>\$1,130,561</u>	<u>\$1,089,363</u>

(b) Other gains and losses

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Gains on disposal of property, plant and equipment	\$58,420	\$12,486
Depreciation of investment property	(13,615)	(13,989)
Foreign exchange (losses) gains, net	(446,311)	578,875
Losses on scrapped of supplies inventory	(293,433)	(174,091)
Others	(96,316)	(58,812)
Total	<u>\$(791,255)</u>	<u>\$344,469</u>

(c) Finance costs

	<u>For the years ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Interest on loans from bank	\$101,644	\$155,029
Interest on lease liabilities	20,343	25,348
Total	<u>\$121,987</u>	<u>\$180,377</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Components of other comprehensive income

For the year ended 31 December 2025:

	Reclassification			Income tax	After-tax amount
	Arising during the period	adjustments during the period	Other comprehensive income (loss)		
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$2,587	\$-	\$2,587	\$-	\$2,587
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	(113,462)	-	(113,462)	-	(113,462)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	196,631	-	196,631	(39,348)	157,283
<b>Total other comprehensive income</b>	<b>\$85,756</b>	<b>\$-</b>	<b>\$85,756</b>	<b>\$(39,348)</b>	<b>\$46,408</b>

For the year ended 31 December 2024:

	Reclassification			Income tax	After-tax amount
	Arising during the period	adjustments during the period	Other comprehensive income (loss)		
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$1,769	\$-	\$1,769	\$-	\$1,769
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	97,166	-	97,166	-	97,166
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	741,194	-	741,194	(148,646)	592,548
<b>Total other comprehensive income</b>	<b>\$840,129</b>	<b>\$-</b>	<b>\$840,129</b>	<b>\$(148,646)</b>	<b>\$691,483</b>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23) Income tax

A. The major components of the income tax expenses are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2025	2024
Current income tax expense:		
Current income tax charge	\$1,017,349	\$1,395,115
Adjustments in respect of current income tax of prior periods	(146,185)	(25,226)
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	417,975	217,077
Deferred tax recognized in the current year in respect of temporary differences of prior periods	(6,894)	-
Total income tax expense	\$1,282,245	\$1,586,966

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2025	2024
Deferred tax expense:		
Exchange differences on translation of foreign operations	\$39,348	\$148,646
	\$39,348	\$148,646

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	For the years ended 31 December	
	2025	2024
Accounting profit before tax from continuing operations	\$4,990,259	\$5,924,767
Tax at the domestic rates applicable to profits in the country concerned	\$1,523,053	\$1,804,926
Corporate income surtax on undistributed retained earnings	98,617	65,356
Tax effect of revenues exempt from taxation	(3,834)	(6,724)
Tax effect of expenses not deductible for tax purposes	72	147
Tax effect of deferred tax assets/liabilities	(2,277)	(7,144)
Others	(180,307)	(244,369)
Adjustments in respect of current income tax of prior periods	(146,185)	(25,226)
Deferred tax recognized in the current year in respect of temporary differences of prior periods	(6,894)	-
Total income tax expense	\$1,282,245	\$1,586,966

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2025:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized inventory valuation loss	\$53,929	\$(10,746)	\$-	\$43,183
Unrealized exchange gain or loss	(10,031)	31,596	-	21,565
Gain of Investment using the equity method	(2,679,815)	(480,366)	-	(3,160,181)
Unrealized deferred gross profit	44,888	9,664	-	54,552
Excess the limitation of pension costs	279	-	-	279
Excess the limitation of loss allowance	166	(63)	-	103
Unrealized impairment loss	9,696	-	-	9,696
Unrealized provision for warranties	1,751	240	-	1,991
Exchange differences on translation of foreign operations	(93,569)	-	(39,348)	(132,917)
Unrealized government subsidies income	217,070	31,435	-	248,505
Depreciation difference	(60,247)	7,159	-	(53,088)
Deferred income tax expense		<u>\$(411,081)</u>	<u>\$(39,348)</u>	
Net deferred tax assets (liabilities)	<u>\$(2,515,883)</u>			<u>\$(2,966,312)</u>
The information expressed on the balance sheet is as follows:				
Deferred tax assets	<u>\$290,139</u>			<u>\$338,229</u>
Deferred tax liabilities	<u>\$(2,806,022)</u>			<u>\$(3,304,541)</u>

(b) For the year ended 31 December 2024:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized inventory valuation loss	\$43,066	\$10,863	\$-	\$53,929
Unrealized exchange gain or loss	(6,173)	(3,858)	-	(10,031)
Gain of Investment using the equity method	(2,384,449)	(295,366)	-	(2,679,815)
Unrealized deferred gross profit	60,567	(15,679)	-	44,888
Excess the limitation of pension costs	279	-	-	279
Excess the limitation of loss allowance	35	131	-	166
Unrealized impairment loss	9,696	-	-	9,696
Unrealized provision for warranties	1,708	43	-	1,751
Exchange differences on translation of foreign operations	55,077	-	(148,646)	(93,569)
Unrealized government subsidies income	147,796	69,274	-	217,070
Depreciation difference	(77,762)	17,515	-	(60,247)
Deferred income tax expense		<u>\$(217,077)</u>	<u>\$(148,646)</u>	
Net deferred tax assets (liabilities)	<u>\$(2,150,160)</u>			<u>\$(2,515,883)</u>
The information expressed on the balance sheet is as follows:				
Deferred tax assets	<u>\$180,744</u>			<u>\$290,139</u>
Deferred tax liabilities	<u>\$(2,330,904)</u>			<u>\$(2,806,022)</u>

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. The following table contains information of the unused tax losses of the Group:

None

D. Unrecognized deferred tax assets

As of 31 December 2025 and 2024, temporary differences not recognized as deferred tax assets amounted to \$78,774 and \$64,639, respectively.

E. Unrecognized deferred tax liabilities relating to the investment in subsidiaries

None

F. The assessment of income tax returns

As of 31 December 2025, the assessment returns of income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2023
Subsidiary-UMA TECHNOLOGY INC.	Assessed and approved up to 2023

As of 31 December 2025, the Company's foreign subsidiaries and sub-subsidiaries are subject to foreign tax jurisdictions, and their tax filings have been completed up to the 2024.

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2025	2024
(1) Basic earnings per share		
Net profit attributable to ordinary stockholders (NT\$ thousand)	\$3,702,142	\$4,323,457
Weighted average number of ordinary shares outstanding (in thousands)	112,743	112,743
Basic earnings per share (NT\$)	\$32.84	\$38.35
(2) Diluted earnings per share		
Net profit attributable to ordinary stockholders (NT\$ thousand)	\$3,702,142	\$4,323,457
Net profit after adjusting the dilution effect (in thousands)	\$3,702,142	\$4,323,457
Weighted average number of ordinary shares outstanding (in thousands)	112,743	112,743
Effect of dilution:		
Employee compensation — stock (in thousands)	189	202
Weighted average number of ordinary shares outstanding after dilution (in thousands)	112,932	112,945
Diluted earnings per share (NT\$)	\$32.78	\$38.28

There has not been other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date that the financial statements were authorized for issuance.

## 7. RELATED PARTY TRANSACTIONS

Information on the related parties that had transactions with the Company during the financial reporting period is as follows:

### Name and relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
AEROJONES AVIATION TECHNOLOGY (XIAMEN) CO., LTD.	Substantive related party
BEST PRECISION INDUSTRIAL CO., LTD. CHEN, TIEN-CHENG and other 16 people	Substantive related party Directors and Deputy General Manager of the company

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions and balances with related parties

(a) Purchases

	For the years ended 31 December	
	2025	2024
Substantive related parties	\$27,724	\$8,064

The terms of purchases and payment of the above related parties were not significantly different from any third parties.

(b) Notes payable

	As of 31 December	
	2025	2024
Substantive related parties	\$6,411	\$5,570

(c) Accounts payable

	As of 31 December	
	2025	2024
Substantive related parties	\$2,018	\$1,363

(d) Other payables

	As of 31 December	
	2025	2024
Substantive related parties	\$133,588	\$141,248

(e) Property transaction

A. Purchase of buildings and office equipment from related parties were as follows:

	For the years ended 31 December	
	2025	2024
BEST PRECISION INDUSTRIAL	\$517,312	\$392,442
AEROJONES AVIATION TECHNOLOGY (XIAMEN)	116,587	129,600
Total	\$633,899	\$522,042

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(f) Expenses for consumables and supplies

	For the years ended 31 December	
	2025	2024
Substantive related parties	\$3,941	\$10,263

(g) Key management personnel compensation

	For the years ended 31 December	
	2025	2024
Short-term employee benefits	\$132,327	\$114,137
Post-employment benefits	648	644
Total	\$132,975	\$114,781

8. PLEDGED ASSETS

The following assets were pledged:

Items	Carrying amount		Secured liabilities
	2025	2024	
Land	\$28,610	\$28,610	Short-term and long-term loans
Buildings	923,905	967,122	Short-term and long-term loans
Right-of-use assets	147,694	151,319	Long-term loans
Total	\$1,100,209	\$1,147,051	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. OTHERS

(1) Financial instruments

Financial assets

	As of 31 December	
	2025	2024
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	\$601,876	\$-
Financial assets at fair value through other comprehensive income	202,357	310,892
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	10,789,665	11,168,690
Financial assets measured at amortized cost - current	1,497,935	590,257
Contract assets	146,214	81,805
Notes receivable (including long-term notes receivable)	77,652	49,051
Accounts receivable	5,580,834	3,932,127
Refundable deposits	42,576	50,534

Financial liabilities

	As of 31 December	
	2025	2024
Financial liabilities at amortized cost		
Short-term loans	\$382,910	\$1,801,540
Contract liability	247,152	175,158
Notes payable	260,549	100,870
Accounts payable	2,370,464	1,266,384
Long-term loans (current and non-current)	3,883,843	5,057,714
Lease liabilities (current and non-current)	474,484	546,341

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The Group's market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investment in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Group's profit and loss. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for Renminbi (CN\$) and US\$. The sensitivity analysis information is as follows:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Increase (decrease) in profit or loss
For the year ended 31 December 2025	\$ -	\$142,269
For the year ended 31 December 2024	-	109,356

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2025 and 2024 to increase / decrease by \$4,267 and \$6,859, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact increase / decrease of NT\$1,798 and NT\$2,877 on the equity attributable to the Group for the years ended 31 December 2025 and 2024, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2025 and 2024, amounts receivable from top ten customers represented 91% and 90% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, and bank loans. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31Dec. 2025					
Short-term loans	\$385,520	\$-	\$-	\$-	\$385,520
Notes and accounts payable	2,631,013	-	-	-	2,631,013
Contract liabilities	247,152	-	-	-	247,152
Long-term loans (current and non-current)	1,192,960	2,619,632	186,108	-	3,998,700
Lease liabilities	100,568	195,713	96,415	180,520	573,216
As of 31Dec. 2024					
Short-term loans	\$1,810,322	\$-	\$-	\$-	\$1,810,322
Notes and accounts payable	1,367,254	-	-	-	1,367,254
Contract liabilities	175,158	-	-	-	175,158
Long-term loans (current and non-current)	1,781,437	3,030,510	409,984	-	5,221,931
Lease liabilities	106,712	195,441	172,409	193,406	667,968

(6) Reconciliation of liabilities arising from financing activities

Information on the reconciliation of liabilities from 1 January to 31 December 2025:

	Short-term loans	Long-term loans	Lease liabilities	Total
As of 1 Jan. 2025	\$1,801,540	\$5,057,714	\$546,341	\$7,405,595
Cash flows	(1,420,640)	(1,153,823)	(97,993)	(2,672,456)
Non-cash changes	-	-	26,802	26,802
Exchange differences	2,010	(20,048)	(666)	(18,704)
As of 31 Dec. 2025	\$382,910	\$3,883,843	\$474,484	\$4,741,237

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on the adjustment of liabilities from 1 January to 31 December, 2024:

	Long-term			Total
	Short-term loans	loans	Lease liabilities	
As of 1 Jan. 2024	\$3,082,000	\$7,228,227	\$666,178	\$10,976,405
Cash flows	(1,280,900)	(2,385,788)	(166,322)	(3,833,010)
Non-cash changes	-	-	31,901	31,901
Exchange differences	440	215,275	14,584	230,299
As of 31 Dec. 2024	<u>\$1,801,540</u>	<u>\$5,057,714</u>	<u>\$546,341</u>	<u>\$7,405,595</u>

(7) Fair value of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market<sup>7</sup>, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
  
- E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

- (b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

- (c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

- (8) Fair value measurement hierarchy

- (a) Definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels of the hierarchy by reassessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2025

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Fund beneficiary certificates	\$601,876	\$-	\$-	\$601,876
Equity instrument measured at fair value through other comprehensive income				
Listed companies stocks	179,826	-	-	179,826
Unlisted companies stocks	-	-	22,531	22,531

As at 31 December 2024

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instrument measured at fair value through other comprehensive income				
Listed companies stocks	\$287,732	\$ -	\$ -	\$287,732
Unlisted companies stocks	-	-	23,160	23,160

Transfer between Level 1 and Level 2 during the period

During the year of 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Group's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January ,2025	\$23,160
Total gains and losses recognized in 2025:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	
Cash dividends distributed from capital surplus in 2025	(629)
As of 31 December ,2025	\$22,531
	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January ,2024	\$24,557
Total gains and losses recognized in 2024:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	
Capital reduction in 2024	(1,397)
As of 31 December ,2024	\$23,160

Significant unobservable input value information at the level 3 of the fair value hierarchy

The assets of the Group's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2025:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Through other comprehensive gains and losses as measured by fair value					
Unlisted companies stocks	Market approach	Discount for lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 10%, the Group's equity would decrease/increase by \$6,877.

As of 31 December 2024:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Through other comprehensive gains and losses as measured by fair value					
Unlisted companies stocks	Market approach	Discount for lack of liquidity	30%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 10%, the Group's equity would decrease/increase by \$3,153.

Valuation process used for Level 3 fair value measurements

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies at each reporting date.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at 31 December 2025

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment property (Details refer to Note 6(8))	\$-	\$-	\$176,124	\$176,124

As at 31 December 2024

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment property (Details refer to Note 6(8))	\$-	\$-	\$196,638	\$196,638

- (9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: NT\$ thousands

	As at 31 Dec 2025			As at 31 Dec 2024		
	Foreign currencies	Exchange rate	NT\$	Foreign currencies	Exchange rate	NT\$
<u>Financial assets</u>						
Monetary items						
US\$	\$466,077	31.4200	\$14,644,139	\$346,565	32.7800	\$11,360,401
<u>Financial liabilities</u>						
Monetary items						
US\$	13,280	31.4200	417,258	12,959	32.7800	424,796

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Due to the wide variety of individual functional currencies of the Group, it is not possible to disclose the exchange rate gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange rate loss / gain of the Group in the year of 2025 and 2024 were \$(446,311) and \$578,875, respectively.

- (10) 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 in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, or issue new shares.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. OTHER DISCLOSURE

(1) Information of significant transaction

(a) Loans to others:

	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance (Note 3,4)	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counterparty	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counterparty (Note 1)	Limit of total financing amount (Note 2)
													Item	Value		
0	GENIUS ELECTRONIC OPTICAL CO., LTD.	SHENYANG GIANT ELECTRONIC OPTICAL CO.,LTD.	Other receivable	yes	\$128,400	\$-	\$-	-	short-term financing	Not applicable	Operating purposes	\$-	-	\$-	\$7,953,113	\$10,604,151
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	SHENYANG GIANT ELECTRONIC OPTICAL CO.,LTD.	Other receivable	yes	\$525,636	\$520,420	\$520,420	1.50%~2.20%	short-term financing	Not applicable	Operating purposes	\$-	-	\$-	\$6,677,718	\$8,903,624

Note1: According to the Company's operating procedures for lending funds to others, the loan to a single enterprise should not exceed 30% of the company's latest financial statement net worth as of 31 December 2025. According to the Company's operating procedures for lending funds to others , the loan to a single enterprise was limited to 30% of the net equity of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD as of 31 December 2025.

Note2: According to the operating procedures of the company and its subsidiaries for lending funds to others, the total amount of funds loaned shall not exceed 40% of the net worth of the company and its subsidiaries as of 31 December 2025. According to the operating procedures of the company and its subsidiaries for lending funds to others, the total amount of funds loaned shall not exceed 40% of net equity of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD. as of 31 December 2025.

Note3: Excluding the adjustment of foreign exchange gains(losses).

Note4: Transactions write-off that belong to consolidated entities,has been eliminated.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Provision of endorsement and guarantees to others:

None.

(c) The holding of material securities at the end of the period (excluding subsidiaries, associates and joint ventures)

Holding company	Type and Name of securities	Relationship between issuer of securities and the Company	Account name	As of 31 December 2025			
				Number of shares/unit	Book amount	Shareholding ratio	Fair value
GENIUS ELECTRONIC OPTICAL CO., LTD.	Fund - Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	13,329,724	\$200,555	-	\$200,555
GENIUS ELECTRONIC OPTICAL CO., LTD.	Fund - Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,087,810	\$200,407	-	\$200,407
GENIUS ELECTRONIC OPTICAL CO., LTD.	Fund - Fubon Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,789,961	\$200,914	-	\$200,914
GENIUS ELECTRONIC OPTICAL CO., LTD.	Stock - FORTECHGRP CO., LTD.	-	Financial assets at fair value through other comprehensive income – non-current	1,257,121	\$22,531	2.46%	\$22,531
GENIUS ELECTRONIC OPTICAL CO., LTD.	Stock - BEST PRECISION INDUSTRIAL CO., LTD.	Substantive related party	Financial assets at fair value through other comprehensive income – non-current	1,563,700	\$179,826	3.76%	\$179,826

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the paid-up capital or more:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount (Note)	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Subsidiary	Purchases	\$16,784,116	98.37%	Within 120days	Regular	Regular	\$(8,474,782)	99.17%	(Note)
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	GENIUS ELECTRONIC OPTICAL CO., LTD.	Subsidiary	Sales	\$(16,784,116)	(90.37%)	Within 120days	Regular	Regular	\$8,474,782	93.70%	(Note)
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Affiliated company	Purchases	\$250,022	3.93%	Within 120days	Regular	Regular	\$(54,991)	2.30%	(Note)
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Affiliated company	Sales	\$(250,022)	(69.10%)	Within 120days	Regular	Regular	\$54,991	92.61%	(Note)

Note: Transactions write-off that belong to consolidated entities, has been eliminated.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Receivables from related party reaching NT\$100 million than 20% of the paid-up capital or more:

Company Name	Related Party	Relationship	Accounts receivable-related parties	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Ending Balance		amount	collection status		
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	GENIUS ELECTRONIC OPTICAL CO., LTD.	Subsidiary	Accounts receivable \$8,474,782	2.35 times	\$-	-	\$8,474,782	\$-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD	SHENYANG GIANT ELECTRONIC OPTICAL CO.,LTD.	Affiliated company	Other receivables \$520,420	-	\$-	-	Due for payment (Note)	\$-

Note: The other receivables are the loan between the relationship parties (excluding the adjustments of foreign exchange gains and losses), and processed the renew of fund financing by borrowing and repaying old ones after period.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(f) Significant inter-company transactions during the reporting periods are as follows:

No (Note 1)	Company	Counterparty	Relationship (Note 2)	Transactions			
				General ledger account	Amount (Note 3)	transaction terms	Percentage of total assets (Note 4)
0	GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	1	Purchases	\$16,784,116	Same as general customer trading conditions	67.17%
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	GENIUS ELECTRONIC OPTICAL CO., LTD.	2	Accounts receivable	\$8,474,782	Same as general customer trading conditions	19.42%
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	SHENYANG GIANT ELECTRONIC OPTICAL CO.,LTD.	3	Other receivables	\$520,420	Based on borrowing plan agreed upon by both parties	1.19%
1	GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	3	Purchases	\$250,022	Same as general customer trading conditions	1.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: There are three types of relationships between transaction company and counterparty:

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

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

Note 4: The important transaction of this table may be determined by the company according to the principle of materiality.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees

Investee which has significant influence or control, the detail information are as follows:

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2025			Investee company's current (loss) profit	Investment (loss) income recognized by the Company	Note
				Balance as of 31 Dec. 2025	Balance as of 31 Dec. 2024	Number of shares	Ownership (%)	Book value			
GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRONIC OPTICAL CO., LTD.	P.O. BOX 957, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Trading business	\$35 (USD 1 thousand)	\$35 (USD1 thousand)	1,000	100.00%	\$(133)	\$(121)	\$(121)	The Company will reclassify the investment loan balance under the equity method as non-current liabilities in the current period.
GENIUS ELECTRONIC OPTICAL CO., LTD.	GLOBALIZE INTERNATIONAL LTD.	P.O. BOX 957, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	Finance investment	\$6,377,048 (USD 208,034 thousand)	\$6,377,048 (USD208,034 thousand)	161,811,318	100.00%	\$22,155,515	\$2,179,333	\$2,172,082	The investment income recognized by the Company included adjustments for unrealized profits from transactions with related parties and estimated tax effects attributable to the purchaser..
GENIUS ELECTRONIC OPTICAL CO., LTD.	UMA TECHNOLOGY INC.	5F.-10, No. 26, Taiyuan St., Zhubei City, Hsinchu County	Various of eccentricity correction of lens MTF, CMOS image module focusing, image quality analysis and testing and production facility development.	\$115,200	\$115,200	2,880,000	80.00%	\$131,198	\$9,001	\$8,214	The investment income recognized by the Company included adjustments for unrealized profits with related parties and estimated purchaser-side tax effects.
GENIUS ELECTRONIC OPTICAL CO., LTD.	GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	No. 1, Qingquan Road, Xiamen Shi, Houju High-Tech Zone (Xiang'An)	Manufacturing and sales of optical lenses and their spare parts	\$3,338,200 (USD110,000 thousand)	\$3,338,200 (USD110,000 thousand)	-	100.00%	\$3,929,426	\$282,135	\$268,219	The investment income recognized by the Company included adjustments for unrealized profits with related parties and estimated purchaser-side tax effects.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information of investment in Mainland China:

(a) Engaged in direct investment in Mainland China through GLOBALIZE INTERNATIONAL LTD., the detail information are as follows:

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025 (Note 3)	Book value of investments in Mainland China as of December 31, 2025 (Note 3)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025
					Remitted to Mainland China	Remitted back to Taiwan						
GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD.	Manufacturing and sales of optical lenses and their spare parts	\$3,338,200 (USD110,000 thousand)	Note 1	\$3,338,200 (USD110,000 thousand)	\$-	\$-	\$3,338,200 (USD110,000 thousand)	\$282,135	100.00%	\$268,219	\$3,929,426	\$-
GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD.	Manufacturing and sales of optical lenses, lenses, optical components and other optoelectronic products.	\$6,664,764 (USD213,700 thousand)	Note 2	\$5,949,058 (USD194,446 thousand)	\$-	\$-	\$5,949,058 (USD194,446 thousand)	\$2,145,838	100.00%	\$2,147,265	\$22,246,215	\$1,347,251 (USD42,062 thousand)

**GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025 (Note 3)	Book value of investments in Mainland China as of December 31, 2025 (Note 3)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025
					Remitted to Mainland China	Remitted back to Taiwan						
GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD	Design, processing, manufacturing and sales of optical electronic components and molds for non-metallic products.	\$289,062 (USD9,000 thousand)	Note 2	\$212,231 (USD6,590 thousand)	\$-	\$-	\$212,231 (USD6,590 thousand)	\$71,717	80.44%	\$57,689	\$361,541	\$-
SHENYANG GIANT ELECTRONIC OPTICAL CO.,LTD.	LED streetlights, LED lamps and the manufacturing, assembly, installment and maintenance of their related spare parts. Self-operated and agent for import and export of various commodities and technologies.	\$323,111 (USD10,710 thousand)	Note 2	\$208,962 (USD6,998 thousand)	\$-	\$-	\$208,962 (USD6,998 thousand)	\$(34,032)	70.00%	\$(23,822)	\$(327,513)	\$-
GENESIS ELECTRONIC OPTICAL(XIAMEN)CO., LTD	Manufacturing and sales of optical electronic components, other electronic components, plastic containers and plastic products, non-metal mold products, as well as mechanical parts and components.	\$257,330 (RMB55,500 thousand)	Note 5	\$-	\$-	\$-	\$-	\$16,053	100.00%	\$10,904	\$428,763	\$-

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as of 31 December 2025 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
\$9,708,451 (USD318,034 thousand)	\$10,353,003 (USD339,932 thousand)	\$15,906,227

Note 1: Engaged in direct investment in Mainland China.

Note 2: Investment in Mainland China through investment and establishment of companies in the third region.

Note 3: This is the overall shareholding ratio, and the investment income and losses recognized in the current period are recognized on the basis of the financial statements of the same period audited by the certified accountants of the parent company in Taiwan.

Note 4: According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

Note 5: The investment method is investment in Mainland China through GENIUS ELECTRONIC OPTICAL (XIAMEN)CO., LTD., the investment income and losses recognized by the Company included premium amortization.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, and other related information: The Company had no significant asset transactions or other transactions that had a material impact on the current period's profit or financial position. Please refer to Note 13.

GENIUS ELECTRONIC OPTICAL CO., LTD. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

1. Taiwan segment: This department is primarily responsible for the manufacturing and selling optical instrument, mold, and agent import and export
2. China segment: This department is mainly responsible for the manufacturing and selling optical lenses, lenses, optical components and other optoelectronic products and accessories pieces.
3. Other segment: The department is mainly engaged in selling, import and export, designing, manufacturing and the related business.

The management individually monitors the operational results of its business units to make decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

- (1) The information on the profit and loss and assets of the departments should be reported as follows:

As of 31 Dec. 2025

	Taiwan Segment	China Segment	Adjustment and elimination (Note1)	Total
<b>Income</b>				
Revenue from external customers	\$21,023,869	\$3,964,941	\$-	\$24,988,810
Inter-department income	38,984	17,345,736	(17,384,720)	-
Interest income	267,602	164,438	(11,725)	420,315
<b>Total income</b>	<b>\$21,330,455</b>	<b>\$21,475,115</b>	<b>\$(17,396,445)</b>	<b>\$25,409,125</b>
Interest expense	\$(22,312)	\$(111,400)	\$11,725	\$(121,987)
Depreciation and amortization	(656,039)	(3,392,680)	39,351	(4,009,368)
Investment (loss)gain	2,448,394	10,904	(2,459,298)	-
<b>Department profit and loss</b>	<b>\$2,279,945</b>	<b>\$2,714,111</b>	<b>\$(3,797)</b>	<b>\$4,990,259</b>
<b>Assets</b>				
Capital expenditure-non-current asset	\$146,890	\$2,021,490	\$5,629	\$2,174,009
Departmental assets	\$41,613,670	\$37,936,206	\$(35,909,134)	\$43,640,742
Department debt	\$14,985,897	\$11,752,221	\$(9,581,183)	\$17,156,935

Note1: Inter-segment transactions are eliminated on consolidation and recorded under the "adjustment and elimination" column.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 Dec. 2024

	Taiwan Segment	China Segment	Adjustment and elimination (Note1)	Total
<b>Income</b>				
Revenue from external customers	\$18,422,876	\$4,763,852	\$-	\$23,186,728
Inter-department income	252,386	14,358,586	(14,610,972)	-
Interest income	331,405	171,560	(18,314)	484,651
<b>Total income</b>	<b>\$19,006,667</b>	<b>\$19,293,998</b>	<b>\$(14,629,286)</b>	<b>\$23,671,379</b>
Interest expense	\$(54,725)	\$(143,966)	\$18,314	\$(180,377)
Depreciation and amortization	(819,098)	(3,549,064)	180,984	(4,187,178)
Investment (loss)gain	2,848,328	10,641	(2,858,969)	-
<b>Department profit and loss</b>	<b>\$2,631,174</b>	<b>\$3,280,258</b>	<b>\$13,335</b>	<b>\$5,924,767</b>
<b>Assets</b>				
Capital expenditure-non-current asset	\$319,157	\$3,342,145	\$(630,663)	\$3,030,639
Departmental assets	\$38,707,965	\$34,817,942	\$(30,490,557)	\$43,035,350
Department debt	\$13,779,566	\$11,296,246	\$(6,804,982)	\$18,270,830

Note1: Inter-segment transactions are eliminated on consolidation and recorded under the “adjustment and elimination” column.

- (2) The reporting of each department’s revenue, profit and loss, assets, liabilities and other major items should be adjusted

In 2025 and 2024, the Group did not have any adjustments regarding each department’s revenue, profit and loss, assets, liabilities and other major items.

- (3) Regional financial information

- (a) Revenue from external customers:

Country	For the years ended 31 December	
	2025	2024
Ireland	\$8,361,112	\$7,222,336
United States	7,425,438	7,503,556
China (include Hong Kong)	6,035,426	5,474,785
Korea	1,541,835	1,259,670
Malaysia	572,197	590,675
Japan	227,787	364,011
Vietnam	54,567	81,744
Other regions	770,448	689,951
<b>Total</b>	<b>\$24,988,810</b>	<b>\$23,186,728</b>

Revenue is categorized based on the country in which the customer is located.

GENIUS ELECTRONIC OPTICAL CO., LTD AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Non-current assets:

	As of 31 December	
	2025	2024
China	\$18,740,082	\$19,952,859
Taiwan	2,971,147	3,686,825
Total	\$21,711,229	\$23,639,684

Non-current assets exclude financial instruments, deferred tax assets, and net defined benefit assets.

(4) Important customer information

For the year ended 31 Dec. 2025

Customer	Sales amount	Percentage
Company A	\$8,361,112	33.46%
Company B	7,288,792	29.17%
Company C	3,310,886	13.25%
Total	\$18,960,790	75.88%

For the year ended 31 Dec. 2024

Customer	Sales amount	Percentage
Company A	\$7,503,556	32.36%
Company B	7,222,336	31.15%
Company C	1,976,853	8.53%
Total	\$16,702,745	72.04%