

(Stock Code: 8027)

E&R ENGINEERING CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements and Independent Auditors' Report

2025 and 2024

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Company Telephone: 07-6156600

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E&R ENGINEERING CORPORATION

Declaration

The companies required to be included in the consolidated financial statements of affiliates of the Company for the year 2025 (from January 1, 2025 to December 31, 2025) pursuant to the Regulations Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those required to be included in the consolidated financial statements of parent and subsidiary companies pursuant to International Financial Reporting Standards (IFRS) No. 10. As all relevant information required to be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies, no separate consolidated financial statements of affiliates will be prepared.

Hereby declared

Company Name: E&R ENGINEERING CORPORATION

Responsible Person: Wang, Ming-Chin

March 6, 2026

Independent Auditors' Report

To the Board of Directors and Shareholders of E&R ENGINEERING CORPORATION :

Audit Opinions

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

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

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The personnel of the firm to which we belong who are subject to independence requirements have maintained independence from the E&R Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and have fulfilled other responsibilities under those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the E&R Group for the year 2025. 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.

The key audit matters for the consolidated financial statements of the E&R Group for the year 2025 are stated as follows:

1. Valuation of inventories

For accounting policies related to inventories, please refer to Note 4(8) to the consolidated financial statements; for accounting estimates and assumption uncertainty regarding inventory valuation, please refer to Note 5(2)6. to the consolidated financial statements; for the valuation of inventories, please refer to Note 6(5) to the consolidated financial statements.

Description of key audit matters:

As of December 31, 2025, the E&R Group's net inventories amounted to NT\$802,047 thousand, representing 20% of total assets. Due to rapid technological changes, there is a risk that the value of inventories may fall below their carrying amounts because rapid changes in product demand and technology may cause inventories to no longer meet market demand or become obsolete; therefore, the valuation of inventories has been identified as a key audit matter.

Corresponding audit procedures:

Our primary audit procedures included confirming the appropriateness of the valuation methodology for inventory allowances based on our understanding of the nature of the products and their aging; testing the carrying amount of inventory and evaluating the reasonableness of changes in the allowance for inventory write-downs; obtaining the Company's inventory aging reports and comparing the actual write-offs of previously recognized allowances; and participating in the year-

end physical inventory count to assess the condition of inventory during the count, in order to evaluate the appropriateness of the allowance for inventory write-downs related to obsolete and damaged goods.

2. Revenue recognition

For accounting policies regarding revenue recognition, please refer to Note 4(18) to the consolidated financial statements; for accounting estimates and uncertainty of assumptions regarding revenue recognition, please refer to Notes 5(1)1. and 5(2)1. to the consolidated financial statements; for descriptions of revenue recognition, please refer to Note 6(27) to the consolidated financial statements.

Description of key audit matters:

Operating revenue is a primary indicator for investors and management to evaluate the financial or business performance of the E&R Group. Since the accuracy of the timing and amount of revenue recognition has a material impact on the financial statements, the testing of revenue recognition has been identified as a key audit matter.

Corresponding audit procedures:

Our primary audit procedures included testing the effectiveness of the design and implementation of internal controls over revenue, and reviewing significant customer orders; testing samples of sales transactions during the period before and after the end of the year to evaluate the accuracy of the period in which revenue was recognized.

Other Matters

E&R ENGINEERING CORPORATION has prepared its parent company only financial statements for the years 2025 and 2024, on which we have issued unqualified opinions audit reports for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC Interpretations, and SIC endorsed and issued into effect by the FSC, 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 also responsible for assessing the ability of the E&R Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the E&R Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the E&R Group (including the Audit Committee) are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following work:

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. As fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
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 E&R Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, 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 of E&R Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the E&R Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the E&R Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit team members, and are responsible for forming the E&R Group 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 the personnel subject to independence requirements of the firm to which we belong have complied with the independence requirements in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and communicate with those charged with governance all relationships and other matters that may reasonably be thought to bear on our independence, including related safeguards.

From the matters communicated with those charged with governance, we determined the key audit matters for the audit of the consolidated financial statements of the E&R Group for the year 2025. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (TW) CPAs

CPA: Tsai, Shu-Man

CPA: Li, Kuo-Ming

Approval Document No.: Jin-Guan-Zheng-Shen-Zi-
No.10200032833

Approval Document No.: Jin-Guan-Zheng-Shen-Zi-
No.1100145994

March 6, 2026

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: Thousands of NTD

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6(1))	\$ 495,558	12	\$ 730,387	17
1110	Financial assets at fair value through profit or loss – current (Note 6(2))	165,284	4	233,751	6
1150	Notes receivable, net (Note 6(3))	6,877	–	6,997	–
1170	Accounts receivable, net (Note 6(4))	699,094	17	524,768	12
1200	Other receivables	12,852	–	6,311	–
1220	Current tax assets	150	–	118	–
130x	Inventories (Note 6(5))	802,047	20	897,451	22
1410	Prepayments	118,008	3	98,537	2
1476	Other financial assets – current (Note 6(6))	43,788	1	117,419	3
11xx	Total current assets	2,343,658	57	2,615,739	62
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6(7))	47,632	1	84,619	2
1600	Property, plant and equipment (Note 6(8))	1,501,872	37	1,259,492	31
1755	Right-of-use assets (Note 6(9))	176,097	4	165,523	4
1780	Intangible assets (Note 6(10))	7,634	–	13,739	–
1840	Deferred tax assets (Note 6(33))	50,807	1	44,884	1
1920	Refundable deposit (Note 6(11))	10,249	–	11,828	–
1975	Net defined benefit asset – non-current (Note 6(19))	1,341	–	–	–
1980	Other financial assets – non-current (Note 8)	5,400	–	5,900	–
15xx	Total non-current assets	1,801,032	43	1,585,985	38
1xxx	Total assets	\$ 4,144,690	100	\$ 4,201,724	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 6(12))	\$ 181,600	4	\$ 5,000	–
2130	Contract liabilities – current (Note 6(27))	41,902	1	29,347	1
2150	Notes payable	4,795	–	3,814	–
2170	Accounts payable	241,307	6	212,684	5
2200	Other payables (Note 6(13))	157,460	4	162,168	4
2230	Current tax liabilities	13,958	–	417	–
2250	Provisions - current (Note 6(14))	40,298	1	35,446	1
2280	Lease liabilities – current (Note 6(9))	23,606	1	19,806	–
2310	Advance receipts (Note 6(18))	1,205	–	854	–
2320	Long-term liabilities, current portion (Note 6(15))	52,178	1	26,029	1
21xx	Total current liabilities	758,309	18	495,565	12

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Code	Liabilities and equity	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Non-current liabilities				
2530	Bonds payable (Note 6(16))	345,264	9	373,695	9
2540	Long-term borrowings (Note 6(17))	223,132	5	282,502	7
2570	Deferred tax liabilities (Note 6(33))	1,682	-	3,251	-
2580	Lease liabilities - non-current (Note 6(9))	123,641	3	119,094	3
2630	Long-term deferred revenue (Note 6(18))	33,952	1	21,912	1
2640	Net defined benefit liability – non-current (Note 6(19))	783	-	4,912	-
2645	Refundable deposits received (Note 9(8))	338	-	71,056	1
25xx	Total non-current liabilities	728,792	18	876,422	21
2xxx	Total liabilities	1,487,101	36	1,371,987	33
	Equity				
	Equity attributable to owners of parent				
3100	Share capital (Note 6(20))				
3110	Ordinary share	1,074,805	26	1,064,275	26
3130	Certificate of entitlement to new shares from convertible bond	695	-	18,026	-
3140	Advance receipts for ordinary share	3,364	-	1,468	-
3200	Capital surplus (Note 6(21))	1,765,330	43	1,734,570	41
3300	Retained earnings (Note 6(23))				
3310	Legal reserve	77,177	2	77,177	2
3320	Special reserve	2,704	-	31,456	1
3350	Unappropriated retained earnings	(77,316)	(2)	56,412	1
3400	Other equity (Note 6(24))	(45,298)	(1)	(2,704)	-
3500	Treasury shares (Note 6(25))	(153,725)	(4)	(166,725)	(4)
31xx	Total equity attributable to owners of parent	2,647,736	64	2,813,955	67
36xx	Non-controlling interests (Note 6(26))	9,853	-	15,782	-
3xxx	Total equity	2,657,589	64	2,829,737	67
	Total liabilities and equity	\$ 4,144,690	100	\$ 4,201,724	100

(Please refer to the accompanying notes on the consolidated financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: Thousands of NTD

Code	Item	2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(27))	\$ 1,809,347	100	\$ 1,644,908	100
5000	Operating costs (Note 6(5))	(1,171,905)	(64)	(1,047,264)	(63)
5900	Gross profit (loss) from operations	637,442	36	597,644	37
	Operating expenses				
6100	Selling expenses	(250,718)	(15)	(241,789)	(15)
6200	Administrative expenses	(222,466)	(12)	(228,427)	(14)
6300	Research and development expenses	(237,353)	(13)	(252,464)	(15)
6450	Expected credit losses (reversals) (Note 6(4))	(4,363)	-	6,097	-
6000	Total operating expenses	(714,900)	(40)	(716,583)	(44)
6900	Operating income (loss)	(77,458)	(4)	(118,939)	(7)
	Non-operating income and expenses				
7100	Interest revenue (Note 6(29))	8,721	-	13,515	1
7010	Other income (Note 6(30))	15,787	1	7,094	-
7020	Other gains and losses (Note 6(31))	(24,825)	(1)	65,361	4
7050	Finance cost (Note 6(32))	(16,257)	(1)	(20,377)	(1)
7000	Total non-operating income and expenses	(16,574)	(1)	65,593	4
7900	Profit (loss) before tax	(94,032)	(5)	(53,346)	(3)
7950	Income tax (expense) benefit (Note 6(33))	(9,840)	(1)	(5,513)	-
8200	Net profit (loss) for the period	(103,872)	(6)	(58,859)	(3)
	Other comprehensive income (loss) (Note 6(34))				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	1,587	-	1,966	-
8316	Unrealized gains (losses) on equity instrument at fair value through other comprehensive income	(40,251)	(2)	6,838	1
8349	Income tax related to items that will not be reclassified	(316)	-	(393)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(2,542)	-	21,051	1
8399	Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss	199	-	(467)	-
8300	Other comprehensive income (loss), net	(41,323)	(2)	28,995	2
8500	Total comprehensive income (loss)	\$ (145,195)	(8)	\$ (29,864)	(1)
8600	Net income (loss) attributable to:				
8610	Profit (loss) attributable to owners of parent	\$ (97,799)	(6)	\$ (51,125)	(3)
8620	Profit (loss) attributable to non-controlling interests	(6,073)	-	(7,734)	-
		\$ (103,872)	(6)	\$ (58,859)	(3)
8700	Comprehensive income attributable to:				
8710	Comprehensive income attributable to owners of parent	\$ (139,266)	(8)	\$ (23,169)	(1)
8720	Comprehensive income attributable to non-controlling interests	(5,929)	-	(6,695)	-
		\$ (145,195)	(8)	\$ (29,864)	(1)
	Earnings per share				
9750	Basic earnings per share (Note 6(36))	\$ (0.93)		\$ (0.51)	
9850	Diluted earnings per share (Note 6(36))	\$ (0.93)		\$ (0.51)	

(Please refer to the accompanying notes on the consolidated financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: Thousands of NTD

	Equity attributable to owners of parent												Non-controlling Interests	Total equity
	Share capital			Retained earnings				Other equity interest items						
	Ordinary share	Certificate of entitlement to new shares from convertible bond	Advance receipts for ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of the parent			
Balance as of January 1, 2024	\$ 985,954	\$ -	\$ -	\$ 1,237,824	\$ 77,177	\$ 36,409	\$ 166,014	\$ (15,465)	\$ (15,991)	\$ (166,725)	\$ 2,305,197	\$ 44,175	\$ 2,349,372	
Appropriation and distribution of retained earnings:														
Cash dividends of ordinary shares	-	-	-	-	-	-	(49,829)	-	-	-	(49,829)	-	(49,829)	
Reversal of special reserve	-	-	-	-	-	(4,953)	4,953	-	-	-	-	-	-	
2024 net profit (loss)	-	-	-	-	-	-	(51,125)	-	-	-	(51,125)	(7,734)	(58,859)	
Other comprehensive income for 2024	-	-	-	-	-	-	1,430	19,688	6,838	-	27,956	1,039	28,995	
Total comprehensive income for 2024	-	-	-	-	-	-	(49,695)	19,688	6,838	-	(23,169)	(6,695)	(29,864)	
Conversion of convertible bonds	-	94,227	-	487,378	-	-	-	-	-	-	581,605	-	581,605	
Conversion of certificates of bonds-to-share	76,201	(76,201)	-	-	-	-	-	-	-	-	-	-	-	
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	-	-	(12,805)	-	-	-	(12,805)	12,805	-	
Share-based payment transactions	2,120	-	1,468	9,368	-	-	-	-	-	-	12,956	-	12,956	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(34,503)	(34,503)	
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(2,226)	-	2,226	-	-	-	-	
Balance as of December 31, 2024	1,064,275	18,026	1,468	1,734,570	77,177	31,456	56,412	4,223	(6,927)	(166,725)	2,813,955	15,782	2,829,737	
Appropriation and distribution of retained earnings:														
Reversal of special reserve	-	-	-	-	-	(28,752)	28,752	-	-	-	-	-	-	
2025 net profit (loss)	-	-	-	-	-	-	(97,799)	-	-	-	(97,799)	(6,073)	(103,872)	
Other comprehensive income for 2025	-	-	-	-	-	-	1,127	(2,343)	(40,251)	-	(41,467)	144	(41,323)	
Total comprehensive income for 2025	-	-	-	-	-	-	(96,672)	(2,343)	(40,251)	-	(139,266)	(5,929)	(145,195)	
Conversion of convertible bonds	-	5,436	-	28,586	-	-	-	-	-	-	34,022	-	34,022	
Conversion of certificates of bonds-to-share	22,767	(22,767)	-	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(101,184)	(101,184)	-	(101,184)	
Retirement of treasury shares	(13,750)	-	-	(21,626)	-	-	(65,808)	-	-	101,184	-	-	-	
Share-based payment transactions	1,513	-	1,896	23,800	-	-	-	-	-	13,000	40,209	-	40,209	
Balance as of December 31, 2025	<u>\$ 1,074,805</u>	<u>\$ 695</u>	<u>\$ 3,364</u>	<u>\$ 1,765,330</u>	<u>\$ 77,177</u>	<u>\$ 2,704</u>	<u>\$ (77,316)</u>	<u>\$ 1,880</u>	<u>\$ (47,178)</u>	<u>\$ (153,725)</u>	<u>\$ 2,647,736</u>	<u>\$ 9,853</u>	<u>\$ 2,657,589</u>	

(Please refer to the accompanying notes on the consolidated financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: Thousands of NTD

Item	2025	2024
Cash flows from operating activities		
Net profit (loss) before tax for the period	\$ (94,032)	\$ (53,346)
Adjustments		
Reconcile profit items		
Depreciation expense	168,673	152,374
Amortization expense	9,900	8,574
Expected credit losses (reversals)	4,363	(6,097)
Net (gains) losses on fair value changes of financial assets and liabilities at fair value through profit or loss	8,994	(23,646)
Interest expense	16,257	20,377
Interest revenue	(8,721)	(13,515)
Dividend revenue	(852)	(942)
share-based payment expense	23,800	2,229
Loss (gain) on disposal and retirement of property, plant and equipment	(797)	916
Loss (gain) on disposal of investments	(11,076)	-
Impairment loss on non-financial assets	-	4,524
Loss (gain) on lease modifications	488	(132)
Others	(1,101)	587
Total adjustments to reconcile profit (loss)	209,928	145,249
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	70,465	122,867
Decrease (increase) in notes receivable	117	(1,333)
Decrease (increase) in accounts receivable	(178,644)	(83,190)
Decrease (increase) in other receivables	(9,080)	349
Decrease (increase) in inventories	17,198	41,015
Decrease (increase) in prepayments	(19,471)	(37,162)
Decrease (increase) in other financial assets	101,000	203,000
Total changes in operating assets	(18,415)	245,546
Changes in operating liabilities		
Decrease (increase) in contract liabilities	12,555	6,309
Decrease (increase) in notes receivable	981	162
Decrease (increase) in accounts payable	28,623	26,652
Decrease (increase) in other payables	3,789	(2,964)
Decrease (increase) in provisions	4,852	3,985
Decrease (increase) in net defined benefit liabilities	(3,883)	(2,706)
Total changes in operating liabilities	46,917	31,438
Total changes in operating assets and liabilities	28,502	276,984

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Item	2025	2024
Total adjustments	\$ 238,430	\$ 422,233
Cash generated from (used in) operations	144,398	368,887
Interest received	9,100	14,200
Dividends received	852	942
Interest paid	(13,540)	(9,908)
Income tax refunded (paid)	(4,039)	(18,854)
Net cash generated from (used in) operating activities	136,771	355,267
Cash flows from (used in) investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(3,264)	(43,313)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	26,802
Acquisition of property, plant and equipment	(327,688)	(495,095)
Proceeds from disposal of property, plant and equipment	3,773	58
Increase in refundable deposits	-	(540)
Decrease in refundable deposits	1,579	-
Acquisition of intangible assets	(3,809)	(5,373)
Acquisition of right-of-use assets	(6,073)	-
Increase in other financial assets	(26,869)	-
Decrease in other financial assets	-	23,214
Net cash generated from (used in) investing activities	(362,351)	(494,247)
Cash flows from financing activities		
Increase in short-term borrowings	176,600	-
Decrease in short-term borrowings	-	(92,000)
Proceeds from long-term borrowings	-	232,502
Repayments of long-term borrowings	(25,663)	(16,705)
Decrease in refundable deposits received	(70,718)	-
Repayments of lease principal	(23,329)	(27,232)
Increase in other non-current liabilities	13,565	-
Cash dividends paid	-	(49,829)
Exercise of employee share options	3,409	10,727
Cost of treasury shares repurchased	(101,184)	-
Treasury shares sold to employees	13,000	-
Changes in non-controlling interests	-	(34,503)
Net cash generated from (used in) financing activities	(14,320)	22,960
Effect of exchange rate changes on cash and cash equivalents	5,071	(6)
Net increase (decrease) in cash and cash equivalents	(234,829)	(116,026)
Cash and cash equivalents at beginning of period	730,387	846,413
Cash and cash equivalents at end of period	\$ 495,558	\$ 730,387

(Please refer to the accompanying notes on the consolidated financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Notes on Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Except Specified Otherwise)

1. Company History

E&R ENGINEERING CORPORATION (hereinafter referred to as the Company) was incorporated in October 1994, and its shares were traded on the emerging market on January 3, 2003. Following the Board of Directors' resolution to delist from the emerging market trading on November 13, 2008, it re-registered for emerging market trading on November 12, 2013, and was approved for over-the-counter trading by the Taipei Exchange (TPEX) on March 27, 2015. The Company engages mainly in the planning, designing, manufacturing, installing, and selling of automatic machines, related components, computer software, and pollution controlling equipment.

The principal operating activities of the Company and its subsidiaries (collectively referred to as the “Group”) are described in Note 4(3) B. In addition, the Company has no ultimate parent company.

The accompanying consolidated financial statements are presented in New Taiwan Dollar (NTD), the functional currency of the Company.

2. Authorization Date and Procedures for Issuance of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 6, 2026.

3. Application of New and Amended Standards and Interpretations

(I) Effects of the adoption of IFRS, IAS, IFRIC Interpretations and SIC (collectively referred to as “IFRSs”) endorsed and issued into effect by the FSC

The table below lists the new, amended, and revised standards and interpretations applicable to the 2025 recognized by the FSC under the IFRS:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendment to IAS 21 “Lack of exchangeability”	January 1, 2025

The Group has evaluated the aforementioned standards and interpretations, and there is no material impact on the Group’s financial position and performance.

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

The table below lists the new, amended, and revised standards and interpretations under IFRSs recognized by the FSC in 2026:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Annual Improvements to IFRSs – Volume 11	January 1, 2026

Except for the following, the Group has evaluated the aforementioned standards and interpretations, and there is no material impact on the Group’s financial position and performance.

1. Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
 - (1) Clarify and enhance further guidance on assessing whether financial assets meet the solely payments of principal and interest (SPPI) criteria, covering contractual terms that change cash flows based on contingent events (e.g., interest rates linked to ESG targets), non-recourse features of instruments, and contract-linked instruments.
 - (2) For instruments newly added with contract terms that can change cash flows (such as certain instruments with features related to achieving environmental, social, and governance (ESG) objectives), a qualitative description of the contingent nature should be disclosed; quantitative information on the range of changes in contractual cash flows that may arise from such contract terms; and the total carrying amount of financial assets and the amortized cost of financial liabilities under such contract terms.
 - (3) Clarify the recognition and derecognition dates of certain financial assets and liabilities, adding that when using an electronic payment system to settle financial liabilities (or part of financial liabilities) in cash, companies are allowed to consider the financial liabilities as derecognized before the settlement date if and only if the company initiates the payment instruction and results in the following situation:
 - A. The enterprise has no ability to revoke, suspend, or cancel the specified payment.
 - B. The enterprise has no actual ability to access the cash to be used for settlement due to the payment instruction.
 - C. The settlement risk associated with the electronic payment system is not significant.
 - (4) Update the instruments designated as through other comprehensive income by an irrevocable option, as through Fair value of equity (FVTOCI), should disclose their fair value by each category, without the need to disclose fair value information for each underlying item. The fair value gains and losses recognized in other comprehensive income during the reporting period should also be disclosed, separately listing the fair value gains and losses related to investments derecognized during the reporting period,

and those related to investments still held as of the end of the reporting period; as well as the cumulative gains and losses transferred to equity from investments derecognized during the reporting period.

(III) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations of the IFRS that have been issued by International Accounting Standards Board (IASB) but not yet included in the FSC endorsement:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture Assets”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
IFRS 19 “Subsidiaries Without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Currency”	January 1, 2027

Note: The FSC announced in a press release on September 25, 2025 that public companies will be required to apply IFRS 18 starting from 2028. If an enterprise has a need for early adoption of IFRS 18, it may also do so upon FSC endorsement of IFRS 18.

Except for the following, the Group has evaluated the aforementioned standards and interpretations, and there is no material impact on the Group’s financial position and performance.

1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture Assets”

The amendment resolves the difference between IFRS 10 and IAS 28. Depending on the nature of the trading assets, all or part of the disposal gains and losses will be recognized.

- (1) When the assets sold (contributed) constitute a “business”, the entire disposal gain or loss shall be recognized;
- (2) When the assets sold (contributed) do not constitute a “business”, the gain or loss on disposal may only be recognized to the extent of the interests in the associate or joint venture held by non-related investors.

2. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS 1, update the structure of the consolidated income statement, add disclosures on management performance measurement, and strengthen the aggregation and segmentation principles applied to the main financial statements and notes.

3. IFRS 19 “Subsidiaries Without Public Accountability: Disclosures”

This standard allows eligible subsidiaries to apply the IFRSs with reduced disclosure requirements.

4. Amendments to IAS 21 “Translation to a Hyperinflationary Currency”

This amendment adds that when translating from a functional currency of a non-hyperinflationary economy into a presentation currency in a hyperinflationary economy, all amounts (including comparative amounts) shall be translated at the closing rate at the date of the most recent statement of financial position. The amendment also includes an exception for entities whose functional currency and presentation currency are both currencies of a hyperinflationary economy, and whose foreign operations have a functional currency of a non-hyperinflationary economy, exempting them from restating comparative amounts. New disclosures are added, including the translation methods and the summary financial information of the foreign operations to which such translation methods apply.

As of the issuance date the accompanying consolidated financial statements, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are summarized as follows. Unless otherwise stated, these policies are consistently applied throughout all reporting periods.

(I) Compliance statement

These consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Statement on Internal Control (SIC) (collectively, “IFRSs”) endorsed by the FSC.

(II) Basis of preparation

1. Except for the following important item, these consolidated financial statements are prepared on a historical cost basis:
 - (1) Financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income or loss.
 - (3) Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - (4) Defined benefit liabilities are recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of consolidated financial statements in compliance with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

- (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount of the non-controlling interest adjustments and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. For all amounts previously recognized in other comprehensive income in relation to that subsidiary, the accounting treatment is on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. That is, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

2. The consolidated entities were as follows:

Investee / subsidiary	Main businesses	Percentage of ownership	
		2025.12.31	2024.12.31
1. The Company			
E&R Semiconductor Materials Co., Ltd.	Trading of semiconductor packaging materials	100%	100%
TECH-WAVE Industrial Co., Ltd.	Flexible printed circuit (FPC) manufacturing, processing and trading	51.43%	51.43%
ENRICHMENT TECH. CORPORATION	Investment holding company	100%	100%
EXCELLENT INTERNATIONAL HOLDINGS LIMITED	Investment holding company	100%	100%
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	Investment holding company	100%	100%
E AND R ENGINEERING USA LLC	Trading of semiconductor equipment and packaging materials	100%	-
2. E&R Semiconductor Materials Co., Ltd.			
Dongguan E&R Semiconductor Materials Ltd.	Manufacturing and selling of semiconductor packaging material	100%	100%
Investee / subsidiary	Main businesses	Percentage of ownership	
		2025.12.31	2024.12.31
3. ENRICHMENT TECH. CORPORATION			
ENR APPLIED PACKING MATERIAL CORPORATION	Investment holding company	100%	100%
Chen Tai Trading CO., LTD. ShangHai	Automated equipment after-sales service	100%	100%
4. ENR APPLIED PACKING MATERIAL CORPORATION			
Wuxi E&R Semiconductor Material Technology Co., Ltd.	Manufacturing and selling of semiconductor packaging material	100%	100%
5. EXCELLENT INTERNATIONAL HOLDINGS LIMITED			
Superior Technology Semiconductor Co., Ltd. (Note)	Manufacturing and selling of automatic equipment	92.50%	90.61%
6. Chen-Tai Trade (Shanghai) Co. Ltd.			
Superior Technology Semiconductor Co., Ltd. (Note)	Manufacturing and selling of automatic equipment	7.50%	9.39%

7. EXCELLENT
TECHKNOWLEDGIES
HOLDINGS PTE LTD

E & R Semiconductor (Malaysia) Sdn. Bhd.	Manufacturing and selling of semiconductor packaging material	100%	-
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(Note) Formerly known as Jiangsu E&R Technology Co., Ltd., it was approved to be renamed Superior Technology Semiconductor Co., Ltd. in August 2024.

(1) Consolidated subsidiaries increase or decrease:

(A) The Group, through a new investment, established and acquired a 100% equity interest in EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD in May 2024.

(B) E&R (Suzhou) Precision Machinery Co., Ltd. was liquidated in April 2024.

(B) In March 2024, the Group acquired 9.39% of the outstanding shares of its subsidiary, Superior Technology Semiconductor Co., Ltd. Please refer to the description in Note 6(35).

(D) In November 2025, the Group newly invested in and established E AND R ENGINEERING USA LLC, acquiring 100% of its equity.

(E) In October 2025, the Group acquired equity in E & R Semiconductor (Malaysia) Sdn. Bhd. through a new investment establishment by EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD.

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different balance sheet dates: None.

5. Major Restrictions:

Cash and cash in banks NT\$110,073 thousand are held in China and are subject to local foreign exchange controls. Such foreign exchange control restrictions limit the remittance of funds out of China (except through normal dividends).

6. Contents of the parent company's securities held by subsidiaries:

7. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Foreign currency translation

1. Items included in the financial statements of each individual entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The accompanying consolidated financial statements are presented in New Taiwan Dollar (NTD), the functional currency of the Company.

2. In the preparation of the individual financial statements of each consolidated entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized by translation at the exchange rates prevailing on the dates of the transactions. At the end of each reporting period, foreign currency monetary items are retranslated at the closing rates at that date, and exchange differences are

recognized in profit or loss in the period in which they arise. Foreign currency non-monetary items measured at fair value are translated at the exchange rates at the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss for the current year; however, for those where changes in fair value are recognized in other comprehensive income, the resulting exchange differences are also recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

3. For the purpose of preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated into NTD at the spot exchange rate at the end of the reporting period; income and expense items are translated at the average exchange rate for the period. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange differences on translation of financial statements of foreign operations within equity (and appropriately allocated to non-controlling interests).

(V) Criteria for classification of assets and liabilities as current and non-current

1. An asset is classified as a current asset when it satisfies any of the following conditions:
 - (1) Asset expected to be realized or intended to be sold or consumed in its normal operating cycle.
 - (2) It is held primarily for the purpose of trading.
 - (3) It is expected to be realized within 12 months after the balance sheet date.
 - (4) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

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

2. A liability is classified as a current liability when it satisfies any of the following conditions:
 - (1) It is expected to be settled within its normal operating cycle.
 - (2) It is held primarily for the purpose of trading.
 - (3) It is due to be settled within 12 months after the balance sheet date (even if a long-term refinancing or a re-arrangement of payment agreement is completed after the balance sheet date and before the financial statements are authorized for issue, such liabilities shall still be classified as current liabilities).
 - (4) The entity does not have a substantive right at the end of the reporting period to defer settlement of the liability for at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the aforementioned conditions as non-current.

(VI) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with original maturities within three months).

(VII) 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 are measured at fair value upon initial recognition. Upon initial recognition, transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities classified as at fair value through profit or loss) are added to or deducted from the fair value of such financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular way purchases or sales of financial assets are recognized on a trade date basis.

(1) Measurement categories

The types of financial assets held by the Group are financial assets at fair value through profit or loss, financial assets at amortized cost, and equity instrument investments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments of the Group not designated as at fair value through other comprehensive income, and debt instrument investments that do not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income.

For financial assets originally measured at amortized cost or at fair value through other comprehensive income, in order to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses thereon on different bases, the Company makes an irrevocable election at initial recognition to designate such financial assets as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with dividends generated therefrom recognized in other income, and interest income as well as gains or losses arising from remeasurement recognized in Other gains and losses. Please refer to Note 12 for the determination of fair value.

B. Financial assets measured at amortized cost

Financial assets invested by the Group that meet both of the following conditions are classified as financial assets measured at amortized cost:

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

Financial assets measured at amortized cost are, after initial recognition, measured at amortized cost, which is the gross carrying amount determined using the effective interest method less any impairment loss. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- b. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

C. Equity instruments at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable election to designate an investment in equity instruments that is neither held for trading nor a contingent consideration recognized by an acquirer in a business combination as measured at fair value through other comprehensive income.

Investments in equity instruments designated at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are presented in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative gain or loss recognized in other equity is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends from equity instrument investments measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

(2) Impairment of financial assets

- A. At each balance sheet date, the Group assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable), debt

instrument investments measured at fair value through other comprehensive income, lease receivables, and contract assets based on expected credit losses.

- B. Accounts receivable and lease receivables are both recognized for loss allowance in accordance with Lifetime ECLs. Other financial assets are first assessed for whether credit risk has significantly increased since initial recognition. If it has not significantly increased, an allowance for losses is recognized based on 12-month expected credit losses. If it has significantly increased, an allowance for losses is recognized based on Lifetime ECLs.
- C. Expected credit losses are a probability-weighted estimate of credit losses with the respective risks of a default occurring as the weights. Twelve-month expected credit losses represent the portion of Lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECLs represent the expected credit losses that result from all possible default events over the expected duration of a financial instrument.
- D. Impairment losses for all financial assets are recognized by reducing their carrying amount through an allowance account; however, the loss allowance for debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to the cash flows from the financial asset expire.
- B. The contractual rights to receive the cash flows of the financial asset have been transferred, along with all the risks and rewards of ownership of the financial asset.
- C. The risks and rewards of ownership of the financial asset are neither transferred nor retained substantially, but the control of the financial asset has not been retained.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. Upon derecognition of an investment in a debt instrument measured at fair value through other comprehensive income in its entirety, the difference between the carrying amount and the sum of the consideration received plus any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Upon derecognition of the entire investment in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the amount of proceeds received, net of direct issuance costs.

3. Financial liabilities

(1) Subsequent measurement

Except in the following circumstances, all financial liabilities are subsequently measured at amortized cost using the effective interest method:

A. Financial liabilities at fair value through profit or loss refer to financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss upon initial recognition. Financial liabilities classified as held for trading are those whose primary purpose upon incurrence is to be repurchased in the short term, and derivatives (except for financial guarantee contracts or those designated as effective hedging instruments). The Group designates a financial liability as at fair value through profit or loss upon initial recognition if it meets one of the following conditions:

- a. It is a hybrid (combined) contract containing one or more embedded derivatives, and the host contract is not an asset within the scope of IFRS 9; or
- b. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- c. It is part of a group of financial instruments that are managed and whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. Financial liabilities at fair value through profit or loss are measured at fair value upon initial recognition, and related transaction costs are recognized in profit or loss. Subsequently, they are measured at fair value, and changes in their fair value are recognized in profit or loss.

C. For financial liabilities designated as at fair value through profit or loss, the amount of change in fair value attributable to changes in credit risk is recognized in other comprehensive income and is not subsequently reclassified to profit or loss. The remaining amount of change in the fair value of such liability is presented in profit or loss. However, if the aforementioned accounting treatment creates or enlarges an accounting mismatch, the entire amount of the gain or loss on such liability shall be presented in profit or loss.

(2) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation is discharged, canceled, or expires. Upon derecognition of a financial liability, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Modification of financial instruments

When the Contractual cash flows of a financial instrument are renegotiated or modified, if it does not result in the derecognition of such financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability by discounting the modified Contractual cash flows at the original effective interest rate, and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred are treated as an adjustment to the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified instrument. If such renegotiation or modification results in the derecognition of the financial instrument, it shall be handled in accordance with the derecognition provisions.

(VIII) Inventories

Inventories are measured at the lower of cost and net realizable value. The Company uses a perpetual inventory system, and costs are determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and production-related manufacturing overheads (allocated based on normal operating capacity), but excludes borrowing costs. When comparing the lower of cost and net realizable value, the item-by-item approach is adopted. Net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(IX) Property, plant and equipment

1. Property, plant and equipment are recognized on the basis of acquisition cost, and relevant interest incurred during the period of purchase and construction is capitalized. Samples produced while testing whether items of property, plant and equipment under construction are functioning properly before reaching their intended use state are measured at the lower of cost and net realizable value, and the sales proceeds and costs thereof are recognized in profit or loss.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part shall be derecognized. All other repair expenses are recognized as profit or loss in the period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment are measured using the cost model and depreciated using the straight-line method over their estimated useful lives. The Group reviews the residual value, useful life, and depreciation method of each asset at the end of each financial year. If the expected values of the residual value

and useful life differ from previous estimates, or if there has been a significant change in the expected consumption pattern of the future economic benefits embodied in the asset, such changes are accounted for as changes in accounting estimates in accordance with the provisions of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” from the date of the change. The estimated useful lives of various assets are as follows:

Buildings and structures	
Main plant buildings	25-50 years
Plant auxiliary equipment	3-35 years
Machinery and transportation equipment	1-8 years
Other equipment	2-10 years

4. Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from their use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in profit or loss for the current period.

(X) Leases

The Group assesses whether a contract is, or contains, a lease at the inception 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.

1. The Group as lessee

Except for leases of low-value underlying assets and short-term leases for which expenses are recognized on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all other leases at the commencement date of the lease.

Right-of-use assets

Right-of-use assets are initially measured at cost (comprising the initial measurement amount of the lease liability, lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and an estimate of costs to be incurred in restoring the underlying asset), and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are presented as a single line item in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. However, if ownership of the underlying asset is transferred at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a

purchase option, depreciation is recognized from the commencement date to the end of the useful life of the underlying asset.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments, in-substance fixed payments, and variable lease payments that depend on an index or a rate). If the interest rate implicit in the lease can be readily determined, the lease payments are discounted using that rate. If that rate cannot be readily determined, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured on an amortized cost basis using the effective interest method, and interest expense is allocated over the lease term. The Group remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset if there is a change in the lease term, the assessment of a purchase option for the underlying asset, the amount expected to be payable under a residual value guarantee, or the index or rate used to determine future lease payments, resulting in a change in future lease payments. However, if the carrying amount of the right-of-use asset has been reduced to zero, any remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented as a single line item in the consolidated balance sheet.

(XI) Intangible assets

The intangible assets with finite useful lives are stated at cost less accumulated amortization and accumulated impairment. Amortization is calculated using the straight-line method based on the following useful lives: computer software design fees, 1 to 3 years. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(XII) Impairment of non-financial assets

The Group estimates the recoverable amount of assets with indications of impairment on the balance sheet date, and recognizes an impairment loss when the recoverable amount is lower than its carrying amount. Recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. When the circumstances for recognizing asset impairment in prior years no longer exist, the impairment loss is reversed to the extent of the amount of loss recognized in prior years.

(XIII) Provisions

Provisions (including for short-term employee benefits, onerous contracts, and warranties) are recognized when there is a present legal or constructive obligation as a result of a past event, an outflow of resources embodying economic benefits will probably be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate used is a pre-tax discount rate that reflects current market assessments of

the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expense. Provisions shall not be recognized for future operating losses.

Carbon fees levied in accordance with the Climate Change Response Act and its subsidiary laws are not within the scope of IFRIC 21 “Levies”, but are instead recognized and measured in accordance with the provisions of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. If it is highly probable that the estimated annual emissions will exceed the threshold for levy, the carbon-fee-related liabilities shall be estimated in the interim financial report based on the proportion of actual emissions incurred to the estimated annual emissions.

(XIV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the related service is provided.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the amount of pension fund contributions is recognized as a pension cost in the current period on an accrual basis. Prepaid contributions are recognized as an asset to the extent that they are refundable in cash or available as a reduction in future payments.

(2) Defined benefit plans

A. The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits that employees have earned in return for their service in the current and prior periods, and is presented as the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The net defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The discount rate is determined by reference to market yields at the balance sheet date on high-quality corporate bonds that are consistent with the currency and term of the defined benefit plan; in countries where there is no deep market for high-quality corporate bonds, the market yields on government bonds (at the balance sheet date) are used.

B. Remeasurements of defined benefit plans are recognized in other comprehensive income in the period in which they occur and are presented in retained earnings.

C. Expenses related to past service costs are recognized immediately in profit or loss.

3. Employee compensation and directors' and supervisors' remuneration

Employee compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities when there is a legal or constructive obligation,

and the amount can be reasonably estimated. If there is a difference between the actual distribution amount subsequently resolved and the estimated amount, it shall be treated as a change in accounting estimate.

4. Termination benefits

Termination benefits are benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expenses when it can no longer withdraw the offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are not expected to be settled wholly within 12 months after the balance sheet date shall be discounted.

(XV) Share capital and treasury shares

1. Share capital

Ordinary shares are classified as equity. The classification of preferred shares is based on an assessment of the substance of the contractual arrangement and the definitions of financial liabilities and equity instruments, with respect to the specific rights attached to the preferred shares; they are classified as liabilities when they exhibit the fundamental characteristics of a financial liability, and otherwise as equity. Incremental costs directly attributable to the issuance of new shares or stock options are recognized in equity as a deduction from the proceeds.

2. Treasury shares

When the Group reacquires its issued shares, the consideration paid (including directly attributable costs) is recognized as "treasury shares" and presented as a deduction from equity. Where the disposal price of treasury shares exceeds the book value, the difference shall be recognized as capital surplus – treasury share transactions; where the disposal price is lower than the book value, the difference shall be offset against capital surplus generated from treasury share transactions of the same class, and any deficiency shall be debited to retained earnings. The book value of treasury shares is calculated using the weighted-average method and is determined separately based on the reason for repurchase.

Upon the cancellation of treasury shares, Capital Surplus – Share Premium and Share Capital are debited in proportion to the equity interest. If the carrying amount of such shares is higher than the sum of the par value and the share premium, the difference is offset against the capital surplus generated from transactions of treasury shares of the same class; if such capital surplus is insufficient, the remainder is offset against retained earnings. If the carrying amount is lower than the sum of the par value and the share premium, the difference is credited to the capital surplus generated from transactions of treasury shares of the same class.

(XVI) Share-based payments

1. For equity-settled share-based payment agreements, employee services received in exchange for the grant of equity instruments are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments shall reflect the effects of market vesting conditions and non-vesting conditions. The remuneration cost recognized is adjusted in accordance with the quantity of awards expected to meet service conditions and non-market vesting conditions, until the final amount recognized is based on the quantity vested on the vesting date.
2. For cash-settled share-based payment agreements, the fair value of the liability incurred is recognized as compensation cost and liability over the vesting period, and is measured at the fair value of the equity instruments granted at each balance sheet date and settlement date, with any changes recognized in profit or loss for the current period.

(XVII) Income tax

1. Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is recognized in other comprehensive income or directly in equity, respectively.
2. Current income tax is calculated based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the amounts expected to be paid to the tax authorities. The additional income tax on unappropriated earnings calculated in accordance with the Income Tax Act is recognized as income tax expense only after the earnings distribution proposal is approved by the shareholders' meeting in the year following the year in which the earnings are generated, based on the actual distribution of earnings.
3. Deferred income tax is recognized using the balance sheet method, based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax liabilities arising from the initial recognition of goodwill are not recognized. If the deferred tax arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, affects neither accounting profit nor taxable income (taxable loss), and does not give rise to equal taxable and deductible temporary differences at the time of the transaction, it is not recognized. If temporary differences arise from investments in subsidiaries, the Group does not recognize them

if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

4. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences, unused tax losses, and unused tax credits can be utilized, and the unrecognized and recognized deferred tax assets are re-evaluated at the end of each reporting period.
5. Current income tax assets and current income tax liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously; deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.
6. Tax incentives resulting from the acquisition of equipment or technology, research and development expenditures, personnel training expenditures, and equity investments are accounted for using the income tax credit method.

(XVIII) Revenue recognition

The Group's revenue recognition principles for revenue from contracts with customers are based on the following steps:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize as revenue when performance obligations are satisfied.

For contracts where the period between the transfer of goods or services and the payment of consideration is one year or less, the transaction price is not adjusted for the effects of a significant financing component.

1. Revenue from sales of goods

Revenue from the sale of goods is derived from the sale of products such as machinery. Sales revenue is recognized when control of the products is transferred to the customer. As the customer has the right to set the price and use the products, bears the primary responsibility for resale, and assumes the risk of obsolescence of the products, the Group recognizes revenue and accounts receivable at that point in time;

revenue is presented at the net amount after deducting sales returns, volume discounts, and allowances.

In the case of processing with provided materials, control of the ownership of the processed products is not transferred; therefore, revenue is not recognized upon the delivery of materials.

2. Dividend income and interest income

(1) Dividend income from investments is recognized when the shareholder's right to receive payment is established, provided that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of income can be measured reliably.

(2) Interest income is recognized on an accrual basis over time by reference to the principal outstanding and at the applicable effective interest rate.

(XIX) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XX) Government grants

Government grants are recognized at fair value only when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group with no future related costs, shall be recognized in profit or loss in the period in which they become receivable. Government grants related to property, plant and equipment are recognized as non-current liabilities and are recognized in profit or loss over the estimated useful lives of the related assets on a straight-line basis.

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

In the preparation of these consolidated financial statements, the significant judgments, significant accounting estimates, and assumptions adopted in the application of accounting policies by the Group are as follows:

(I) Significant judgments in applying accounting policies

1. Revenue recognition

In accordance with IFRS 15, the Group determines whether it has obtained control of specific goods or services before transferring them to customers, and thus acts as the principal or agent in such transactions. If it is determined to be an agent in a transaction, the net amount of the transaction is recognized as revenue.

The Group is a principal if one of the following circumstances exists:

- (1) The Group obtains control of the goods or other assets from another party before the goods or other assets are transferred to the customer; or
- (2) The Group controls the right to services provided by another party, such that it has the ability to direct that party to provide services to customers on the Group's behalf; or
- (3) The Group obtains control of a good or service from another party that it combines with other goods or services in providing a specific good or service to a customer.

Indicators used to assist in determining whether the Group controls a specific good or service before transferring that good or service to a customer include, but are not limited to:

- (1) The Group bears the primary responsibility for fulfilling the commitment to provide specific goods or services.
- (2) The Group bears inventory risk before or after the transfer of specific goods or services to the customer, or bears inventory risk after the transfer of control to the customer (for example, if the customer has a right of return).
- (2) The Group bears inventory risk before or after the transfer of specific goods or services to the customer, or bears inventory risk after the transfer of control to the customer (for example, if the customer has a right of return).
- (3) The Group has discretion in determining prices.

2. Judgment of business model for financial asset classification

The Group assesses the business model to which a financial asset belongs based on a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment requires consideration of all relevant evidence, including how the performance of the assets is evaluated, the risks affecting performance, and how the remuneration of relevant managers is determined, and requires the exercise of judgment. The Group continuously evaluates whether its judgment of the business model is appropriate, and for this purpose, monitors financial assets measured at amortized cost and debt instrument investments measured at fair value through other comprehensive income that are derecognized prior to maturity, to understand the reasons for such disposals and to assess whether such disposals are consistent with the objectives of the business model. If a change in the business model is identified, the Group reclassifies financial assets in accordance with the requirements of IFRS 9 and applies such reclassification prospectively from the reclassification date.

3. Lease term

In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive to exercise (or not to exercise) an option, including all expected changes in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and conditions for the period covered by the option, significant leasehold improvements undertaken (or expected to be undertaken) during the contract period, and the importance of the underlying asset to the Group's operations, etc. The lease term shall be reassessed when a significant event or a significant change in circumstances occurs within the control of the Group.

(2) Critical accounting estimates and assumptions

1. Revenue recognition

Sales revenue is recognized when performance obligations are satisfied by transferring control of goods or services to customers, net of estimated related sales returns, discounts, and other similar allowances. Such sales returns and allowances are estimated based on historical experience and other known reasons, and the Group periodically reviews the reasonableness of the estimates.

2. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions regarding default rates and expected loss rates. The Group considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessment. If actual cash flows are less than expected in the future, a material impairment loss may occur.

3. Fair value measurement and valuation processes

When assets and liabilities measured at fair value have no market quotations in active markets, the Group determines whether to outsource the valuation and determines the appropriate fair value valuation techniques in accordance with relevant laws and regulations or based on judgment. If Level 1 inputs are not available when estimating fair value, the Group determines inputs by referring to information such as analysis of the financial position and operating results of the investee, recent transaction prices, quoted prices of identical equity instruments in non-active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable companies. If actual changes in inputs differ from expectations in the future, changes in fair value may occur. The Group periodically updates various inputs based on market conditions to monitor the appropriateness of fair value measurements.

4. Impairment assessment of tangible and intangible assets

In the process of asset impairment assessment, the Group relies on subjective judgment and determines the independent cash flows, useful lives of assets, and future income and expenses of specific asset groups based on asset usage patterns and industry characteristics. Any changes in estimates resulting from changes in economic conditions or corporate strategies may lead to material impairments in the future.

5. Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Assessing the realizability of deferred tax assets requires significant accounting judgments and estimates by management, including assumptions such as expected future sales revenue growth and profit margins, tax-exempt periods, available income tax credits, and tax planning. Any changes regarding the global economic environment, industrial environment, and changes in laws and regulations may cause significant adjustments to deferred tax assets.

6. Valuation of inventories

As inventories must be measured at the lower of cost and net realizable value, the Group must exercise judgment and estimation to determine the net realizable value of inventories on the balance sheet date. The Group assesses the amount of inventories due to normal wear and tear, obsolescence, or lack of marketability on the balance sheet date, and writes down the cost of inventories to net realizable value.

7. Lessee's incremental borrowing rate

In determining the lessee's incremental borrowing rate used to discount lease payments, the risk-free rate of the same currency and relevant period is used as a reference rate, and the estimated lessee's credit risk premium and lease-specific adjustments (such as asset-specific and collateralized factors) are taken into consideration.

6. Details of Significant Accounts

(I) Cash and cash equivalents

Item	December 31, 2025	December 31, 2024
Cash on hand	\$ 987	\$ 1,135
Checking account deposits	975	951
Demand deposits	411,187	226,939
Cash equivalents		
Time deposits with maturities within three months	82,409	501,362
Total	<u>\$ 495,558</u>	<u>\$ 730,387</u>

1. The financial institutions dealing with the Group are creditworthy, and the Group transacts with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

2. The Group has not pledged the cash and cash equivalents.

(II) Financial assets and liabilities at fair value through profit or loss

Item	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss – current:		
Listed shares and ETFs	\$ 71,399	\$ 73,745
Open-end funds	92,471	158,801

Redemption and put options on convertible bonds	1,414	622
Foreign exchange contracts	-	583
Total	<u>\$ 165,284</u>	<u>\$ 233,751</u>

1. The net gains (losses) recognized by the Group for the years 2025 and 2024 were NT\$2,082 thousand and NT\$23,646 thousand, respectively.
2. The Group's purpose of engaging in derivative financial instrument transactions is primarily to avoid risks arising from exchange rate fluctuations in foreign currency assets and liabilities. As of December 31, 2025 and 2024, the outstanding contracts are as follows:

Foreign exchange contracts

December 31, 2025: None.

December 31, 2024:

<u>Contract content</u>	<u>Contract period</u>	<u>Exercise price</u>	<u>Contract amount</u>
Buy USD and sell NTD	2024.11-2025.01	32.35	USD 570
Buy USD and sell NTD	2024.11-2025.01	32.39	USD 1,000

3. The Group has not pledged the financial assets at fair value through profit or loss.
4. Please refer to Note 12(2) for credit risk management and evaluation method.

(III) Notes receivable, net

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Measured at amortized cost		
Total carrying amount	\$ 6,883	\$ 7,000
Less: Allowance for impairment loss	(6)	(3)
Notes receivable, net	<u>\$ 6,877</u>	<u>\$ 6,997</u>

1. The Group has not pledged the notes receivable.
2. Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

(IV) Accounts receivable, net

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Measured at amortized cost		
Total carrying amount	\$ 708,233	\$ 529,589
Less: Allowance for impairment loss	(9,139)	(4,821)
Accounts receivable, net	<u>\$ 699,094</u>	<u>\$ 524,768</u>

1. The accounts receivable that were neither past due nor impaired were following the Group's credit policy, determined by reference to the industry characteristics, operational scale, and current financial position of the counterparties. The average credit period on sales of goods for automated equipment was 4-6 months, 6-9 months for soft board equipment (except for the final payment, the final payment is generally

about 10%-30%, and the credit period is based on the agreement, usually within 1 year after delivery); other divisions were 3-4 months.

2. The Group has not pledged the accounts receivable.
3. The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to a preparation matrix, past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trends. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable is not further distinguished between the Group's different customer base.
4. The Group measures the loss allowance for notes receivable and accounts receivable, and according to the preparation matrix, as follows:

December 31, 2025	Expected credit loss rate	Total carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Not overdue	0%-1%	\$ 654,327	\$ (1,635)	\$ 652,692
Overdue 0-30 days	0%-20%	41,959	(2,098)	39,861
Overdue 31-180 days	0%-20%	11,172	(2,000)	9,172
Overdue 181-365 days	0%-50%	7,408	(3,162)	4,246
Overdue for more than 1 year	0%-100%	250	(250)	-
Counterparty with signs of default	100%	-	-	-
Total		\$ 715,116	\$ (9,145)	\$ 705,971

December 31, 2024	Expected credit loss rate	Total carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Not overdue	0%-1%	\$ 499,986	\$ (1,516)	\$ 498,470
Overdue 0-30 days	0%-20%	18,462	(685)	17,777
Overdue 31-180 days	0%-20%	8,993	(704)	8,289
Overdue 181-365 days	0%-50%	7,163	(759)	6,404
Overdue for more than 1 year	0%-100%	1,963	(1,138)	825
Counterparty with signs of default	100%	22	(22)	-
Total		\$ 536,589	\$ (4,824)	\$ 531,765

5. Changes in the loss allowance for notes and accounts receivable were as follows:

Item	2025	2024
Opening balance	\$ 4,824	\$ 10,737
Impairment loss (reversal)	4,363	(6,097)
Write-off of accounts receivable	(5)	-
Effect of exchange rate changes	(37)	184
Closing balance	\$ 9,145	\$ 4,824

The amounts provided above have taken into account the collateral held or other credit enhancements. The other credit enhancements (such as letters of credit) held for the aforementioned accounts receivable as of December 31, 2025 and 2024 were NT\$3,375 thousand and NT\$0 thousand, respectively.

If there is evidence that a counterparty is experiencing severe financial difficulties and the Group cannot reasonably expect to recover the outstanding amount, the related accounts are written off directly by the Group. However, the recovery efforts will continue, and any amounts subsequently recovered will be recognized in profit or loss. The Group's accounts receivable written off from contract amounts for the years 2025 and 2024 were NT\$5 thousand and NT\$0 thousand, respectively.

6. Please refer to Note 12 for credit risk management and evaluation method.

(V) Inventories and operating costs

Item	December 31, 2025	December 31, 2024
Raw materials	\$ 407,237	\$ 507,125
Work in progress	207,272	212,320
Finished goods and merchandise	187,538	178,006
Total	\$ 802,047	\$ 897,451

1. The inventory-related (losses) gains recognized in cost of goods sold for the current period are as follows:

Item	2025	2024
Cost of inventories sold	\$ 1,078,035	\$ 999,676
Inventory write-downs and obsolescence loss	61,415	47,588
Loss on retirement	722	-
Under-allocated fixed manufacturing overheads	31,733	-
Total operating costs	\$ 1,171,905	\$ 1,047,264

2. For the years 2025 and 2024, the Group wrote down inventories to net realizable value due to inventory obsolescence or lack of marketability, and recognized losses on inventory write-downs and obsolescence (reversal of write-down) of NT\$61,415 thousand and NT\$47,588 thousand, respectively.

3. The Group has not pledged the inventories.

(VI) Other financial assets - current

Item	December 31, 2025	December 31, 2024
Time deposits with maturities of more than three months	\$ 10,000	\$ 111,000
Restricted assets	33,788	6,419
Total	\$ 43,788	\$ 117,419

(VII) Financial assets at fair value through other comprehensive income – non-current

Item	December 31, 2025	December 31, 2024
Investments in equity instruments		
Domestic unlisted shares	\$ 94,810	\$ 91,546
Subtotal	\$ 94,810	\$ 91,546
Evaluation adjustment	(47,178)	(6,927)
Total	\$ 47,632	\$ 84,619

1. The Group invests in domestic listed and unlisted shares in accordance with its medium and long-term strategies and expects to make a profit through long-term investment. Management of the Group believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Group elects to designate such investment as to be measured at fair value through other comprehensive income.
2. Please refer to Note 12 for credit risk management and evaluation method.
3. The Group has not pledged the financial assets at fair value through other comprehensive income.

(8) Property, plant and equipment

Item	December 31, 2025	December 31, 2024
Land	\$ 51,515	\$ 51,515
Buildings and structures	809,101	815,725
Machinery equipment	451,116	395,996
Office equipment	20,784	23,003
Transportation equipment	11,584	15,654
Miscellaneous equipment	657,913	599,508
Unfinished construction and equipment under acceptance	459,945	230,534
Total cost	\$ 2,461,958	\$ 2,131,935
Less: Accumulated depreciation	(950,292)	(862,454)
Accumulated impairment	(9,794)	(9,989)
Total	\$ 1,501,872	\$ 1,259,492

	Land	Buildings and structures	Machinery equipment	Miscellaneous equipment (Note)	Unfinished construction and equipment under acceptance	Total
Cost						
Balance at January 1, 2025	\$ 51,515	\$ 815,725	\$ 395,996	\$ 638,165	\$ 230,534	\$ 2,131,935
Additions	-	9,176	21,330	47,096	241,778	319,380
Disposals	-	(6,018)	(8,003)	(33,386)	-	(47,407)
Reclassification	-	405	38,697	(26,619)	(12,483)	-
Transferred from inventories	-	-	27,414	68,992	-	96,406
Transferred to inventories	-	-	(18,953)	(1,494)	-	(20,447)
Effect of exchange rate changes	-	(10,187)	(5,365)	(2,473)	116	(17,909)
Balance at December 31, 2025	\$ 51,515	\$ 809,101	\$ 451,116	\$ 690,281	\$ 459,945	\$ 2,461,958
Accumulated depreciation and impairment						
Balance at January 1, 2025	\$ -	\$ 148,672	\$ 313,619	\$ 410,152	\$ -	\$ 872,443

Depreciation expense	-	36,301	17,226	89,092	-	142,619
Disposals	-	(5,839)	(10,536)	(30,216)	-	(46,591)
Transferred to inventories	-	-	(1,343)	(1,084)	-	(2,427)
Reclassification	-	-	5,541	(5,541)	-	-
Effect of exchange rate changes	-	268	(3,991)	(2,235)	-	(5,958)
Balance at December 31, 2025	\$ -	\$ 179,402	\$ 320,516	\$ 460,168	\$ -	\$ 960,086

	Land	Buildings and structures	Machinery equipment	Miscellaneous equipment (Note)	Unfinished construction and equipment under acceptance	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 51,515	\$ 297,789	\$ 330,597	\$ 577,856	\$ 263,777	\$ 1,521,534
Additions	-	3,134	14,074	27,156	473,142	517,506
Disposals	-	(3,073)	(11,043)	(25,876)	-	(39,992)
Reclassification	-	511,573	871	(685)	(511,759)	-
Transferred from inventories	-	-	50,268	59,013	-	109,281
Transferred to inventories	-	-	(3,189)	(6,457)	-	(9,646)
Transferred to intangible assets	-	-	-	-	(246)	(246)
Transferred to impairment loss	-	-	-	-	(4,524)	(4,524)
Effect of exchange rate changes	-	6,302	14,418	7,158	10,144	38,022
Balance at December 31, 2024	\$ 51,515	\$ 815,725	\$ 395,996	\$ 638,165	\$ 230,534	\$ 2,131,935
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	\$ -	\$ 126,425	\$ 301,326	\$ 342,819	\$ -	\$ 770,570
Depreciation expense	-	24,815	11,179	87,404	-	123,398
Disposals	-	(3,073)	(11,043)	(24,902)	-	(39,018)
Transferred to inventories	-	-	-	(743)	-	(743)
Reclassification	-	285	-	(285)	-	-
Effect of exchange rate changes	-	220	12,157	5,859	-	18,236
Balance at December 31, 2024	\$ -	\$ 148,672	\$ 313,619	\$ 410,152	\$ -	\$ 872,443

(Note) Including transportation equipment, office equipment, and miscellaneous equipment.

1. For capitalization of borrowing costs on property, plant and equipment, please refer to the explanation in Note 6(32).
2. As of December 31, 2025, there were no material changes in the accumulated impairment of property, plant and equipment.
3. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.
4. Reconciliations of current additions and the acquisition of property, plant and equipment in the statement of cash flows were as follows:

Item	2025	2024
Increase in property, plant and equipment	\$ 319,380	\$ 517,506
Decrease (increase) in machinery and equipment payable	8,308	(22,411)
Cash paid for acquisition of property, plant and equipment	\$ 327,688	\$ 495,095

(IX) Lease agreement

1. Right-of-use assets

Item	December 31, 2025	December 31, 2024
Land	\$ 138,168	\$ 142,064
Building	100,937	103,400
Transportation equipment	9,549	10,017
Total cost	\$ 248,654	\$ 255,481
Less: Accumulated depreciation	(72,557)	(89,958)
Net amount	\$ 176,097	\$ 165,523

Cost	Land	Buildings	Transportation equipment	Total
Balance at January 1, 2025	\$ 142,064	\$ 103,400	\$ 10,017	\$ 255,481
Increase for the period	6,073	32,028	1,689	39,790
Decrease for the period	-	(7,623)	-	(7,623)
Derecognition	(9,303)	(25,535)	(2,055)	(36,893)
Effect of exchange rate	(666)	(1,333)	(102)	(2,101)
Balance at December 31, 2025	\$ 138,168	\$ 100,937	\$ 9,549	\$ 248,654
Accumulated depreciation and impairment				
Balance at January 1, 2025	\$ 25,125	\$ 61,483	\$ 3,350	\$ 89,958
Depreciation expense	5,617	17,155	3,282	26,054
Decrease for the period	-	(5,505)	-	(5,505)
Derecognition	(9,303)	(25,535)	(2,055)	(36,893)
Effect of exchange rate	(39)	(1,046)	28	(1,057)
Balance at December 31, 2025	\$ 21,400	\$ 46,552	\$ 4,605	\$ 72,557

Cost	Land	Buildings	Transportation equipment	Total
Balance at January 1, 2024	\$ 140,616	\$ 97,558	\$ 4,996	\$ 243,170
Increase for the period	-	7,623	6,658	14,281
Decrease for the period	(237)	(5,277)	-	(5,514)
Derecognition	-	-	(1,696)	(1,696)
Effect of exchange rate	1,685	3,496	59	5,240
Balance at December 31, 2024	\$ 142,064	\$ 103,400	\$ 10,017	\$ 255,481
Accumulated depreciation and impairment				
Balance at January 1, 2024	\$ 18,969	\$ 43,327	\$ 2,946	\$ 65,242
Depreciation expense	6,048	20,833	2,095	28,976
Decrease for the period	-	(4,136)	-	(4,136)
Derecognition	-	-	(1,696)	(1,696)
Effect of exchange rate	108	1,459	5	1,572
Balance at December 31, 2024	\$ 25,125	\$ 61,483	\$ 3,350	\$ 89,958

2. Lease liabilities

Item	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	\$ 23,606	\$ 19,806
Non-current	\$ 123,641	\$ 119,094

Range of discount rates for lease liabilities was as follows:

December 31, 2025	December 31, 2024
1.65%-3.53%	1.60%-3.53%

Please refer to Note 12(2) for the maturity analysis of lease liabilities.

3. Significant leasing activities and terms

The Group leases certain land and buildings for operational use, with lease terms ranging from 1 to 50 years. Some leases include renewal options upon expiration of the lease term, while others calculate rent based on the area of leased land according to sectional values and rates or based on the announced current land value for the year. The Group has included the renewal option upon the expiration of the lease term in the lease liabilities. According to the contract agreement, without the consent of the lessor, the group shall not sublease the leased assets to others.

4. Sublease: None.

5. Other leasing information

(1) Information on expense related to current lease is as follows:

Item	2025	2024
term lease expenses	\$ 9,806	\$ 12,930
value asset lease expenses	\$ 441	\$ 545
cash outflows for leases (Note)	\$ (33,576)	\$ (40,707)

(Note): Including principal payments on lease liabilities for the period.

6. For information on the right-of-use assets pledged as collateral, please refer to Note VIII.

(X) Intangible assets

Item	December 31, 2025	December 31, 2024
Computer software	\$ 31,987	\$ 28,196
Less: Accumulated amortization	(24,353)	(14,457)
Net amount	\$ 7,634	\$ 13,739

	Computer software	Other intangible assets	Total
Cost			
Balance at January 1, 2025	\$ 28,196	\$ -	\$ 28,196
Additions	3,809	-	3,809
Effect of foreign exchange differences	(18)	-	(18)
Balance at December 31, 2025	\$ 31,987	\$ -	\$ 31,987
Accumulated amortization			
Balance at January 1, 2025	\$ 14,457	\$ -	\$ 14,457
Amortization expense	9,900	-	9,900

Effect of foreign exchange differences	(4)	-	(4)
Balance at December 31, 2025	<u>\$ 24,353</u>	<u>\$ -</u>	<u>\$ 24,353</u>

	Computer software	Other intangible assets	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 22,693	\$ 5,000	\$ 27,693
Additions	5,373	-	5,373
Transferred from property, plant and equipment	246	-	246
Derecognition	(158)	(5,000)	(5,158)
Effect of foreign exchange differences	42	-	42
Balance at December 31, 2024	<u>\$ 28,196</u>	<u>\$ -</u>	<u>\$ 28,196</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 6,775	\$ 4,250	\$ 11,025
Amortization expense	7,824	750	8,574
Derecognition	(158)	(5,000)	(5,158)
Effect of foreign exchange differences	16	-	16
Balance at December 31, 2024	<u>\$ 14,457</u>	<u>\$ -</u>	<u>\$ 14,457</u>

(XI) Refundable deposits

Item	December 31, 2025	December 31, 2024
Lease security deposits	\$ 7,468	\$ 6,984
Performance bond	2,055	3,329
Other deposits	726	1,515
Total	<u>\$ 10,249</u>	<u>\$ 11,828</u>

(XII) Short-term borrowings

Nature	December 31, 2025	
	Amount	Interest rate
Working capital loan	\$ 180,400	2.825%-2.848%
Secured loans	1,200	2.23%
Total	<u>\$ 181,600</u>	

Nature	December 31, 2024	
	Amount	Interest rate
Working capital loan	\$ 5,000	2.848%

For short-term loans, the Group provides some other financial assets as guarantees for the borrowings. Please refer to Note 8 for explanations.

(XIII) Other payables

Item	December 31, 2025	December 31, 2024
Wages and salaries payable	\$ 70,692	\$ 71,321
Commissions payable	27,213	20,063
Social insurance and provident fund payable	11,040	11,979
Insurance payable	4,387	4,554
Interest payable	188	377

Machinery and equipment payable	19,307	27,615
Others	24,633	26,259
Total	<u>\$ 157,460</u>	<u>\$ 162,168</u>

(XIV) Provisions - current

Item	December 31, 2025	December 31, 2024
Employee benefits	\$ 9,884	\$ 8,839
Warranty provision	30,414	26,607
Total	<u>\$ 40,298</u>	<u>\$ 35,446</u>

Item	2025		
	Employee benefits	Warranty provision	Total
Balance at January 1	\$ 8,839	\$ 26,607	\$ 35,446
Additional provisions for the period	9,377	42,812	52,189
Provisions utilization for the period	(8,332)	(39,005)	(47,337)
Balance at December 31	<u>\$ 9,884</u>	<u>\$ 30,414</u>	<u>\$ 40,298</u>
Item	2024		
	Employee benefits	Warranty provision	Total
Balance at January 1	\$ 9,117	\$ 22,344	\$ 31,461
Additional provisions for the period	8,627	35,905	44,532
Provisions utilization for the period	(8,905)	(31,642)	(40,547)
Balance at December 31	<u>\$ 8,839</u>	<u>\$ 26,607</u>	<u>\$ 35,446</u>

1. Provision for employee benefits represents vested short-term service leave entitlements accrued.
2. The type of warranty business provided by the Group guarantees that the products are consistent with the agreed specifications and is related to the sales of machine products. The warranty liability provision is estimated based on the historical warranty data of the product.

(XV) Long-term loans, current portion

Item	December 31, 2025	December 31, 2024
Long-term borrowings due within one year	\$ 52,178	\$ 26,029

(XVI) Bonds payable

Item	December 31, 2025	December 31, 2024
Domestic 3rd unsecured convertible corporate bonds	\$ 353,500	\$ 388,700
Less: Discount on bonds payable	(8,236)	(15,005)
Total	<u>\$ 345,264</u>	<u>\$ 373,695</u>

Domestic 3rd unsecured convertible corporate bonds:

1. The Group was approved by the competent authority on June 22, 2022, to offer and issue the third domestic unsecured convertible corporate bonds, with a total issuance amount of NT\$1,000,000 thousand, a coupon rate of 0%, and an issuance period of five years. The circulation period is from July 13, 2022 to July 13, 2027. These convertible corporate bonds shall be repaid in cash at the bond par value in a single installment upon maturity.
2. The conversion price of these convertible bonds is adjusted in accordance with the determination model prescribed in the conversion regulations. The conversion price at the time of issuance was NT\$67.60, and as of December 31, 2025, the number of shares converted was 9,967 thousand shares.
3. In accordance with the conversion regulations, all convertible bonds redeemed (including those repurchased by the securities business department), repaid, or converted will be retired and no longer be sold or issued, with their attached conversion rights also extinguished.
4. Pursuant to the provisions of the conversion measures, holders of these convertible corporate bonds may, from the day following the expiry of three months after the date of issuance of these bonds until the maturity date, with the exception of any period during which the transfer of shares is required to be suspended in accordance with the measures or laws and regulations, request the Company to convert the bonds into the Company common shares at any time. The rights and obligations of the common shares after conversion shall be the same as those of the originally issued common shares.
5. During the period from the day after the expiry of three months from the issuance date to the fortieth day prior to the maturity date, if the closing price of the Company common shares exceeds the then-current conversion price of these convertible bonds by 30% (inclusive) for thirty consecutive business days, or if the outstanding balance thereof is lower than 10% of the original total issuance amount, the issuing company may redeem all outstanding bonds in cash at the par value of the bonds.
6. Bondholders may request the issuing company to redeem the bonds at par value plus interest compensation on the third and fourth anniversaries of the issuance date. The interest compensation total amounts for the third and fourth years are 1.5075% and 2.0151% of the par value of the bonds, respectively. As of December 31, 2025, the amount requested for redemption by bondholders was NT\$0 thousand.
7. As of December 31, 2025, the par value of the convertible corporate bonds issued by the Company and repurchased from the open market using its own funds was NT\$0 thousand.
8. Reconciliation of the third issuance of corporate bonds payable for the current period with the statement of cash flows is as follows:

Item	2025	2024
Conversion of bonds payable	\$ 35,200	\$ 611,300
Conversion offset against convertible bond discount	(1,094)	(28,405)
Conversion offset against financial assets at fair value through profit or loss	(84)	(1,290)
Changes in equity	(34,022)	(581,605)
Cash payment	\$ -	\$ -

(XVII) Long-term borrowings

Item	December 31, 2025	December 31, 2024
Guaranteed borrowings	\$ 278,079	\$ 308,531
Less: Portion due within one year	(52,178)	(26,029)
Less: Unamortized discount	(2,769)	-
Total	\$ 223,132	\$ 282,502
Interest rate range	2.125%-3.8%	2.125%-3.8%

Please refer to Note 8 for assets pledged as collateral for bank loans.

(XVIII) Long-term deferred revenue

Item	December 31, 2025	December 31, 2024
Deferred revenue:		
Factory construction subsidy	\$ 31,748	\$ 18,243
Equipment subsidy	5,972	5,972
Subtotal	\$ 37,720	\$ 24,215
Less: Accumulated recognized revenue	(2,563)	(1,449)
Less: Transferred to advance receipts within one year	(1,205)	(854)
Closing balance	\$ 33,952	\$ 21,912

Plant construction subsidies refer to a plant construction subsidy granted by the Management Committee of Nantong Economic and Technological Development Zone to Superior Technology Semiconductor Co., Ltd, a subsidiary of the Group, pursuant to an investment agreement entered into with the said Management Committee.

(XIX) Pension

1. Defined contribution plans

- (1) The pension system under the “Labor Pension Act” of the pension applicable to the Company and TECH-WAVE Industrial Co., Ltd. within the Group is a government-managed defined contribution retirement plan, under which an amount equal to 6% of each employee's monthly salary is contributed to the pension in the individual accounts at the Bureau of Labor Insurance.
- (2) Employees of the Group's subsidiaries in foreign regions are members of the retirement benefit plans of the local governments. The Group's obligation to such

retirement benefit plans operated by local governments is limited to contributing a specific percentage of salary costs to the retirement benefit plans.

- (3) The total amounts of contributions required to be made by the Group in accordance with the defined contribution plans at the specified rates for the years 2025 and 2024, which have been recognized as expenses in the consolidated statements of comprehensive income, were NT\$34,237 thousand and NT\$35,066 thousand, respectively.

2. Defined benefit plans

- (1) The amounts recognized in the consolidated balance sheet arising from the Group's obligations under defined benefit plans are as follows:

Item	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 3,960	\$ 29,364
Fair value of plan assets	(4,518)	(24,452)
Net defined benefit liabilities (assets)	\$ (558)	\$ 4,912

The aforementioned net defined benefit liabilities (assets) were recognized as assets of NT\$1,341 thousand and liabilities of NT\$783 thousand, respectively.

- (2) The movements in net defined benefit liabilities are presented as follows:

Item	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 29,364	\$ (24,452)	\$ 4,912
Service cost			
Interest expense (income)	465	(393)	72
Settlement gains or losses	1,929	-	1,929
Recognized in profit or loss	\$ 2,394	\$ (393)	\$ 2,001
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (1,759)	\$ (1,759)
Actuarial (gains) losses - effect of changes in financial assumptions	-	-	-
Experience adjustments	172	-	172
Recognized in other comprehensive income (loss)	\$ 172	\$ (1,759)	\$ (1,587)
Employer contributions	-	(5,884)	(5,884)
Benefit payments	(27,970)	27,970	-
Balance at December 31	\$ 3,960	\$ (4,518)	\$ (558)
Item	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 31,815	\$ (22,231)	\$ 9,584
Service cost			
Interest expense (income)	384	(268)	116
Recognized in profit or loss	\$ 384	\$ (268)	\$ 116
Remeasurements			
	\$ -	\$ (1,847)	\$ (1,847)

Return on plan assets (excluding amounts included in net interest)			
Actuarial (gains) losses - effect of changes in financial assumptions	(669)	-	(669)
Experience adjustments	550	-	550
Recognized in other comprehensive income (loss)	\$ (119)	\$ (1,847)	\$ (1,966)
Employer contributions	-	(2,822)	(2,822)
Benefit payments	(2,716)	2,716	-
Balance at December 31	\$ 29,364	\$ (24,452)	\$ 4,912

(3) The Group is exposed to the following risks due to the pension system of the “Labor Standards Act”:

A. Investment risk

The Bureau of Labor Funds, Ministry of Labor, through self-management and discretionary management, invests the labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits, among other targets. However, the distributable amount of the Group's plan assets is the income calculated at a rate not lower than the 2-year time deposit interest rate of local banks.

B. Interest rate risk

A decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation, but the return on debt investments of plan assets will also increase accordingly. The two have a partial offsetting effect on the net defined benefit liability.

C. Salary risk

The calculation of the present value of the defined benefit obligation is based on the future salaries of the plan members. Therefore, an increase in the salaries of the plan members will result in an increase in the present value of the defined benefit obligation.

(4) The present value of the defined benefit obligation of the Group is calculated by qualified actuaries using actuarial valuations. Significant assumptions as of the measurement date are listed below:

Item	Measurement date	
	December 31, 2025	December 31, 2024
Discount rate	1.35%-1.60%	1.50%-1.60%
Future salary increase rate	2.00%-2.50%	2.00%-2.50%
Average duration of defined benefit obligation	8-31 years	7-9 years

A. The assumption regarding future mortality is based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

B. If the significant actuarial assumptions were to change by a reasonably possible amount, respectively, with all other assumptions remaining constant,

the amount of the increase (decrease) in the present value of the defined benefit obligation would be as follows:

Item	December 31, 2025	December 31, 2024
Discount rate		
Increase by 0.25%	\$ (274)	\$ (468)
Decrease by 0.25%	\$ 303	\$ 485
Expected salary increase rate		
Increase by 0.25%	\$ 304	\$ 422
Decrease by 0.25%	\$ (281)	\$ (409)

Since actuarial assumptions may be correlated, it is unlikely that only a single assumption would change; therefore, the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

- (5) The Group expects to pay contributions of NT\$754 thousand to the retirement plan in 2026.

(XX) Ordinary share

1. The reconciliation of the number and the amount of ordinary shares outstanding at the beginning and end of the period was as follows:

Item	2025	
	Shares (in thousand)	Amount
January 1	106,427	\$ 1,064,275
Conversion of bonds payable	2,278	22,767
Employee share options	151	1,513
Cancellation of treasury shares	(1,375)	(13,750)
December 31	107,481	\$ 1,074,805

Item	2024	
	Shares (in thousand)	Amount
January 1	98,595	\$ 985,954
Conversion of bonds payable	7,620	76,201
Employee share options	212	2,120
December 31	106,427	\$ 1,064,275

- (1) As of December 31 2025, the authorized capital of the Company was NT\$1,500,000 thousand, divided into NT\$150,000 thousand shares (of which NT\$5,000 thousand shares are reserved for the exercise of subscription rights under share subscription warrants, preferred shares with warrants, or corporate bonds with warrants).
- (2) Regarding the employee share options issued by the Company, the number of shares for which exercise of options was requested from the Company in 2025 and 2024 was 341 thousand shares and 359 thousand shares, respectively, with an exercise price of NT\$29.9 per share for both. As of December 31, 2025 and 2024, among which 337 thousand shares and 147 thousand shares, respectively,

had not yet completed the registration of change, and the par values of NT\$3,364 thousand and NT\$1,468 thousand, respectively, were recorded under the item of advance receipts for share capital.

- (3) Regarding the convertible corporate bonds issued by the Company, the par value of the corporate bonds for which conversion into common shares was requested from the Company during the years 2025 and 2024 was NT\$35,200 thousand and NT\$611,300 thousand, respectively, with 544 thousand shares and 9,423 thousand shares converted, respectively. As of December 31, 2025 and 2024, among such shares, 2,277 thousand shares and 7,620 thousand shares, respectively, have completed the registration of change and were reclassified to share capital in the amounts of NT\$22,767 thousand and NT\$76,201 thousand, respectively; in addition, 70 thousand shares and 1,803 thousand shares, respectively, have not yet completed the registration of change and were recorded under certificate of entitlement to new shares from convertible bond in the amounts of NT\$695 thousand and NT\$18,026 thousand, respectively.

(XXI) Capital surplus

Item	December 31, 2025	December 31, 2024
Share premium	\$ 1,695,222	\$ 1,680,517
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	9,786	9,786
Share options	23,531	25,874
Employee share options	4,891	9,310
Treasury shares transactions	22,817	-
Others - disgorgement	9,083	9,083
Total	\$ 1,765,330	\$ 1,734,570

In accordance with the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital share and donations can be used to offset deficit or may be distributed as share dividends or in cash. In accordance with the Securities and Exchange Act, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not exceed 10% of the Company's paid-in capital. Capital surplus cannot be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(XXII) Share-based Payment

1. Employee share options - issued in November 2021

On November 15, 2021, the Company approved issuance of employee share options for 500 units. For each share option, the holder may subscribe for 1,000 ordinary shares at NT\$32 per share, but not less than 50% of the Company's ordinary share closing price. Upon the issuance of the warrants, if there is any change in the ordinary shares of the Company, the exercise price shall be adjusted according to a specific formula. The duration of the issued share subscription warrants is 5 years. Employees may exercise

their subscription rights in accordance with the employee share subscription warrant measures after 2 years have elapsed from the date the share subscription warrants are granted. The compensation costs recognized by the Company for compensatory employee share options for the years 2025 and 2024 were NT\$893 thousand and NT\$2,229 thousand, respectively.

- (1) Information on the number and weighted average exercise price of share options under the compensatory employee share option plans for 2025 and 2024 is disclosed as follows:

Share options	2025	
	Shares (in thousand)	Weighted-average exercise price
Outstanding at beginning of period	128	29.90
Granted	-	-
Exercised	(117)	29.90
Forfeited	(2)	29.90
Outstanding at end of period	9	29.90
Share options exercisable at end of period	9	

Share options	2024	
	Shares (in thousand)	Weighted-average exercise price
Outstanding at beginning of period	500	30.10
Granted	-	-
Exercised	(359)	29.90
Forfeited	(13)	29.90
Outstanding at end of period	128	29.90
Share options exercisable at end of period	128	

- (2) Information regarding employee share options outstanding as of December 31, 2025 and 2024 is disclosed as follows:

	December 31, 2025	December 31, 2024
Range of exercise price (NT\$)	29.90	29.90
Weighted-average remaining contract term (years)	0.875	1.875

- (3) The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the option granted, and the information for calculating the fair value is as follows:

Grant date	November 15, 2021
Dividend yield	0%
Expected volatility	43.12%-43.63%
Risk-free interest rate	0.40%-0.43%
Expected duration	3.5 – 4.5 years
Fair value of weighted-average price (per share)	NT\$35.52–NT\$37.02

2. Transfer of treasury shares to employees: Please refer to the description in Note 6(25).

(XXIII) Retained earnings and dividend policies

1. In accordance with the earning appropriation policy of the Articles of Incorporation, if there is a profit in the Company's annual final accounts, it shall be distributed in the following order:
 - (1) Pay taxes in accordance with the law.
 - (2) Covering prior years' accumulated deficit.
 - (3) Allocate 10% as the legal reserve, but when the legal reserve has accumulated to the total capital of the Company, this restriction does not apply.
 - (4) Appropriate a special reserve in accordance with laws and regulations or as necessitated by operations; after deducting the balances of the preceding items, and then adding the accumulated unappropriated retained earnings from the previous year, the Board of Directors shall prepare a proposal for the distribution of shareholders' bonuses, to be submitted to the shareholders' meeting for resolution and distribution.
 - (5) If the distribution of dividends or legal reserve and capital surplus of the Company, in whole or in part, is to be made in the form of cash, the Board of Directors is authorized to do so with the attendance of two-thirds or more of the directors and the approval of a majority of the directors present, and shall report such distribution to the shareholders' meeting.

In the future, the Company will, in line with its operating environment and growth stage, and based on capital expenditure, business expansion needs, sound financial planning, and balancing shareholder interests to achieve sustainable development, adopt a the Company dividend policy whereby no less than 10% of the aforementioned distributable earnings shall be appropriated for the distribution of shareholders' dividends and bonuses, based on the Company's future capital expenditure budget and funding requirements; provided, however, that when the accumulated distributable earnings are less than 5% of the paid-in share capital, such distribution may be withheld. When distributing shareholders' bonuses, such distribution may be made in the form of stock dividends or cash dividends, provided that the distribution ratio of cash dividends shall not be less than 10% of the total amount of shareholders' bonuses. If the Company has significant investment or development policies, it may distribute them entirely as share dividends.

2. Legal reserve shall not be used except to make good the losses of the Company and to issue new shares or cash in proportion to the original shares held by the shareholders; provided, however, that the issuance of new shares or cash shall be limited to the portion of such reserve exceeding 25% of the paid-in capital.

3. Special reserve

Item	December 31, 2025	December 31, 2024
Appropriation to retained earnings from other equity items	\$ 2,704	\$ 31,456

When the Company distributes surplus, it must, in accordance with legal regulations, offset the debit balance of the other equity interest item as of the balance sheet date for the current year before distribution. When the debit balance of the other equity interest item is reversed later, the reversed amount may be included in the distributable surplus.

4. The earnings distribution proposals and dividends per share for the years 2024 and 2023 approved by the Company's Board of Directors in March 2025 and 2024 and by the Shareholders' Meetings in June 2025 and 2024 are as follows:

Item	Earnings appropriation proposals		Dividends per share (NT\$)	
	2024	2023	2024	2023
Special reserve	\$ (28,752)	\$ (4,953)		
Cash dividends of ordinary shares	-	49,829	0	0.5
Total	\$ (28,752)	\$ 44,876		

5. The Board of Directors of the Company proposed the 2025 profit distribution and loss offsetting proposal on March 6, 2026. As there was a loss for the current year, there is no distribution of earnings.
6. Information on the earnings appropriation proposed by the Board of Directors and resolved at the shareholders' meeting is available on the "Market Observation Post System" of the Taiwan Stock Exchange.

(XXIV) Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2025	\$ 4,223	\$ (6,927)	\$ (2,704)
Exchange differences on translation of foreign financial statements	(2,343)	-	(2,343)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(40,251)	(40,251)
Balance at December 31, 2025	\$ 1,880	\$ (47,178)	\$ (45,298)

Item	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (15,465)	\$ (15,991)	\$ (31,456)
Exchange differences on translation of foreign financial statements	19,688	-	19,688
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	6,838	6,838
Gains or losses on disposal of equity instruments at fair value through other comprehensive income	-	2,226	2,226
Balance at December 31, 2024	\$ 4,223	\$ (6,927)	\$ (2,704)

(XXV) Treasury shares

1. Reason for share repurchase and changes in quantity

Unit: Thousand Shares

Reason for repurchase	2025			December 31
	January 1	Increase for the period	Decrease for the period	
Transferred to employees	2,823	-	(400)	2,423
Maintain the Company's credibility and shareholders' interest	-	1,375	(1,375)	-

Unit: Thousand Shares

Reason for repurchase	2024			December 31
	January 1	Increase for the period	Decrease for the period	
Transferred to employees	2,823	-	-	2,823

- (1) On August 17, 2021, the Company, for transfer to employees, obtained approval from the Board of Directors resolution to execute a buyback of 1,000 thousand treasury shares from September 18, 2021, to October 17, 2021. As of the expiration date of the buyback period, the Company had bought back a total of 834 thousand shares, for a total amount of NT\$54,075 thousand, of which 400 thousand shares were transferred to employees in 2025.

- (2) On October 13, 2022, the Company, for the purpose of transferring shares to employees, obtained approval from the Board of Directors resolution to execute a buyback of 1,000 thousand treasury shares from October 14, 2022 to November 13, 2022. As of the expiration date of the buyback period, the Company had bought back a total of 989 thousand shares, for a total amount of NT\$51,706 thousand.
- (3) On June 5, 2023, the Company, for the purpose of transferring to employees, obtained approval from the Board of Directors resolution to execute the buyback of 1,000 thousand treasury shares from June 6, 2023 to August 5, 2023, which was completed as of the expiration date of the buyback period; the Company a total of 1,000 thousand shares were bought back for a total amount of NT\$60,944 thousand.
- (4) On April 9, 2025, the Company, for the purpose of maintaining the Company's credit and shareholders' equity, obtained approval from the Board of Directors resolution to execute a buyback of 1,500 thousand treasury shares from April 10 to June 9, 2025. As of the expiry date of the buyback period, the Company had bought back a total of 1,375 thousand shares for a total amount of NT\$101,184 thousand. Such treasury shares were canceled in August 2025.
2. Pursuant to the provisions of Securities and Exchange Act, the ratio of the number of shares repurchased by the Company to the total number of its issued shares shall not exceed ten percent of the total number of issued shares of the Company, and the total amount for the repurchase of shares shall not exceed the amount of retained earnings plus the premium on issued shares and realized capital surplus.
3. The treasury shares held by the Company may not be pledged in accordance with the provisions of the Securities and Exchange Act, and no shareholder rights may be enjoyed prior to the transfer thereof.
4. Pursuant to the provisions of the Securities and Exchange Act, shares repurchased for transfer to employees shall be transferred within five years from the date of repurchase; shares not transferred within said period shall be deemed unissued shares of the Company, and an amendment registration shall be processed for the cancellation of such shares. Shares bought back for the purpose of maintaining the Company's credit and shareholders' equity shall be canceled by undergoing amendment registration within six months from the buyback date.

(XXVI) Non-controlling Interests

Item	2025	2024
Opening balance	\$ 15,782	\$ 44,175
Attributable to non-controlling interests:		
Net profit (loss)	(6,073)	(7,734)
Other comprehensive income	144	1,039
Decrease in non-controlling interests – disposal and liquidation	-	(34,503)
	-	12,805

Decrease in non-controlling interests -
difference between acquisition cost and
net equity

Closing balance	\$ 9,853	\$ 15,782
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(XXVII) Operating Revenue

Item	2025	2024
Revenue from contracts with customers		
Total operating revenue	\$ 1,812,805	\$ 1,662,076
Sales returns	(1,177)	(13,890)
Sales discounts	(2,281)	(3,278)
Net operating revenue	<u>\$ 1,809,347</u>	<u>\$ 1,644,908</u>

1. Explanation of contract revenue

This refers to sales revenue from machinery products, flexible printed circuit board products, and semiconductor materials, etc.; the primary customers are downstream manufacturers, and sales are conducted at prices stipulated in contracts.

2. Disaggregation of contract revenue:

The Group's revenue can be categorized into the following main product/service lines and geographical areas:

2025:

	Automation equipment	Electronic products	Net amount
<u>Major regional markets</u>			
Taiwan	\$ 552,643	\$ 54,129	\$ 606,772
Hong Kong and Mainland China	211,178	190,188	401,366
Southeast Asia	227,360	126,747	354,107
America	421,371	-	421,371
Europe	8,776	-	8,776
Other countries	3,169	13,786	16,955
Total	<u>\$ 1,424,497</u>	<u>\$ 384,850</u>	<u>\$ 1,809,347</u>
<u>Main product line</u>			
Automation equipment	\$ 1,424,497	\$ -	\$ 1,424,497
Flexible printed circuit boards	-	44,142	44,142
Semiconductor materials	-	340,708	340,708
Others	-	-	-
Total	<u>\$ 1,424,497</u>	<u>\$ 384,850</u>	<u>\$ 1,809,347</u>
<u>Timing of revenue recognition</u>			
Obligations fulfilled at a point of time	\$ 1,424,497	\$ 384,850	\$ 1,809,347
Obligations fulfilled over time	-	-	-
Total	<u>\$ 1,424,497</u>	<u>\$ 384,850</u>	<u>\$ 1,809,347</u>

2024:

	Automation equipment	Electronic products	Net amount
<u>Major regional markets</u>			
Taiwan	\$ 589,316	\$ 48,656	\$ 637,972

Hong Kong and Mainland China	250,043	174,980	425,023
Southeast Asia	178,583	109,114	287,697
America	224,560	-	224,560
Europe	13,886	-	13,886
Other countries	42,862	12,908	55,770
Total	<u>\$ 1,299,250</u>	<u>\$ 345,658</u>	<u>\$ 1,644,908</u>
<u>Main product line</u>			
Automation equipment	\$ 1,299,250	\$ -	\$ 1,299,250
Flexible printed circuit boards	-	40,877	40,877
Semiconductor materials	-	304,781	304,781
Others	-	-	-
Total	<u>\$ 1,299,250</u>	<u>\$ 345,658</u>	<u>\$ 1,644,908</u>
<u>Timing of revenue recognition</u>			
Obligations fulfilled at a point of time	\$ 1,299,250	\$ 345,658	\$ 1,644,908
Obligations fulfilled over time	-	-	-
Total	<u>\$ 1,299,250</u>	<u>\$ 345,658</u>	<u>\$ 1,644,908</u>

3. Contract balances

The Group recognizes the receivable, contract assets, and contract liabilities related to contract revenue as follows:

Item	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable	\$ 705,971	\$ 531,765	\$ 441,329
Contract assets	-	-	-
Total	<u>\$ 705,971</u>	<u>\$ 531,765</u>	<u>\$ 441,329</u>
Contract liabilities - current	\$ 41,902	\$ 29,347	\$ 23,038

(1) Significant changes in contract assets and liabilities

Changes in contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligations and the timing of customer payments; there were no other material changes.

(2) The amount recognized as revenue during the period from the opening balance of contract liabilities and performance obligations satisfied in prior periods is as follows:

Amount recognized as revenue for the period	2025	2024
From opening contract liabilities – product sales	\$ 22,226	\$ 23,038
From performance obligations satisfied in prior periods	\$ -	\$ -

(XXVIII) Employee benefits, depreciation, and amortization expenses

Nature	2025		
	Operating costs	Operating expenses	Total
Employee benefit expenses			
Salaries and wages expense	\$ 103,464	\$ 301,975	\$ 405,439
Labor and health insurance expense	3,864	22,914	26,778
Pension expense	14,777	21,461	36,238
Other employee benefit expenses	4,580	12,583	17,163
Depreciation expense	49,366	119,307	168,673
Amortization expense	65	9,835	9,900
Total	\$ 176,116	\$ 488,075	\$ 664,191

Nature	2024		
	Operating costs	Operating expenses	Total
Employee benefit expenses			
Salaries and wages expense	\$ 98,918	\$ 315,592	\$ 414,510
Labor and health insurance expense	4,278	24,448	28,726
Pension expense	15,300	19,882	35,182
Other employee benefit expenses	4,370	13,612	17,982
Depreciation expense	36,692	115,682	152,374
Amortization expense	49	8,525	8,574
Total	\$ 159,607	\$ 497,741	\$ 657,348

1. The Company shall allocate 5%-10% and no more than 3% of the pre-tax profit of the current year before deducting the distribution of Employee and director remunerations as employees' compensation and directors' remuneration, respectively. As the net profit before tax for the years 2025 and 2024 was negative, the estimated Employee and director remunerations are both NT\$0 thousand. If there are still changes in the amounts after the date of approval and issuance of the annual financial report, such changes shall be handled as changes in accounting estimates and adjusted in the accounts of the following year.
2. For information regarding the remuneration of employees and directors related to the Board of Directors resolution, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

(XXIX) Interest income

Item	2025	2024
Interest revenue		
interest income from bank deposits	\$ 7,094	\$ 13,515
Fund distributions	1,627	-
Total	\$ 8,721	\$ 13,515

(XXX) Other income

Item	2025	2024
Rental income	\$ 4,146	\$ 2,032
Dividend income	852	942
Compensation income	6,310	-
Other income	4,479	4,120
Total	\$ 15,787	\$ 7,094

(XXXI) Other gains and losses

Item	2025	2024
Gains (losses) on foreign exchange, net	\$ (24,804)	\$ 47,649
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(8,994)	15,784
Gains (losses) on disposal of financial assets at fair value through profit or loss	11,076	7,862
Gains (losses) on disposals of property, plant and equipment	797	(916)
(Gains) losses on lease modifications	(488)	132
Impairment loss (Note)	-	(4,524)
Other expenses	(2,412)	(626)
Total	\$ (24,825)	\$ 65,361

(Note): This refers to the loss that cannot be recovered from jointly developed equipment with other manufacturers.

(XXXII) Finance costs

Item	2025	2024
Interest expense:		
Bank loans	\$ 10,935	\$ 8,902
Convertible bonds	5,676	10,295
Interest on lease liabilities	3,600	3,380
Less: Amount capitalized to qualifying assets	(3,954)	(2,200)
Finance costs	\$ 16,257	\$ 20,377

(XXXIII) Income tax

1. Income tax expense:

(1) The components of tax expenses:

	2025	2024
<u>Income tax for the period</u>		
Income tax expense for the period	\$ 14,554	\$ 1,533
Non-deductible foreign taxes	2,323	3,050

Adjustment of income tax of prior years	672	(8,350)
Total income tax for the period	<u>\$ 17,549</u>	<u>\$ (3,767)</u>
<u>Deferred income tax</u>		
Originating and reversing temporary differences	\$ (7,709)	\$ 9,280
Total deferred income tax	<u>\$ (7,709)</u>	<u>\$ 9,280</u>
Income tax expense (benefit)	<u>\$ 9,840</u>	<u>\$ 5,513</u>

The tax rate applicable to the Group's entities in the Republic of China is 20%, and the tax rate applicable to unappropriated earnings is 5%. Tax rates applicable to other entities in other jurisdictions are based on the tax laws in those jurisdictions.

(2) Tax expense (benefit) related to other comprehensive income:

Item	2025	2024
Exchange differences on translation of foreign operations	\$ (199)	\$ 467
Remeasurements of defined benefit plans	316	393
Total	<u>\$ 117</u>	<u>\$ 860</u>

2. A reconciliation between accounting profit and income tax expense recognized in profit or loss for the current year is as follows:

Item	2025	2024
Profit before tax	<u>\$ (94,032)</u>	<u>\$ (53,346)</u>
Tax expense calculated by applying the statutory tax rate to profit before tax	(85,223)	(20,659)
Tax effect of adjustments:		
Others	59,328	(7,990)
Loss carryforwards	40,449	30,182
Adjustment of income tax of prior years	672	(8,350)
Non-deductible foreign taxes	2,323	3,050
Net change in deferred income tax	-	-
Temporary differences	<u>(7,709)</u>	<u>9,280</u>
Income tax expense recognized in profit or loss	<u>\$ 9,840</u>	<u>\$ 5,513</u>

3. Deferred tax assets or liabilities arising from temporary differences, loss carryforwards, and investment tax credits:

	2025				
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Effect of exchange rate	Closing balance
Deferred tax assets:					
Temporary differences					
Net defined benefit liability	\$ 982	\$ (570)	\$ (254)	\$ -	\$ 158

Short-term provisions for warranties	5,321	762	-	-	6,083
Unrealized loss on inventory	17,944	4,410	-	-	22,354
Unused leave bonus	1,494	201	-	-	1,695
Unused tax losses	10,485	(2,348)	-	(99)	8,038
Investment losses accounted for using equity method	1,607	2,111	-	-	3,718
Others	7,051	1,511	199	-	8,761
Subtotal	<u>\$ 44,884</u>	<u>\$ 6,077</u>	<u>\$ (55)</u>	<u>\$ (99)</u>	<u>\$ 50,807</u>
Deferred tax liabilities					
Temporary differences					
Net defined benefit asset	\$ -	\$ (206)	\$ (62)	\$ -	\$ (268)
Unrealized exchange gains	(3,251)	1,837	-	-	(1,414)
Subtotal	<u>\$ (3,251)</u>	<u>\$ 1,631</u>	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ (1,682)</u>
Total	<u>\$ 41,633</u>	<u>\$ 7,708</u>	<u>\$ (117)</u>	<u>\$ (99)</u>	<u>\$ 49,125</u>

2024

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Effect of exchange rate	Closing balance
Deferred tax assets:					
Temporary differences					
Net defined benefit liability	\$ 1,916	\$ (541)	\$ (393)	\$ -	\$ 982
Unrealized exchange loss	2,542	(2,542)	-	-	-
Short-term provisions for warranties	4,396	925	-	-	5,321
Unrealized loss on inventory	15,511	2,433	-	-	17,944
Unrealized bad debt loss	636	(636)	-	-	-
Unused leave bonus	1,573	(79)	-	-	1,494
Unused tax losses	10,519	(284)	-	250	10,485
Investment losses accounted for using equity method	6,141	(4,067)	(467)	-	1,607
Others	8,565	(1,514)	-	-	7,051
Subtotal	<u>\$ 51,799</u>	<u>\$ (6,305)</u>	<u>\$ (860)</u>	<u>\$ 250</u>	<u>\$ 44,884</u>
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains	\$ -	\$ (3,251)	\$ -	\$ -	\$ (3,251)
Investment gains accounted for using equity method	(276)	276	-	-	-
Subtotal	<u>\$ (276)</u>	<u>\$ (2,975)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,251)</u>
Total	<u>\$ 51,523</u>	<u>\$ (9,280)</u>	<u>\$ (860)</u>	<u>\$ 250</u>	<u>\$ 41,633</u>

4. Items not recognized as deferred tax assets

Item	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 69,375	\$ 46,492
Loss carryforwards	134,689	59,208
Total	<u>\$ 204,064</u>	<u>\$ 105,700</u>

5. The income tax of the Company's profit-seeking enterprise has been approved up to 2023 by the tax collection authority.

(XXXIV) Other comprehensive income (loss)

Item	2025		
	Before tax	Income tax (expense) benefit	Net amount after tax
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	\$ 1,587	\$ (316)	\$ 1,271
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(40,251)	-	(40,251)
Subtotal	\$ (38,664)	\$ (316)	\$ (38,980)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign financial statements	\$ (2,542)	\$ 199	\$ (2,343)
Subtotal	\$ (2,542)	\$ 199	\$ (2,343)
Recognized in other comprehensive income (loss)	\$ (41,206)	\$ (117)	\$ (41,323)
	2024		
Item	Before tax	Income tax (expense) benefit	Net amount after tax
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	\$ 1,966	\$ (393)	\$ 1,573
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,838	-	6,838
Subtotal	\$ 8,804	\$ (393)	\$ 8,411
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign financial statements	\$ 21,051	\$ (467)	\$ 20,584
Subtotal	\$ 21,051	\$ (467)	\$ 20,584
Recognized in other comprehensive income (loss)	\$ 29,855	\$ (860)	\$ 28,995

(XXXV) Transactions with non-controlling interests

1. Acquisition of additional equity subsidiaries

2025: None.

2024:

In March 2024, the Group acquired an additional 9.39% equity interest in its subsidiary, Superior Technology Semiconductor Co., Ltd (which was renamed to Superior Technology Semiconductor Co., Ltd in August 2024), for a cash consideration of NT\$34,503 thousand, resulting in an increase in its shareholding

ratio from 90.61% to 100%. As the aforementioned transaction did not change the Group's control over the said subsidiary, the Group treated it as an equity transaction:

Item	Superior Technology
Carrying amount of non-controlling interests purchased	\$ 21,698
Consideration paid to non-controlling interests	(34,503)
Accumulated profit and loss – difference between consideration and carrying amount of subsidiaries acquired or disposed of	\$ (12,805)

(XXXVI) Earnings per share

Item	2025	2024
A. Basic earnings per share:		
Net profit for the period	\$ (97,799)	\$ (51,125)
Weighted-average shares outstanding for the period (thousand shares)	104,978	101,138
Basic earnings per share (after tax) (NT\$)	<u>\$ (0.93)</u>	<u>\$ (0.51)</u>
B. Diluted earnings per share:		
Net profit for the period	\$ (97,799)	\$ (51,125)
Interest on convertible bonds	-	-
Net profit after adjusted diluted effect	<u>\$ (97,799)</u>	<u>\$ (51,125)</u>
Weighted-average shares outstanding for the period (thousand shares)	104,978	101,138
Effect of potential dilutive ordinary shares:		
Convertible bonds (thousand shares)	-	-
Effect of employee share options (thousand shares)	-	-
Effect of employee compensation (thousand shares)	-	-
Weighted average number of ordinary shares outstanding after dilution (thousand shares)	104,978	101,138
Outstanding shares (in thousands)	<u>104,978</u>	<u>101,138</u>
Diluted earnings per share (after tax) (NT\$)	<u>\$ (0.93)</u>	<u>\$ (0.51)</u>

7. Related-Party Transactions

(1) Parent company and ultimate controlling party:

The Company is the ultimate controller of the Group.

(2) Name of related party and its relationship: None.

(3) Significant transactions with related parties:

1. Operating revenue: None.
2. Purchase: None.
3. Contract assets: None.
4. Contract liabilities: None.
5. Accounts receivable from related parties (excluding loans to related parties): None.
6. Amounts payable to related parties (excluding borrowings from related parties): None.
7. Prepayments: None.
8. Property transactions: None.
9. Lease agreement: None.
10. Rent agreement: None.

11. Loans to related parties: None.
 12. Borrowings from related parties: None.
 13. Endorsement guarantee: None.
 14. Others

(4) Key management compensation information

Category/name of related party	2025	2024
Salaries and other short-term employee benefits	\$ 23,010	\$ 25,177
Post-employment benefits	907	926
Share-based payments	7,457	700
Total	\$ 31,374	\$ 26,803

8. Pledged Assets

The following assets have been provided as collateral for various loans and performance guarantees:

Item	December 31, 2025	December 31, 2024
Other financial assets – current	\$ 33,788	\$ 6,419
Other financial assets – non-current	5,400	5,900
Right-of-use assets	30,052	31,332
Property, plant and equipment, net	660,639	690,618
Total	\$ 729,879	\$ 734,269

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (1) As of December 31, 2025 and 2024, the promissory notes issued by the Group as guarantees for loan facilities and other matters amounted to NT\$949,736 thousand and NT\$927,840 thousand, respectively, which were recognized as guarantee notes provided and guarantee notes payable.
- (2) As of December 31, 2025 and 2024, the time deposit certificates provided by the Group were all NT\$710 thousand, which were provided to the Kaohsiung Customs, Customs Administration, Ministry of Finance as security for import and export goods deposits.
- (3) As of December 31, 2025 and 2024, the performance guarantees provided by banks for the equipment development projects applied for by the Group to the Taipei Computer Association were NT\$3,091 thousand and NT\$995 thousand, respectively.
- (4) As of December 31, 2025, the Group applied for an equipment development project from the Small and Medium Enterprise Counseling Foundation; the performance guarantee provided by the bank was NT\$27,800 thousand.
- (5) As of December 31, 2025 and 2024, the details of the Group's issued but unused letters of credit are as follows:

Item	Unit: Thousands of NTD	
	December 31, 2025	December 31, 2024
Amount of overseas letters of credit	USD	USD 199
	JPY 26,154	JPY 6,812
	EUR -	EUR -

(6) The amount of banker's acceptance for the import of goods by the Company is as follows:

Item	Unit: Thousands of NTD	
	December 31, 2025	December 31, 2024
Banker's acceptance	USD	74
	JPY	78,605
	USD	139
	JPY	49,135

(7) Material capital expense under a contract but not yet incurred:

Item	December 31, 2025	December 31, 2024
Property, plant and equipment	\$ 199,257	\$ 395,613

(8) The Group entered into a plant purchase contract with Zen Voce Co., Ltd. in May 2022, stipulating that upon completion of the construction of the new plant by the Group's subsidiary, Superior Technology Semiconductor Co., Ltd. (renamed as Superior Technology Semiconductor Co., Ltd. in 2024), certain floors of its newly constructed plant would be sold. In July 2022, the Group received a performance bond of NT\$71,056 thousand (recorded under guarantee deposits received). Following the completion of the aforementioned plant construction, the sale of the plant became difficult to implement due to factors such as legal restrictions prohibiting the sale of partial floors and controls on mainland capital accounts. Both parties agreed to rescind the contract in April 2025, and the performance bond was returned without interest.

10. Significant Disaster Loss: None.

11. Significant Events after the Balance Sheet Date:

On March 6, 2026, the Board of Directors of the parent company resolved to approve the buyback of treasury shares for the purpose of maintaining the company's credit and shareholders' equity. The details are as follows:

1. Scheduled period for repurchase: March 7, 2026 to May 6, 2026.
2. Planned quantity of buyback (shares): 1,500 thousand shares.
3. Price range for buyback (NT\$): NT\$80 to NT\$120 per share. If the company's share price falls below the lower limit of the price range, the buyback will continue.

12. Others

(I) Capital risk management

The Group must maintain sufficient capital to support the needs of expanding and upgrading plants and equipment. Therefore, the Group's capital management is aimed at ensuring the necessary financial resources and operating plans to support the requirements for working capital, capital expenditures, and debt repayments for the next 12 months.

(II) Financial instruments

1. Financial risks of financial instruments

Financial risk management policy

The Group's daily operations are affected by various financial risks, including market risk (comprising exchange rate risk, price risk, and interest rate risk), credit risk, and liquidity risk. To mitigate related financial risks, the Group is committed to identifying, assessing, and avoiding market uncertainties to reduce the potential adverse impact of market fluctuations on the Group's financial performance.

The Group's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of the financial plan, the Group must strictly adhere to the relevant financial operating procedures concerning overall financial risk management and the division of responsibilities.

Nature and degrees of significant financial risks

(1) Market risk

A. Foreign exchange rate risk

(A) The Group is exposed to foreign exchange risk arising from sales, purchases, and borrowing transactions that are not denominated in the Group's functional currency, as well as from net investments in foreign operations. The functional currency of the Group is primarily New Taiwan Dollars. The currencies in which these transactions are primarily denominated include USD, EUR, RMB, and JPY. To avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows caused by exchange rate movements, the Group uses foreign currency borrowings to hedge exchange rate risks. The use of such financial instruments can assist the Group in reducing, but cannot completely eliminate, the impact caused by fluctuations in foreign currency exchange rates.

As net investments in foreign operations are strategic investments, the Group has not hedged against them.

(B) Foreign exchange risk exposure and sensitivity analysis (before consolidation eliminations)

	December 31, 2025					
	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Range of Change	Impact on profit and loss	Impact on equity
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
USD: NTD	19,449	31.4300	611,295	Appreciated by 1%	6,113	-
JPY: NTD	181,442	0.2003	36,343	Appreciated by 1%	363	-
CNY: NTD	102,515	4.4716	458,408	Appreciated by 1%	4,584	-
USD:MYR	2,575	4.2017	80,918	Appreciated by 1%	809	-
USD: CNY	3,566	7.0288	112,068	Appreciated by 1%	1,121	-
USD: HKD	1,568	7.7819	49,296	Appreciated by 1%	493	-
<u>Financial liabilities</u>						
<u>Monetary item</u>						
JPY: NTD	78,825	0.2003	15,789	Appreciated by 1%	(158)	-
USD: NTD	1,374	31.4300	43,174	Appreciated by 1%	(432)	-
USD: CNY	2,383	7.0288	74,912	Appreciated by 1%	(749)	-
USD: HKD	1,708	4.2017	53,684	Appreciated by 1%	(537)	-

	Foreign currency	Exchange rate	Carrying amount (NTD)	December 31, 2024:		
				Sensitivity analysis		
				Range of Change	Impact on profit and loss	Impact on equity
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary item</u>						
USD: NTD	11,036	32.785	361,804	Appreciated by 1%	3,618	-
JPY: NTD	157,967	0.2107	33,284	Appreciated by 1%	333	-
CNY: NTD	84,795	4.5608	386,733	Appreciated by 1%	3,867	-
USD: CNY	2,346	7.1884	76,900	Appreciated by 1%	769	-
<u>Financial liabilities</u>						
<u>Monetary item</u>						
JPY: NTD	49,135	0.2107	10,353	Appreciated by 1%	(104)	-
USD: NTD	834	32.785	27,353	Appreciated by 1%	(274)	-
USD: CNY	3,243	7.1884	106,329	Appreciated by 1%	(1,063)	-
USD: HKD	1,462	7.7625	47,928	Appreciated by 1%	(479)	-

If the value of the New Taiwan Dollar appreciates against the aforementioned currencies, and if all other variables remain constant, there would be an equal but opposite effect on the amounts reflected in the aforementioned currencies as of December 31, 2025 and 2024.

The aggregate amount of exchange gains and losses (including realized and unrealized) recognized by the Group for the years 2025 and 2024 due to the significant impact of exchange rate fluctuations on monetary items was NT\$(24,804) thousand and NT\$47,649 thousand, respectively.

B. Price risk

Due to the investments held by the Group in consolidated balance sheets, classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the Group is exposed to price risk of equity instruments.

The Group primarily invests in products such as listed or unlisted shares and funds. The prices of these financial instruments are subject to fluctuations due to the uncertainty of the future value of the investment targets.

If the price of such financial instruments were to rise or fall by 1%, with all other factors remaining constant, the after-tax net profit for 2025 and 2024 would increase or decrease by NT\$1,653 thousand and NT\$2,338 thousand, respectively, due to gains or losses from financial assets at fair value through profit or loss. For the years 2025 and 2024, other comprehensive income (loss), net of income tax, would

increase or decrease by NT\$476 thousand and NT\$846 thousand, respectively, due to the rise or fall in the fair value of financial assets at fair value through other comprehensive income.

C. Interest rate risk

The carrying amount of the financial assets and liabilities that are exposed to interest rate risk as reporting date was as follows:

Item	Carrying amount	
	December 31, 2025	December 31, 2024
Fair value interest rate risk:		
Financial assets	\$ 125,979	\$ 620,032
Financial liabilities	(492,511)	(512,595)
Net amount	\$ (366,532)	\$ 107,437
Cash flow interest rate risk:		
Financial assets	\$ 411,406	\$ 231,588
Financial liabilities	(456,910)	(313,531)
Net amount	\$ (45,504)	\$ (81,943)

(A) Sensitivity analysis of instruments with fair value interest rate risk

The Group has not classified any fixed-rate financial assets and liabilities as financial assets measured at fair value through profit or loss and at fair value through other comprehensive income, nor has it designated derivative instruments (interest rate swaps) as hedging instruments under the fair value hedge accounting model. Therefore, the change in the daily interest rate reported will not affect the profit and loss and other total net income.

(B) Sensitivity analysis of instruments with cash flow interest rate risk

The floating rate financial instruments of the Group are classified as floating rate assets (debt), hence changes in market interest rates will cause their effective interest rates to fluctuate, resulting in volatility in future cash flows. A 1% decrease (increase) in market interest rates would cause the net profit for 2025 and 2024 to increase (decrease) by NT\$(455) thousand and NT\$(819) thousand, respectively.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Group due to a counterparty's breach of contractual obligations. The credit risk of the Group primarily arises from receivables generated from operating activities, and cash in banks and other financial instruments generated from investing activities. Operational credit risk and financial credit risk are managed separately.

A. Operational credit risk

To maintain the quality of accounts receivable, the Group has established procedures for operational credit risk management.

The risk assessment of individual clients takes into account various factors that may affect the client's payment ability, including the client's financial

condition, the internal credit rating of the Group, historical transaction records, and the current economic situation.

B. Financial credit risk

The credit risk of cash in banks and other financial instruments is measured and monitored by the financial department of the Group. As the Group's counterparties to the transaction and contract are banks with good credit and financial institutions, companies, and government agencies rated at investment-grade or higher, there are no significant concerns regarding performance obligations, and therefore, no significant credit risk. In addition, the Group does not classify any debt instrument investments as measured at amortized cost and classified as at fair value through other comprehensive income.

(A) Credit concentration risk

As of December 31, 2025 and 2024, the balance of accounts receivable from the top ten customers accounted for 59% and 47% of the Group's accounts receivable balance, respectively; the credit concentration risk of the remaining accounts receivable is relatively not significant.

(B) Measurement of expected credit loss:

- (a) Accounts receivable: It adopts a simplified approach. Please refer to Note 6(4) for details.
- (b) Basis for determining whether credit risk has increased significantly: None. (The Group does not classify any debt instrument investments as measured at amortized cost and classified as at fair value through other comprehensive income.)

(C) Holding collateral and other credit enhancements to mitigate the credit risk of financial assets:

The financial impact related to the maximum exposure to credit risk of the financial assets recognized in the consolidated balance sheets and the collateral held by the Group as security, net settlement agreements, and other credit enhancements is shown in the following table:

December 31, 2025	Carrying amount	Decrease in amount of maximum exposure to credit risk			
		Collateral	Total agreement of net settlement	Other credit enhancement	Total
Credit-impaired financial instruments that are subject to impairment requirements of IFRS 9	\$ -	\$ -	\$ -	\$ -	\$ -
Credit-impaired financial instruments that are not subject to impairment requirements of IFRS 9 :					
Financial assets at fair value through profit or loss	165,284	-	-	-	-
Financial assets at fair value through other comprehensive income	47,632	-	-	-	-
Total	\$ 212,916	\$ -	\$ -	\$ -	\$ -

December 31, 2024	Carrying amount	Decrease in amount of maximum exposure to credit risk			
		Collateral	Total agreement of net settlement	Other credit enhancement	Total
Credit-impaired financial instruments that are subject to impairment requirements of IFRS 9	\$ 825	\$ -	\$ -	\$ -	\$ -
Credit-impaired financial instruments that are not subject to impairment requirements of IFRS 9 :					
Financial assets at fair value through profit or loss	233,751	-	-	-	-
Financial assets at fair value through other comprehensive income	84,619	-	-	-	-
Total	\$ 319,195	\$ -	\$ -	\$ -	\$ -

(3) Liquidity risk

A. Liquidity risk management

The Group's objective in managing liquidity risk is to maintain the cash and cash equivalents, highly liquid marketable securities, and sufficient banking facilities required for operations, so as to ensure that the Group has adequate financial flexibility.

B. Financial liabilities maturity analysis

December 31, 2025

Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term borrowings	\$ 174,200	\$ 7,400	\$ -	\$ -	\$ -	\$ 181,600	\$ 181,600
Notes payable	4,795	-	-	-	-	4,795	4,795
Accounts payable	241,307	-	-	-	-	241,307	241,307
Other payables	157,460	-	-	-	-	157,460	157,460
Long-term borrowings (including the portion due within one year)	17,464	35,268	69,991	136,048	19,308	278,079	275,310
Bonds payable	-	-	353,500	-	-	353,500	345,264
Lease liabilities	13,092	13,826	25,989	40,816	76,979	170,702	147,247
Refundable deposits received	338	-	-	-	-	338	338
Total	\$ 608,656	\$ 56,494	\$ 449,480	\$ 176,864	\$ 96,287	\$ 1,387,781	\$ 1,353,321

Further information on the maturity analysis of lease liabilities was as follows:

	Shorter than one year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payment
Lease liabilities	\$ 26,918	\$ 66,805	\$ 29,867	\$ 28,053	\$ 14,160	\$ 4,899	\$ 170,702

December 31, 2024

Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term borrowings	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Notes payable	3,814	-	-	-	-	3,814	3,814
Accounts payable	212,684	-	-	-	-	212,684	212,684
Other payables	162,168	-	-	-	-	162,168	162,168
Long-term borrowings (including the portion due within one year)	8,458	17,571	53,440	206,360	22,702	308,531	308,531
Bonds payable	-	-	-	388,700	-	388,700	373,695
Lease liabilities	13,245	9,391	18,777	38,864	82,882	163,159	138,900
Refundable deposits received	-	71,056	-	-	-	71,056	71,056
Total	\$ 400,369	\$ 103,018	\$ 72,217	\$ 633,924	\$ 105,584	\$ 1,315,112	\$ 1,275,848

Further information on the maturity analysis of lease liabilities was as follows:

	Shorter than one year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payment
Lease liabilities	\$ 22,636	\$ 57,641	\$ 28,345	\$ 29,868	\$ 18,791	\$ 5,878	\$ 163,159

The Group does not expect the timing of the occurrence of the cash flows in the maturity analysis to be significantly earlier, nor the actual amounts to be significantly different.

2. Financial instruments by category

Item	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 495,558	\$ 730,387
Notes and accounts receivable	705,971	531,765
Other receivables	12,852	6,311
Other financial assets – current	43,788	117,419
Other financial assets – non-current	5,400	5,900
Refundable deposits paid	10,249	11,828
Financial assets at fair value through profit or loss – current	165,284	233,751
Financial assets at fair value through other comprehensive income – non-current	47,632	84,619
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	181,600	5,000
Notes and accounts payable	246,102	216,498
Other payables	157,460	162,168
Long-term borrowings (including the portion due within one year)	275,310	308,531
Bonds payable (including those due within one year)	345,264	373,695
Lease liabilities (including the portion due within one year)	147,247	138,900
Refundable deposits received	338	71,056

(III) Fair value information:

- For information on the fair value of the Group's financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)3.
- Definition of the three levels of fair value

Level 1:

The input value of this level refers to the active market public quotation of the same instrument in an active market. An active market is a market in which all the following conditions exist: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time in the market; and price information is available to the public. The fair value of the listed stocks, beneficiary certificates, Taiwan central government bond investments belonging to popular securities, and derivatives with active market quotations invested by the group all belong to this category.

Level 2:

The input values of this level refer to observable prices other than active market quotations, including directly (such as prices) or indirectly (such as derived from prices) observable inputs obtained from active markets. The group's investments in non-popular bonds, corporate bonds, and most derivatives are included.

Level 3:

The input value of this level refers to the input parameters for measuring fair value that are not based on observable inputs available in the market. This includes the Group's investments in equity instruments without an active market and investments in convertible preferred shares.

3. Financial instruments that are not measured at fair value

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value, such as cash and cash equivalents, accounts receivable, other financial assets, guarantee deposits paid, short-term borrowings, accounts payable, lease liabilities, long-term borrowings (including those due within one year or one operating cycle), guarantee deposits received, and other financial liabilities, are reasonable approximations of their fair values.

Item	December 31, 2025			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 345,264	\$ 604,485	\$ -	\$ -

Item	December 31, 2024			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 373,695	\$ 532,519	\$ -	\$ -

4. Information on fair value by level:

The Group's financial instruments were measured at fair value on a recurring basis. The Group's fair value levels are shown in the following table:

Item	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	\$ 163,870	\$ -	\$ -	\$ 163,870
Redemption and put options on convertible bonds	-	-	1,414	1,414
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	-	-	47,632	47,632
Total	\$ 163,870	\$ -	\$ 49,046	\$ 212,916

Item	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	\$ 232,546	\$ -	\$ -	\$ 232,546
Redemption and put options on convertible bonds	-	-	622	622
Foreign exchange contracts	-	583	-	583
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	-	-	84,619	84,619
Total	<u>\$ 232,546</u>	<u>\$ 583</u>	<u>\$ 85,241</u>	<u>\$ 318,370</u>

5. Fair value valuation techniques of instruments measured at fair value:

(1) If financial instruments have quoted prices in an active market, the quoted prices in the active market are used as the fair value. The market prices announced by major exchanges and the Central Government Bond Counter Trading Center, judged as popular securities, are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

If timely and frequent public quotations for financial instruments can be obtained from exchanges, brokers, underwriters, industry associations, pricing service agencies, or regulatory authorities, and such prices represent actual and frequent fair market transactions, then the financial instruments have an active market public quotation. If the above conditions are not met, the market is considered inactive. Generally speaking, a broad bid-ask spread, a significant increase in the bid-ask spread, or extremely low trading volume are all indicators of an inactive market.

For financial instruments held by the Group that have an active market, their fair values are presented by category and attribute as follows:

- A. Domestic listed shares: Closing price.
- B. Closed-end funds: Closing price.
- C. Open-end funds: Net asset value.
- D. Government bonds: Transaction price.
- E. Corporate bonds: Weighted-average price of NT\$100.
- F. Convertible (exchangeable) bonds: Closing price.

(2) Except for the aforementioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or by reference to counterparty quotes. The fair value obtained through valuation techniques may be determined by reference to the current fair value of other financial instruments that are substantially similar in terms and characteristics, the discounted cash flow method, or other valuation techniques, including

calculations using models based on market information available on the balance sheet.

- (3) The valuation of derivative financial instruments is based on valuation models widely accepted by market users, such as the discounted cash flow method and option pricing models. Forward foreign exchange contracts are generally valued based on current forward exchange rates.
- (4) The output of the valuation model is an estimated approximate value, and the valuation techniques may not reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model is appropriately adjusted based on additional parameters, such as model risk or liquidity risk. In accordance with the Group's fair value valuation model management policy and related control procedures, management believes that valuation adjustments are appropriate and necessary to fairly present the fair value of financial and non-financial instruments in the consolidated balance sheet. The pricing information and parameters used in the valuation process have been carefully evaluated and appropriately adjusted based on current market conditions.

6. Movement between level 1 and level 2: None.

7. Details of changes in level 3:

Item	Financial assets at fair value through other comprehensive income – equity instruments	
	2025	2024
Opening balance	\$ 84,619	\$ 26,176
Transferred from prepayments for investments	-	10,000
Purchase	3,264	40,546
Recognized in other comprehensive income (loss)	(40,251)	7,897
Closing balance	\$ 47,632	\$ 84,619

8. Quantitative information on fair value of significant unobservable inputs (Level 3):

The fair value of the unlisted (non-TPEX) company shares held by the Group for which there is no active market is primarily estimated using the market approach, the determination of which is assessed with reference to the valuation of comparable companies, the net worth of the company, and its operating conditions. The significant unobservable inputs used for fair value are listed in the table below:

2025:

Item	Evaluation technique	Significant unobservable input	Interval	Relationship between input and fair value
Financial assets at fair value through other comprehensive income - share	Market Approach	Lack of liquidity discount rate	28.11%-30.09%	The higher the liquidity discount, the lower the fair value estimate.

2024:

Item	Evaluation technique	Significant unobservable input	Interval	Relationship between input and fair value
Financial assets at fair value through other comprehensive income - share	Market Approach	Lack of liquidity discount rate	20.84%-28.28%	The higher the liquidity discount, the lower the fair value estimate.

9. Valuation process for Level 3 fair value measurement

For the evaluation process of fair value categorized as Level 3, the Group uses independent source data to make the evaluation results close to market conditions, confirms that the data sources are independent, reliable, consistent with other resources, and represent executable Exercise price, and periodically calibrates evaluation models, performs back-testing, updates inputs and data required for evaluation models, and makes any other necessary fair value adjustments to ensure that the evaluation results are reasonable.

(IV) Transfer of financial assets: None.

(V) Offset of financial assets and financial liabilities: None.

(VI) The Ministry of Environment announced the “Carbon Fee Collection Regulations”, the “Voluntary Reduction Plan Management Regulations”, and the “Designated Greenhouse Gas Reduction Targets for Carbon Fee Payers” on August 29, 2024, and announced the carbon fee rates in October 2024, which will take effect from January 1, 2025. The Company estimates that the 2025 greenhouse gas emissions will not exceed the threshold for the imposition of carbon fees; therefore, it is not necessary to estimate liabilities related to carbon emissions for the period from January to December 2025.

13. Supplementary Disclosures

(1) Information on significant transactions (before consolidation eliminations)

1. Loans to other parties: Table 1.

2. Endorsements/Guarantees Provided for Other Parties: Table 2.

3. Securities held at end of period: Table 3.

4. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of paid-in capital: None.

5. Receivables from related parties amounting to at least NT\$100 million or 20% of paid-in capital: Table 4.

6. Engaging in derivative instrument transactions: None.

7. Intercompany business relationships and material Transaction details: Table 5.

(2) Information on investees (before consolidation eliminations): Table 6.

(3) Information on investments in Mainland China (before consolidation eliminations): Table 7.

Table 1

E&R ENGINEERING CORPORATION AND SUBSIDIARIES

Loans to Other Parties

December 31, 2025

Unit: Thousands of Foreign Currency; Thousands of NTD

No.	Lender	Borrower	Account name	Related party (Y/N)	Highest amount for the period	Closing balance	Actual amount drawn down	Interest rate range	Nature of loan (Note 3)	Transaction amount	Purpose for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans to a single borrower (Note 1)	Aggregate limit on loans (Note 2)
													Item	Value		
0	E&R ENGINEERING CORPORATION	Wuxi E&R Semiconductor Materials Technology Co., Ltd.	Other receivables related parties (Note 4)	Yes	26,319 (USD 837)	23,083 (USD 734)	23,083 (USD 734)	-	1	46,188 (Notes 5 and 6)	-	-	-	-	1,059,095	1,059,095
		Dongguan E&R Semiconductor Materials Ltd.	Other receivables related parties (Note 4)	Yes	20,099 (USD 639)	20,099 (USD 639)	20,099 (USD 639)	-	1	47,344 (Notes 5 and 6)	-	-	-	-	1,059,095	1,059,095
		Superior Technology Semiconductor Co., Ltd.	Other receivables related parties (Note 4)	Yes	6,778 (USD 164;RMB 366)	4,606 (RMB 1,030)	4,606 (RMB 1,030)	-	1	17,833 (Note 6)	-	-	-	-	1,059,095	1,059,095
		Superior Technology Semiconductor Co., Ltd.	Other receivables related parties	Yes	655,316 (USD 20,850)	388,161 (USD 12,350)	339,842 (RMB 76,000)	2.50%	2	-	Operating capital turnover	-	-	-	1,059,095	1,059,095
1	Superior Technology Semiconductor Co., Ltd.	Chen Tai Trading CO., LTD. ShangHai	Other receivables related parties	Yes	62,602 (RMB 14,000)	26,830 (RMB 6,000)	26,830 (RMB 6,000)	2.50%	2	-	Operating capital turnover	-	-	-	56,488 (RMB 12,386)	56,488 (RMB 12,386)

Note 1. The ceiling on loans granted to a single party by the Company and its subsidiaries: Not to exceed 40% of the Company's net value for the period.

Note 2. The ceiling on total loans granted by the Company and its subsidiaries: Not to exceed 40% of the Company's net value for the period.

Note 3. The numbering for the nature of loans is as follows:

■ "1" represents for transaction counterparty.

■ "2" represents a short-term financing requirement.

Note 4. In principle, the Company's collection of payments for sales to related parties is handled in accordance with the collection policy for the same transactions with non-related parties. However, if the related parties are unable to implement the aforementioned policies due to insufficient funds or losses, the Company considers the full support of the subsidiaries' operations to achieve the Company's business objectives in the Mainland China market to be a more important consideration and has thus deferred collection. The Company has reclassified the overdue accounts receivable from Wuxi E&R, Dongguan E&R, and Superior Technology as other receivables in the amounts of NT\$23,083 thousand, NT\$20,099 thousand, and NT\$4,606 thousand, respectively.

Note 5. The Company's raw materials procurement agency transactions for Wuxi E&R and Dongguan E&R are presented as collections and payments on behalf of others, and purchases and sales are not recognized.

Note 6: Refers to the 2025 transaction amount.

Note 7: The above transactions between the parent and subsidiary have been reversed.

Table 2

E&R ENGINEERING CORPORATION AND SUBSIDIARIES

Endorsements/guarantees provided for other parties

December 31, 2025

Unit: Thousands of Foreign Currency; Thousands of NTD

No.	Guarantor	Counterparty		Ceiling on endorsement/guarantee for a single entity (Note 2)	Highest balance of endorsement/guarantee in the period	Closing balance of endorsement/guarantee	Actual amount drawn down	Amount of endorsement/guarantee secured by collateral	Ratio of cumulative endorsement/guarantee to net value in latest financial statements	Ceiling on total endorsement/guarantee (Note 3)	Endorsement/guarantee by parent company for subsidiary	Endorsement/guarantee by subsidiary for parent company	Endorsement/guarantee to an entity in Mainland China
		Company name	Relationship (Note 1)										
0	E&R ENGINEERING CORPORATION	TECH-WAVE Industrial Co., Ltd.	2	529,547	20,000	15,000	7,400	-	0.57%	1,323,868	Y	-	-

Note 1: There are seven types of relationships between the endorser and the counterparty, and the type shall be indicated:

- (1) Companies with which it has business dealings.
- (2) An entity wherein the Company holds more than 50% of the voting shares, directly or indirectly.
- (3) An entity holding more than 50% of the Company's voting shares, directly or indirectly.
- (4) An entity wherein the Company holds more than 90% of voting shares, directly or indirectly.
- (5) A mutually-guaranteed industry peer or co-builder for a construction contract.
- (6) An entity with all shareholders providing endorsements/guarantees according to shareholding ratios due to a joint investment.
- (7) Industry peers providing joint guarantees for the performance of pre-sale housing sales contracts in accordance with the Consumer Protection Act.

Note 2: The ceiling on endorsement/guarantee for a single entity shall not exceed 20% of the Company's net value, whereas for a single overseas affiliated company, it shall not exceed 30% of the net value.

Note 3: The ceiling on total endorsement/guarantee shall not exceed 50% of the Company's net value.

Table 3

E&R ENGINEERING CORPORATION AND SUBSIDIARIES

Securities held at end of period

December 31, 2025

Unit: Thousand Shares; Thousands of NTD

Holder	Type and name of securities	Relationship with issuer	Account name	End of the period				Note	
				Shares (units)	Carrying amount	Shareholding ratio	Fair value		
E&R ENGINEERING CORPORATION	Stock – Global Tek Fabrication Co., Ltd	-	Financial assets at fair value through profit or loss current	110	6,314	0.18%	6,314		
	Stock - Major Power Technology Co., Ltd.	-	Financial assets at fair value through profit or loss current	570	65,085	0.12%	65,085		
	Fund - Allianz Global Investors B	-	Financial assets at fair value through profit or loss current	620	4,316	-	4,316		
	Fund - TACB currency market	-	Financial assets at fair value through profit or loss current	6,582	70,500	-	70,500		
	Fund - Cathay US Premium Bond Fund B	-	Financial assets at fair value through profit or loss current	298	2,723	-	2,723		
	Fund - Cathay US Premium Bond Fund B-USD	-	Financial assets at fair value through profit or loss current	49	14,932	-	14,932		
				Total		163,870		163,870	
	Stock - Lasertec Taiwan Inc.	-	Financial assets at fair value through other comprehensive income – non-current	3,666	7,821	9.38%	7,821		
	Stock - Uniconn Interconnections Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	579	-	0.96%	-		
	Stock - Shyawei Optronics Corporation	-	Financial assets at fair value through other comprehensive income – non-current	1,640	39,811	16.40%	39,811		
	Stock - King Tech Vietnam Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	-	-	-	-	Note	
				Total		47,632		47,632	

Note: Dissolved in December 2025.

Table 4

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of Paid-in Capital
December 31, 2025

Unit: Thousands of Foreign Currency; Thousands of NTD

Entities with accounts receivable due	Transaction counterparty	Relationship	Balance of accounts receivable from related parties	Turnover ratio	Accounts receivable overdue from related parties		Receivables recovered in the subsequent period	Allowance for doubtful accounts
					Amount	Handling method		
E&R ENGINEERING CORPORATION	Superior Technology Semiconductor Co., Ltd.	Subsidiary	Accounts receivable 64,666	0.37	-	-	-	-
			Other receivables 367,345	Note 1	-	-	192,978	-

Note 1: Mainly refers to financial loans, thus not applicable for turnover rate calculation.

Note 2: The above transactions between the parent and subsidiary have been reversed.

Table 5

E&R ENGINEERING CORPORATION AND SUBSIDIARIES
Intercompany Business Relationships and Material Transactions
December 31, 2025

Individual transaction amounts less than NT\$10 million (inclusive) are not disclosed; furthermore, where disclosure is made on an asset basis and an income basis, the corresponding transactions are not disclosed again.

Unit: Thousands of Foreign Currency; Thousands of NTD

Number (Note 1)	Purchaser (seller)	Transaction counterparty	Relationship with purchaser (seller) (Note 2)	Transaction details			
				Account name	Amount	Transaction and conditions	Percentage of consolidated operating revenue or total assets (Note 3)
0	E&R ENGINEERING CORPORATION	Superior Technology Semiconductor Co., Ltd.	1	Sales	17,833	There are no comparable transactions available, processed at the agreed price, with the credit period agreed to be 270 days.	0.99%
				Accounts receivable	64,666		1.56%
		Wuxi E&R Semiconductor Materials Technology Co., Ltd.	1	Accounts receivable	47,867 (Note 4)	There are no comparable transactions available, processed at the agreed price, with the credit period agreed to be 270 days.	1.15%
		Dongguan E&R Semiconductor Materials Ltd.	1	Accounts receivable	52,090 (Note 4)	There are no comparable transactions available, processed at the agreed price, with the credit period agreed to be 270 days.	1.26%
		Wuxi E&R Semiconductor Materials Technology Co., Ltd.	1	Other receivables	23,083	(Note 5)	0.56%
		Superior Technology Semiconductor Co., Ltd.	1	Other receivables	367,345	(Note 6)	8.86%
		Dongguan E&R Semiconductor Materials Ltd.	1	Other receivables	20,099	(Note 5)	0.48%
1		E&R Semiconductor Materials Co., Ltd.	2	Sales	121,155		6.70%

	Dongguan E&R Semiconductor Materials Ltd.			Accounts receivable	53,335	There are no comparable transactions available, processed at the agreed price, with the credit period agreed to be 270 days.	1.29%
2	Superior Technology Semiconductor Co., Ltd.	Chen Tai Trading CO., LTD. ShangHai	3	Other receivables	26,885	(Note 6)	0.65%

Note 1: Information on business transactions between the parent company and subsidiaries is indicated separately in the number column, with the numbering method as follows:

1. The parent company: "0".
2. Subsidiaries are numbered sequentially starting from 1 according to their respective companies.

Note 2: Relationships are classified into the following three types:

1. Parent company and subsidiary.
2. Subsidiary and parent company.
3. Associates.

Note 3: For the calculation of the transaction amount as a percentage of consolidated total revenue or total assets, if the account is recognized in the balance sheet, the year-end balance shall be used as a proportion of consolidated total assets; if the item is an income and expense item, the cumulative amount during the period shall be used as a proportion of consolidated total revenue.

Note 4: It is a purchase of raw materials, and the Company lists it as a collection and payment process and does not recognize it as sales or purchases.

Note 5: Represents overdue accounts receivable.

Note 6: Primarily related to financial arrangements, etc.

Note 7: The transactions between the parent and subsidiary companies mentioned above have been offset.

Table 6

E&R ENGINEERING CORPORATION AND SUBSIDIARIES

Information on Investees

December 31, 2025

Unit: Thousand Shares; Thousands of Foreign Currency; Thousands of NTD

Investor	Investee	Location	Main Business	Initial investment amount		End-of-period holdings			Shareholding ratio multiplied by net value of investee at end of the period	Net income (loss) of investee	Investment income (loss) recognized for the period	Dividend distribution of investee for the period		Note
				End of the period	End of last year	Number of shares	Ratio	Carrying amount				Share dividends	Cash dividends	
E&R ENGINEERING CORPORATION	TECH-WAVE Industrial Co., Ltd.	New Taipei City	Flexible printed circuit (FPC) manufacturing, processing and trading	23,000	23,000	2,500	51.43%	10,432	10,432	(12,500)	(6,429)	-	-	-
	E&R Semiconductor Materials Co., Ltd.	Hong Kong	Trading of semiconductor packaging materials	84,839 (HK 20,392)	84,839 (HK 20,392)	15,000	100%	49,754	51,973	(21,107)	(20,817)	-	-	-
	ENRICHMENT TECH. CORPORATION	Samoa	Investment holding company	117,730 (USD 3,186+ NTD 18,589)	117,730 (USD 3,186+ NTD 18,589)	7,290	100%	42,967	43,267	(8,911)	(8,911)	-	-	-
	EXCELLENT INTERNATIONAL HOLDINGS LIMITED	British Virgin Islands	Investment holding company	362,996 (USD12,254)	286,430 (USD 9,709)	12,254	100%	109,374	128,098	(93,257)	(93,257)	-	-	-
	EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	Singapore	Investment holding company	88,198 (USD2,901)	3,291 (USD101)	2,901	100%	90,604	90,604	2,187	2,187	-	-	-
	E AND R ENGINEERING USA LLC	USA	Trading of semiconductor equipment and packaging materials	30,390 (USD1,000)	-	1,000	100%	29,910	29,910	(1,511)	(1,511)	-	-	-
ENRICHMENT TECH. CORPORATION	ENR APPLIED PACKING MATERIAL CORPORATION	Samoa	Investment holding company	116,979 (USD3,886)	116,979 (USD3,886)	10,755	100%	42,721 (USD1,359)	42,721 (USD1,359)	(368) (USD-12)	(368) (USD-12)	-	-	-
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	E & R Semiconductor (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and selling of semiconductor packaging material	84,907 (USD2,800)	-	2,800	100%	87,287 (USD2,777)	87,287 (USD2,777)	2,113 (USD68)	2,113 (USD68)	-	-	-

Note: The above intercompany transactions between parent and subsidiary have been offset.

Table 7

E&R ENGINEERING CORPORATION AND SUBSIDIARIES

Information on Investments in Mainland China

December 31, 2025

Unit: Thousands of Foreign Currency; Thousands of NTD

Investee in Mainland China	Main businesses	Paid-in Capital	Investment method (Note 1)	Accumulated investment outflow from Taiwan as of beginning of the period	Investment flows		Accumulated investment outflow from Taiwan as of end of the period	Net income (loss) of investee	The Company's direct or indirect shareholding ratio	Investment income (loss) recognized for the period (Note 2)	Book value of investment at end of the period	Investment income repatriated as of end of the period
					Outflow	Inflow						
Dongguan E&R Semiconductor Materials Ltd.	Manufacturing and selling of semiconductor packaging material	HK 28,180 (Note 1)	(2)	113,816 (HK28,180)	-	-	113,816 (HK28,180)	(21,582) (HK -5,382)	100%	(21,582) (HK -5,382) (2).2	49,402 (HK 12,232)	-
Wuxi E&R Semiconductor Materials Technology Co., Ltd.	Manufacturing and selling of semiconductor packaging material	USD 5,000 (Note 2)	(2)	159,664 (USD5,080)	-	-	159,664 (USD5,080)	(368) (USD -12)	100%	(368) (USD -12) (2).2	42,659 (USD 1,357)	-
Chen Tai ShangHai Trading CO., LTD.	Automated equipment after-sales service	USD 500 (Note 3)	(2)	15,715 (USD500)	-	-	15,715 (USD500)	(8,543) (USD -273)	100%	(8,543) (USD -273) (2).2	2,353 (USD 75)	-
Superior Technology Co., Ltd.	Manufacturing and selling of automatic equipment	RMB 90,000 (Note 4)	(2)	291,324 (RMB65,150)	80,936 (RMB18,100)	-	372,260 (RMB83,250)	(100,844) (USD -3,227)	100% (Note 4)	(100,844) (USD -3,227) (2).2	138,459 (USD 4,405)	-

Accumulated amount of investment in Mainland China at end of the period	Investment amounts authorized by investment commission, MOEA	Upper Limit on Investment in Mainland China
113,816(HK 28,180)(Note 5)	113,816(HK 28,180)(Note 1)	(Note 6)
159,664(USD 5,080)(Note 5)	165,228(USD 5,257)(Note 2)	
15,715(USD 500)(Note 5)	15,715(USD 500)	
372,260(RMB 83,250)(Note 5)	559,621(RMB 125,150)	

- (Note 1) The Company's investment in Dongguan E&R Semiconductor Materials Ltd. is made through E&R Semiconductor Materials Co., Ltd. (Hong Kong), including fixed assets at cost and cash investments, totaling HKD 28,180 thousand. Additionally, the Company increased its shares in E&R Semiconductor Materials Co., Ltd. (Hong Kong) in May 2022, resulting in the Company's indirect shareholding in Dongguan E&R Semiconductor Materials Ltd. increasing from 81% to 90%; therefore, the Company's investment amount in Mainland China, calculated based on the shareholding ratio, is HKD 25,443 thousand. In August 2023, additional shares of E&R Semiconductor Materials Co., Ltd. (Hong Kong) were acquired, resulting in an indirect shareholding ratio in Dongguan E&R Semiconductor Materials Ltd. increased from 90% to 100%; therefore, the Company's investment amount in Mainland China is HKD 28,180 thousand.
- (Note 2) The Company's investment in Wuxi E&R Semiconductor Materials Technology Co., Ltd. is made through ENRICHMENT TECH.CORPORATION's reinvestment in ENR APPLIED PACKING MATERIAL CORPORATION, and then the Company reinvests in Wuxi E&R Semiconductor Materials Technology Co., Ltd. The investment of ENR APPLIED PACKING MATERIAL CORPORATION in Wuxi Tai Sheng Semiconductor Materials included fixed assets at cost and cash investments, totaling USD 5,080 thousand (the actual verified capital is USD 5,080 thousand, and the registered capital of the Company is USD 5,000 thousand).
- (Note 3) The investment in Chen Tai Trading CO., LTD. ShangHai was made through a 100% indirect investment via ENRICHMENT TECH.CORPORATION.
- (Note 4) The shareholding ratio in Superior Technology Semiconductor Co., Ltd. for the current period includes a 92.50% indirect investment in Superior Technology through EXCELLENT INTERNATIONAL HOLDINGS LIMITED and a 7.50% investment in Superior Technology by Chen Tai Trading CO., LTD. ShangHai, using its own funds, resulting in a 100% shareholding in total.
- (Note 5) The accumulated amount of investment in Mainland China at end of the period is calculated based on the actual paid-in capital of the Mainland China investees with a direct or indirect investment shareholding ratio.
- (Note 6) Enterprises with headquarters approved by the Ministry of Economic Affairs are not subject to amount or proportion restrictions.
- Note 1: The investment methods are divided into the following three types:
- (1) Direct investment in Mainland China
 - (2) Investment in Mainland China through the establishment of companies in a third region (Please refer to Table 7)
 - (3) Other methods
- Note 2: In the investment income (loss) recognized for the period column:
- (1) If it is under preparation and there are no investment profits or losses, it should be indicated
 - (2) The basis for recognizing investment profits and losses is divided into three categories, which should be indicated
 1. Financial statements audited by an international accounting firm with a cooperative relationship with accounting firms in the Republic of China
 2. Financial statements audited by the certified public accountant of the parent company in Taiwan
 3. Others
- (2) Significant transactions between the Company and investees in Mainland China for the period from January to December, 2025 are listed as follows:
1. Loans to investees in Mainland China: refer to Table 1 in Note 13
 2. Endorsements/guarantees for investees in Mainland China: None.
 3. Significant transactions with investees in Mainland China: The amounts of purchases and sales did not reach NT\$100 million.
- (3) The aforementioned transactions between parent and subsidiaries have been offset.

14. Segment Information

(I) General information:

For management purposes, the Group's operating decision-makers divide operating units based on the type of business operated, and categorize them into the following reportable segments:

1. Automation Equipment Segment: Mainly engaged in the manufacturing, maintenance, and sales of automation equipment, etc.
2. Flexible Printed Circuit (FPC) Segment: Design, research, processing, manufacturing, and sales of flexible Printed Circuit.
3. Semiconductor Packaging Materials Segment: Mainly engaged in the manufacturing and sales of semiconductor materials, etc.
4. Other segments : Primarily engaged in general investment business and electronic materials processing business.

(II) Measurement basis:

The Group's operating decision-makers primarily assess the performance of the operating segments based on their net profits. Furthermore, since the Group has not included the amounts of assets and liabilities in the operational decision report, the measurement amounts of the operating segment assets and liabilities are zero. The accounting policies of the operating segments are consistent with the summary of significant accounting policies described in Note 4 in the consolidated financial statements.

(III) Segment financial information:

2025:

Item	Unit: Thousands of NTD					
	Automation equipment	Flexible printed circuit boards	Semiconductor materials	Other segments	Adjustments and eliminations	Total
Revenue						
Revenue from external customers	1,424,497	44,142	340,708	-	-	1,809,347
Inter-segment revenue	47,730	-	122,820	-	(170,550)	-
Total revenue	1,472,227	44,142	463,528	-	(170,550)	1,809,347
Segment profit or loss	(45,685)	(9,956)	(22,131)	(2,162)	2,476	(77,458)
Total segment assets						4,144,690
Total segment liabilities						1,487,101

2024:

Item	Unit: Thousands of NTD					
	Automation equipment	Flexible printed circuit boards	Semiconductor materials	Other segments	Adjustments and eliminations	Total
Revenue						
Revenue from external customers	1,299,250	40,877	304,781	-	-	1,644,908
Inter-segment revenue	98,156	39	97,226	-	(195,421)	-
Total revenue	1,397,406	40,916	402,007	-	(195,421)	1,644,908

Segment profit or loss	(80,610)	(13,346)	(26,790)	-	1,807	(118,939)
Total segment assets						4,201,724
Total segment liabilities						1,371,987

(IV) Information by product and service

The Group has categorized its operating segments based on business type; therefore, information by product and service is not separately disclosed.

(V) Geographic information:

1. Revenue from external customers (classified based on the country where the customer is located):

Item	2025	2024
Taiwan	\$ 606,772	\$ 637,972
Hong Kong and Mainland China	401,366	425,023
Southeast Asia	354,107	287,697
America	421,371	224,560
Europe	8,776	13,886
Others	16,955	55,770
Total	\$ 1,809,347	\$ 1,644,908

2. Non-current assets:

Item	December 31, 2025	December 31, 2024
Taiwan	\$ 970,489	\$ 734,085
Hong Kong and Mainland China	715,114	704,669

(VI) Major customer information:

Customer	2025	
	Amount	As a percentage of net sales %
Company A	\$ 341,237	18.86%
Company B	229,992	12.71%
Company C	153,114	8.46%

Customer	2024	
	Amount	As a percentage of net sales %
Company A	\$ 353,794	21.51%
Company B	192,153	11.68%
Company C	10,942	0.67%