

(Stock Code: 8027)

# **E&R ENGINEERING CORPORATION**

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

**2025 and 2024**

Company Address: No. 61, Hengshan Road, Yanchao District, Kaohsiung City

Company Telephone: 07-6156600

## Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Report	3
IV. Parent Company Only Balance Sheets	4
V. Parent Company Only Statements of Comprehensive Income	5
VI. Parent Company Only Statements of Changes in Equity	6
VII. Parent Company Only Statements of Cash Flows	7
VIII. Notes on Parent Company Only Financial Statements	
(I). Company History	8
(II). Authorization Date and Procedures for Issuance of Financial Statements	8
(III). Application of New and Amended Standards and Interpretations	8-11
(IV). Summary of Significant Accounting Policies	11-26
(V). Critical Accounting Judgments, Estimates, and Key Sources of Assumption Uncertainty	26-28
(VI). Details of Significant Accounts	28-58
(VII). Related-party Transactions	59-63
(VIII). Pledged Assets	63
(IX). Significant Contingent Liabilities and Unrecognized Contractual Commitments	63-64
(X). Significant Disaster Losses	64
(XI). Significant Events after the Balance Sheet Date	64
(XII). Others	64-75
(XIII). Supplementary Disclosures	75
(1) Information on Significant Transactions	75
(2) Information on Investees	75
(3) Information on Investments in Mainland China	75
(XIV). Segment Information	85
IX. Schedules of Significant Accounting Items	86-109

## **Independent Auditors' Report**

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

### **Audit Opinions**

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

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

### **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 Parent Company Only 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 Company 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 parent company only financial statements of the Company for the year 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters for the parent company only financial statements of the Company for the year 2025 are stated as follows:

#### 1. Valuation of inventories

For accounting policies related to inventories, please refer to Note 4(7) to the parent company only financial statements; for accounting estimates and assumption uncertainty regarding inventory valuation, please refer to Note 5(2)6. to the parent company only financial statements; for the valuation of inventories, please refer to Note 6(6) to the parent company only financial statements.

Description of key audit matters:

As of December 31, 2025, net inventories of the Company amounted to NT\$690,272 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 parent company only 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 parent company only financial statements; for descriptions of revenue recognition, please refer to Note 6(27) to the parent company only 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 Company. 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.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit team members, and are responsible for forming audit opinion for the Company.

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 parent company only financial statements of the Company 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  
Parent Company Only 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))	\$ 258,429	7	\$ 666,845	18
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))	105	–	–	–
1170	Accounts receivable, net (Note 6(4))	547,520	15	387,420	10
1180	Accounts receivable – related parties, net (Notes 6(4) and 7)	164,783	4	109,356	3
1200	Other receivables (Note 6(5))	10,651	–	4,949	–
1210	Other receivables – related parties (Notes 6(5) and 7)	414,312	11	304,606	8
130x	Inventories (Note 6(6))	690,272	20	781,627	21
1410	Prepayments	45,336	1	41,241	1
1476	Other financial assets – current (Note 6(7))	28,728	1	101,359	3
11xx	Total current assets	<u>2,325,420</u>	<u>63</u>	<u>2,631,154</u>	<u>70</u>
Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6(8))	47,632	1	84,619	2
1550	Investments accounted for using the equity method (Note 6(9))	333,041	9	273,862	7
1600	Property, plant and equipment (Note 6(10))	863,626	24	635,051	18
1755	Right-of-use assets (Note 6(11))	91,251	2	89,344	2
1780	Intangible assets (Note 6(12))	7,078	–	13,125	–
1840	Deferred tax assets (Note 6(33))	42,133	1	33,532	1
1920	Refundable deposits paid	3,012	–	2,687	–
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	<u>1,394,514</u>	<u>37</u>	<u>1,138,120</u>	<u>30</u>
1xxx	Total assets	<u>\$ 3,719,934</u>	<u>100</u>	<u>\$ 3,769,274</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2100	Short-term borrowings (Note 6(13))	\$ 170,000	5	\$ –	–
2130	Contract liabilities – current (Note 6(27))	41,685	1	22,936	1
2150	Notes payable	734	–	–	–
2170	Accounts payable	198,507	6	185,149	5
2200	Other payables (Note 6(14))	113,538	3	91,630	2
2230	Current tax liabilities	13,959	–	417	–
2250	Provisions - current (Note 6(15))	38,093	1	32,982	1
2280	Lease liabilities – current (Note 6(11))	6,251	–	6,101	–
2310	Advance receipts (Note 6(20))	398	–	398	–
2320	Long-term liabilities, current portion (Note 6(16))	16,710	–	16,986	–
21xx	Total current liabilities	<u>599,875</u>	<u>16</u>	<u>356,599</u>	<u>9</u>

(Continued on next page)

(Continued from previous page)

Code	Liabilities and equity	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Non-current liabilities				
2530	Bonds payable (Note 6(17))	345,264	10	373,695	11
2540	Long-term borrowings (Note 6(18))	36,924	1	56,404	1
2570	Deferred tax liabilities (Note 6(33))	1,663	-	3,192	-
2580	Lease liabilities – non-current (Note 6(11))	84,255	2	86,297	2
2630	Long-term deferred revenue (Note 6(20))	3,917	-	4,315	-
2640	Net defined benefit liability – non-current (Note 6(19))	-	-	3,761	-
2645	Refundable deposits (Note 9(7))	300	-	71,056	2
25xx	Total non-current liabilities	<u>472,323</u>	<u>13</u>	<u>598,720</u>	<u>16</u>
2xxx	Total liabilities	<u>\$ 1,072,198</u>	<u>29</u>	<u>\$ 955,319</u>	<u>25</u>
	Equity				
3100	Share capital (Note 6(21))				
3110	Ordinary share	1,074,805	29	1,064,275	29
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(22))	1,765,330	47	1,734,570	46
3300	Retained earnings (Note 6(24))				
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(25))	(45,298)	(1)	(2,704)	-
3500	Treasury shares (Note 6(26))	(153,725)	(4)	(166,725)	(4)
3xxx	Total equity	<u>2,647,736</u>	<u>71</u>	<u>2,813,955</u>	<u>75</u>
	Total liabilities and equity	<u>\$ 3,719,934</u>	<u>100</u>	<u>\$ 3,769,274</u>	<u>100</u>

(Please refer to the accompanying notes on the parent company only financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION  
Parent Company Only 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))	\$ 1,380,542	100	\$ 1,329,088	100
5000	Operating costs (Note 6(6))	(774,666)	(57)	(757,151)	(57)
5900	Gross profit (loss) from operations	605,876	43	571,937	43
5910	Unrealized loss (gain) on sales	(3,992)	-	(17,769)	(1)
5920	Realized gain (loss) on sales	2,304	-	1,320	-
	Operating expenses				
6100	Selling expenses	(199,819)	(14)	(182,066)	(14)
6200	Administrative expenses	(129,674)	(9)	(139,699)	(11)
6300	Research and development expenses	(231,942)	(18)	(255,690)	(18)
6450	Expected credit losses (reversals) (Note 6(4))	(3,297)	-	4,768	-
6000	Total operating expenses	(564,732)	(41)	(572,687)	(43)
6900	Operating income (loss)	39,456	2	(17,199)	(1)
	Non-operating income and expenses				
7100	Interest revenue (Note 6(29))	16,280	1	16,367	1
7010	Other income (Note 6(30))	15,973	1	7,781	1
7020	Other gains and losses (Note 6(31))	(27,018)	(2)	66,146	5
7050	Finance cost (Note 6(32))	(6,543)	-	(14,085)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	(128,738)	(9)	(105,058)	(8)
7000	Total non-operating income and expenses	(130,046)	(9)	(28,849)	(2)
7900	Profit (loss) before tax	(90,590)	(7)	(46,048)	(3)
7950	Income tax (expense) benefit (Note 6(33))	(7,209)	(1)	(5,077)	-
8200	Net profit (loss) for the period	(97,799)	(8)	(51,125)	(3)
	Other comprehensive income (loss) (Note 6(34))				
	Items that will not be reclassified to profit or loss				
8310	Remeasurement of defined benefit plans	1,219	-	1,600	-
8316	Unrealized gains (losses) on equity instrument at fair value through other comprehensive income	(40,251)	(3)	6,838	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	152	-	150	-
8349	Income tax (expense) benefit related to items that will not be reclassified	(244)	-	(320)	-
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(2,542)	-	20,155	1
8399	Income tax (expense) benefit related to items that may be reclassified subsequently to profit or loss	199	-	(467)	-
8300	Other comprehensive income (loss), net	(41,467)	(3)	27,956	2
8500	Total comprehensive income (loss)	\$ (139,266)	(11)	\$ (23,169)	(1)
	Earnings per share				
9750	Basic earnings per share (Note 6(35))	\$ (0.93)		\$ (0.51)	
9850	Diluted earnings per share (Note 6(35))	\$ (0.93)		\$ (0.51)	

(Please refer to the accompanying notes on the parent company only financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2025 and 2024

Unit: Thousands of NTD

	Share capital			Retained earnings				Other equity interest items				Total equity
	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		
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	
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary shares	-	-	-	-	-	-	(49,829)	-	-	-	(49,829)	
Reversal of special reserve	-	-	-	-	-	(4,953)	4,953	-	-	-	-	
2024 net profit (loss)	-	-	-	-	-	-	(51,125)	-	-	-	(51,125)	
Other comprehensive income for 2024	-	-	-	-	-	-	1,430	19,688	6,838	-	27,956	
Total comprehensive income for 2024	-	-	-	-	-	-	(49,695)	19,688	6,838	-	(23,169)	
Conversion of convertible bonds	-	94,227	-	487,378	-	-	-	-	-	-	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)	
Share-based payment transactions	2,120	-	1,468	9,368	-	-	-	-	-	-	12,956	
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	
Appropriation and distribution of retained earnings:												
Reversal of special reserve	-	-	-	-	-	(28,752)	28,752	-	-	-	-	
2025 net profit (loss)	-	-	-	-	-	-	(97,799)	-	-	-	(97,799)	
Other comprehensive income for 2025	-	-	-	-	-	-	1,127	(2,343)	(40,251)	-	(41,467)	
Total comprehensive income for 2025	-	-	-	-	-	-	(96,672)	(2,343)	(40,251)	-	(139,266)	
Conversion of convertible bonds	-	5,436	-	28,586	-	-	-	-	-	-	34,022	
Conversion of certificates of bonds-to-share	22,767	(22,767)	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(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	
Balance as of December 31, 2025	\$ 1,074,805	\$ 695	\$ 3,364	\$ 1,765,330	\$ 77,177	\$ 2,704	\$ (77,316)	\$ 1,880	\$ (47,178)	\$ (153,725)	\$ 2,647,736	

(Please refer to the accompanying notes on the parent company only financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION  
Parent Company Only 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	\$ (90,590)	\$ (46,048)
Adjustments		
Reconcile profit items		
Depreciation expense	100,369	101,511
Amortization expense	9,753	8,447
Expected credit losses (reversals)	3,297	(4,768)
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	6,543	14,085
Interest revenue	(16,280)	(16,367)
Dividend revenue	(852)	(942)
share-based payment expense	23,800	2,229
Share of loss (profit) of associates and joint ventures accounted for using the equity method	128,738	105,058
Loss (gain) on disposal and retirement of property, plant and equipment	(756)	782
Loss (gain) on disposal of investments	(11,076)	-
Impairment loss on non-financial assets	-	4,524
Unrealized profit (loss) on sales	3,992	17,769
Realized loss (gain) on sales	(2,304)	(1,320)
Loss (gain) on lease modifications	488	(132)
Others	(398)	(398)
Total adjustments to reconcile profit (loss)	<u>254,308</u>	<u>206,832</u>
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	(105)	-
Decrease (increase) in accounts receivable	(218,824)	(101,786)
Decrease (increase) in other receivables	(23,221)	(1,472)
Decrease (increase) in inventories	22,214	93,354
Decrease (increase) in prepayments	(4,095)	(2,965)
Decrease (increase) in other financial assets	100,000	200,000
Total changes in operating assets	<u>(53,566)</u>	<u>309,998</u>
Changes in operating liabilities		
Decrease (increase) in contract liabilities	18,749	(91)
Decrease (increase) in notes receivable	734	-
Decrease (increase) in accounts payable	13,358	22,796
Decrease (increase) in other payables	21,795	(7,202)

(Continued on next page)

(Continued from previous page)

Item	2025	2024
Decrease (increase) in provisions	\$ 5,111	\$ 4,220
Decrease (increase) in net defined benefit liabilities	(3,883)	(2,040)
Total changes in operating liabilities	55,864	17,683
Total changes in operating assets and liabilities	2,298	327,681
Total adjustments	256,606	534,513
Cash generated from (used in) operations	166,016	488,465
Interest received	13,524	14,954
Dividends received	852	942
Interest paid	(3,524)	(3,924)
Income tax refunded (paid)	(3,842)	(18,691)
Net cash generated from (used in) operating activities	173,026	481,746
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 investments accounted for using the equity method	(191,862)	(3,291)
Acquisition of property, plant and equipment	(255,051)	(241,443)
Proceeds from disposal of property, plant and equipment	5,993	38
Increase in refundable deposits	(325)	(1,175)
Increase in other receivables – related parties	(91,591)	(157,508)
Acquisition of intangible assets	(3,706)	(5,153)
Acquisition of right-of-use assets	(6,073)	-
Increase in other financial assets	(26,869)	-
Decrease in other financial assets	-	22,214
Net cash generated from (used in) investing activities	(572,748)	(402,829)
Cash flows from financing activities		
Increase in short-term borrowings	170,000	-
Decrease in short-term borrowings	-	(97,000)
Repayments of long-term borrowings	(16,987)	(16,705)
Decrease in refundable deposits received	(70,756)	-
Repayments of lease principal	(6,176)	(9,961)
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	-
Net cash generated from (used in) financing activities	(8,694)	(162,768)
Net increase (decrease) in cash and cash equivalents	(408,416)	(83,851)
Cash and cash equivalents at beginning of period	666,845	750,696
Cash and cash equivalents at end of period	\$ 258,429	\$ 666,845

(Please refer to the accompanying notes on the parent company only financial statements.)

Chairman: Wang, Ming-Chin

Manager: Eric Chang

Accounting Supervisor: Max Cao

E&R ENGINEERING CORPORATION  
Notes to Parent Company Only Financial Statement  
For the Years Ended December 31, 2025 and 2024  
(In Thousands of New Taiwan Dollars, Except Specified Otherwise)

I. 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 accompanying parent company only financial statements are presented in New Taiwan Dollar (NTD), the functional currency of the Company.

II. Authorization Date and Procedures for Issuance of Financial Statements

These parent company only financial statements were authorized for issue by the Board of Directors on March 6, 2026.

III. 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 Company has evaluated the aforementioned standards and interpretations, and there is no material impact on the Company’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
Annual Improvements to IFRSs – Volume 11	January 1, 2026

Except as stated below, the Company has assessed that the aforementioned standards and interpretations have no material impact on the Company's financial position and financial 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 as stated below, the Company has assessed that the aforementioned standards and interpretations have no material impact on the Company's financial position and financial 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 of this financial report, the Company 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.

#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance statement

These parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (II) Basis of preparation

1. Except for the following important item, these parent company only 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 individual financial statements in compliance with IFRSs endorsed by FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements, are disclosed in Note 5.
3. When preparing the parent company only financial statements, the Company accounts for investments in subsidiaries, associates, or joint ventures using the equity method. To ensure that the profit or loss, other comprehensive income, and equity for the current year in these parent company only financial statements are the same as the profit or loss, other comprehensive income, and equity attributable to owners of the parent in the consolidated financial statements of the Company, certain accounting treatment differences between the parent company only basis and the consolidated basis are adjusted through "investments accounted for using the equity method", "share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method", "share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method", and related equity items.

### (III) Foreign currency translation

#### 1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions or the dates of measurement.
- (2) Foreign currency monetary assets and liabilities are retranslated at the spot exchange rate at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.
- (3) 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.

#### 2. Translation of foreign operations

- (1) For all subsidiaries, associates, and jointly controlled entities whose functional currency is different from the presentation currency, their operating results and financial position are translated into the presentation currency in the following manner:
  - A. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate as of the date of that balance sheet.
  - B. Income and expenses presented in each statement of comprehensive income are translated at the average exchange rates for the period.
  - C. All exchange differences resulting from translation are recognized in other comprehensive income.
- (2) On the partial disposal of a foreign operation that is an associate or a jointly controlled entity, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss as part of the gain or loss on disposal. However, if the Company retains a partial interest in a former associate or jointly controlled entity but has lost significant influence over the foreign operation that is an associate or has lost joint control over the foreign operation that is a jointly controlled entity, such an event is accounted for as a disposal of the entire interest in the foreign operation.
- (3) On the partial disposal of a foreign operation that is a subsidiary, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. However, if the Company retains a portion of the interest in the former subsidiary but has lost control over a foreign operation that is a subsidiary, it is accounted for as a disposal of the entire interest in the foreign operation.

(IV) 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) The asset is expected to be realized, or is 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 Company classifies all assets that do not meet the aforementioned conditions 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 Company classifies all liabilities that do not meet the aforementioned conditions as non-current.

(V) 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).

(VI) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company assesses the impairment loss of financial assets measured at amortized cost (including notes receivable, accounts receivable, and other receivables), and debt instrument investments at fair value through other comprehensive income based on expected credit losses.
- B. An allowance for loss on accounts receivable is recognized based on Lifetime ECLs. Other debt instrument investments 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 represents 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 Company 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 are transferred and has been transferred substantially 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 Company 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 Company

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 Company 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 Company 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.

## (VII) 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.

## (VIII) Investments accounted for using the equity method/subsidiaries

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when it 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.
2. Unrealized profits and losses arising from transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognizes its share of the profit or loss of a subsidiary after acquisition as current profit or loss, and recognizes its share of other comprehensive income of the subsidiary after acquisition as other comprehensive income. If the Company's share of losses recognized in a subsidiary equals or exceeds its interest in that subsidiary, the Company continues to recognize its share of losses in proportion to its shareholding.
- 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 Company loses control of a subsidiary, the Company 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 Company 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 Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

6. In accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the profit or loss and other comprehensive income for the current period in the parent company only financial statements shall be the same as the amounts of profit or loss and other comprehensive income for the current period attributable to owners of the parent in the financial statements prepared on a consolidated basis, and the equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent in the financial statements prepared on a consolidated basis.

(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 Company 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 Company 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 25-39 years

Plant auxiliary equipment 3-35 years

Machinery and transportation equipment 5-8 years

Other equipment 3-10 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 Company 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 Company 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 Company as a lessee

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

#### 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 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 Company 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 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 Company 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 is measured at the undiscounted amount expected to be paid and is 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 end of the reporting period 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 Company 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 taxable income generated from the Company's operations, using the tax rates that have been enacted or substantively enacted by the balance sheet date. 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 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company 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.

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

In the preparation of these parent company only financial statements, the significant judgments, significant accounting estimates, and assumptions applied in the accounting policies are as follows:

### (I) Significant judgments in applying accounting policies

#### 1. Revenue recognition

In accordance with IFRS 15, the Company 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 Company is a principal if one of the following circumstances exists:

- (1) The Company 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 Company 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 behalf of the Company; or
- (3) The Company obtains control of a good or service from another party that it combines with other goods or services in providing the specified good or service to the customer.

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

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

#### 2. Judgment of business model for financial asset classification

The Company 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 Company 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 Company

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 Company 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 Company's operations, etc. The lease term is reassessed if a significant event or a significant change in circumstances occurs that is within the control of the Company.

## (II) 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 Company periodically reviews the reasonableness of the estimates.

### 2. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions regarding default rates and expected loss rates. The Company 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 Company 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 Company 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 Company 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 Company 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 Company must exercise judgment and estimation to determine the net realizable value of inventories on the balance sheet date. The Company 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. Impairment assessment of investments accounted for using the equity method

When there is an indication that an investment accounted for using the equity method may be impaired such that its carrying amount may not be recoverable, the Company immediately assesses the impairment of such investment. The Company assesses the recoverable amount based on the discounted value of the expected future cash flows from the investee company or the discounted value of the future cash flows expected to be received from cash dividends and the disposal of the investment, and analyzes the reasonableness of the relevant assumptions.

8. 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.

VI. Details of Significant Accounts

(1) Cash and cash equivalents

Item	December 31, 2025	December 31, 2024
Cash on hand	\$ 775	\$ 1,037
Checking account deposits	359	10
Demand deposits	129,093	90,087
Foreign currency deposits	49,936	84,546
Cash equivalents		
Time deposits with maturities within three months	78,266	491,165
Total	\$ 258,42	\$ 666,845

1. The financial institutions dealing with the Company are creditworthy, and the Company transacts with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.
2. The Company has not pledged the cash and cash equivalents.

(II) Financial assets 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	\$ 165,284	\$ 233,751

1. The net profit (loss) recognized by the Company for the years 2025 and 2024 was NT\$8,994 thousand and NT\$23,646 thousand, respectively.
2. The Company'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:

Contract content	Contract period	Exercise price	Contract amount
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 Company 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

Item	December 31, 2025	December 31, 2024
Measured at amortized cost		
Total carrying amount	\$ 105	\$ -
Less: Allowance for impairment loss	-	-
Notes receivable, net	\$ 105	\$ -

1. The Company 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

Item	December 31, 2025	December 31, 2024
Measured at amortized cost		
Total carrying amount	\$ 553,419	\$ 390,022
Less: Allowance for impairment loss	(5,899)	(2,602)
Accounts receivable, net	\$ 547,520	\$ 387,420
Gross carrying amount – related parties	\$ 164,783	\$ 109,356
Accounts receivable – related parties, net	\$ 164,783	\$ 109,356
Accounts receivable, net	\$ 712,303	\$ 496,776

- The accounts receivable of the Company that were neither past due nor impaired were following the credit standards determined by reference to the industry characteristics, operational scale, and profitability of the counterparties. The average Credit period for automated equipment in the automated machinery division was 4-6 months (except for the final payment, which is generally about 10%–30%, and the collection is based on the agreement, usually within 1 year after delivery); general components were 4-6 months.
- The Company has not pledged the accounts receivable.
- For accounts receivable from related parties, please refer to the explanation in Note 7.
- The Company 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 Company'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 Company's different customer base.
- The Company 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%	\$ 665,916	\$ (339)	\$ 665,577
Overdue 0-30 days	0%-5%	38,767	(1,938)	36,829
Overdue 31-180 days	0%-20%	8,827	(1,765)	7,062
Overdue 181-365 days	0%-50%	4,797	(1,857)	2,940
Overdue for more than 1 year	0%-100%	-	-	-
Counterparty with signs of default	100%	-	-	-
Total		\$ 718,307	\$ (5,899)	\$ 712,408

December 31, 2024	Expected credit loss rate	Total carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Not overdue	0%-1%	\$ 471,650	\$ (365)	\$ 471,285
Overdue 0-30 days	0%-5%	15,254	(524)	14,730
Overdue 31-180 days	0%-20%	3,767	(182)	3,585
Overdue 181-365 days	0%-50%	7,057	(706)	6,351
Overdue for more than 1 year	0%-100%	1,650	(825)	825
Counterparty with signs of default	100%	-	-	-
<b>Total</b>		<b>\$ 499,378</b>	<b>\$ (2,602)</b>	<b>\$ 496,776</b>

6. The table of changes in the loss allowance for notes receivable and accounts receivable (including related parties) is as follows:

Item	2025	2024
Opening balance	\$ 2,602	\$ 7,370
Less: Reversal of impairment loss	3,297	(4,768)
Closing balance	\$ 5,899	\$ 2,602

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

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

7. Please refer to Note 12 for relevant credit risk management and assessment methods.

(V) Other receivables

Item	December 31, 2025	December 31, 2024
Other receivables		
Business tax refundable	\$ 10,188	\$ 4,395
Interest receivable	74	471
Other receivables	389	83
Subtotal	\$ 10,651	\$ 4,949
Less: Allowance for impairment loss	-	-
Subtotal of other receivables	\$ 10,651	\$ 4,949
Other receivables – related parties		
Receivables from financing	\$ 339,842	\$ 266,807
Interest receivable	5,544	2,391
Overdue accounts receivable	47,788	29,231
Other receivables	21,138	6,177

Subtotal of other receivables – related parties	\$ 414,312	\$ 304,606
Total	\$ 424,963	\$ 309,555

(VI) Inventories and cost of sales

Item	December 31, 2025	December 31, 2024
Raw materials	\$ 380,971	\$ 475,686
Work in progress	190,215	205,916
Finished goods	119,086	100,025
Total	\$ 690,272	\$ 781,627

1. Inventory-related gains (losses) recognized as cost of sales for the years 2025 and 2024 are as follows:

Item	2025	2024
Cost of inventories sold	\$ 715,166	\$ 712,707
Loss on inventory write-down and obsolescence (gain on reversal)	59,500	44,444
Total operating costs	\$ 774,666	\$ 757,151

2. For the years 2025 and 2024, the Company wrote down inventories to their net realizable value due to obsolescence or lack of marketability, and recognized losses on inventory obsolescence and write-down in the amounts of NT\$59,500 thousand and NT\$44,444 thousand, respectively.

3. The Company has not pledged the inventories.

(VII) Other financial assets - current

Item	December 31, 2025	December 31, 2024
Time deposits with maturities of more than three months	\$ -	\$ 100,000
Restricted assets	28,728	1,359
Total	\$ 28,728	\$ 101,359

(VIII) 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 Company invests in the aforementioned 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 Company 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 Company elects to designate such investment as to be measured at fair value through other comprehensive income.

2. Please refer to Note 12 for relevant credit risk management and assessment methods.
3. The Company has not pledged the financial assets at fair value through other comprehensive income.

(IX) Investments accounted for using the equity method

Item	December 31, 2025	December 31, 2024
Investments in subsidiaries	\$ 333,041	\$ 273,862

1. Investments in subsidiaries

Investee	December 31, 2025	December 31, 2024
TECH-WAVE Industrial Co., Ltd.	\$ 10,432	\$ 16,710
E&R Semiconductor Materials Co., Ltd.	49,754	74,490
ENRICHMENT TECH. CORPORATION	42,967	49,915
EXCELLENT INTERNATIONAL HOLDINGS LIMITED	109,374	129,365
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	90,604	3,382
E AND R ENGINEERING USA LLC	29,910	-
Total	\$ 333,041	\$ 273,862

The Company's ownership interests and percentages of voting rights in the above subsidiaries as of the balance sheet date are as follows:

Item	December 31, 2025	December 31, 2024
TECH-WAVE Industrial Co., Ltd.	51.43%	51.43%
E&R Semiconductor Materials Co., Ltd.	100.00%	100.00%
ENRICHMENT TECH. CORPORATION	100.00%	100.00%
EXCELLENT INTERNATIONAL HOLDINGS LIMITED	100.00%	100.00%
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	100.00%	100.00%
E AND R ENGINEERING USA LLC	100.00%	-

- (1) For information regarding the Company's subsidiaries, please refer to Note 4(3) to the Company's 2025 consolidated financial statements.
- (2) Investments accounted for using the equity method and the share of profit or loss and other comprehensive income therefrom were calculated based on the financial reports audited by independent auditors.
- (3) As of December 31, 2025 and 2024, none of the Company's investments accounted for using the equity method were pledged.

## (X) Property, plant and equipment

Item	December 31, 2025	December 31, 2024
Land	\$ 51,515	\$ 51,515
Buildings and structures	288,854	289,840
Machinery equipment	41,052	3,031
Transportation equipment	6,422	11,617
Office equipment	12,160	14,262
Miscellaneous equipment	487,902	452,324
Unfinished construction and equipment under acceptance	444,271	226,093
Total cost	\$ 1,332,176	\$ 1,048,682
Less: Accumulated depreciation	(468,550)	(413,631)
Accumulated impairment	-	-
Total	\$ 863,626	\$ 635,051

Cost	Land	Buildings and structures	Machinery equipment	Miscellaneous equipment (Note)	Unfinished construction and equipment under acceptance	Total
Balance at January 1, 2025	\$ 51,515	\$ 289,840	\$ 3,031	\$ 478,203	\$ 226,093	\$ 1,048,682
Additions	-	4,538	3,122	20,143	227,248	255,051
Disposals	-	(5,929)	(933)	(32,743)	-	(39,605)
Transferred from inventories	-	-	678	68,992	-	69,670
Transferred to inventories	-	-	(129)	(1,493)	-	(1,622)
Reclassification	-	405	35,283	(26,618)	(9,070)	-
Balance at December 31, 2025	\$ 51,515	\$ 288,854	\$ 41,052	\$ 506,484	\$ 444,271	\$ 1,332,176
Accumulated depreciation and impairment						
Balance at January 1, 2025	\$ -	\$ 136,201	\$ 3,031	\$ 274,399	\$ -	\$ 413,631
Depreciation expense	-	12,905	3,665	75,837	-	92,407
Disposals	-	(5,833)	(933)	(29,629)	-	(36,395)
Transferred to inventories	-	-	(9)	(1,084)	-	(1,093)
Reclassification	-	-	5,555	(5,555)	-	-
Balance at December 31, 2025	\$ -	\$ 143,273	\$ 11,309	\$ 313,968	\$ -	\$ 468,550

Cost	Land	Buildings and structures	Machinery equipment	Miscellaneous equipment (Note)	Unfinished construction and equipment under acceptance	Total
Balance at January 1, 2024	\$ 51,515	\$ 287,854	\$ 8,967	\$ 434,197	\$ 12,930	\$ 795,463
Additions	-	3,134	-	17,501	219,537	240,172
Disposals	-	(3,074)	(5,936)	(25,728)	-	(34,738)
Transferred to impairment loss	-	-	-	-	(4,524)	(4,524)
Transferred from inventories	-	-	-	59,012	-	59,012
Transferred to inventories	-	-	-	(6,457)	-	(6,457)
Transferred to computer software	-	-	-	-	(246)	(246)
Reclassification	-	1,926	-	(322)	(1,604)	-
Balance at December 31, 2024	\$ 51,515	\$ 289,840	\$ 3,031	\$ 478,203	\$ 226,093	\$ 1,048,682

	Land	Buildings and structures	Machinery equipment	Miscellaneous equipment (Note)	Unfinished construction and equipment under acceptance	Total
Accumulated depreciation and impairment						
Balance at January 1, 2024	\$ -	\$ 124,429	\$ 8,967	\$ 224,972	\$ -	\$ 358,368
Depreciation expense	-	14,561	-	75,231	-	89,792
Disposals	-	(3,074)	(5,936)	(24,776)	-	(33,786)
Transferred to inventories	-	-	-	(743)	-	(743)
Reclassification	-	285	-	(285)	-	-
Balance at December 31, 2024	\$ -	\$ 136,201	\$ 3,031	\$ 274,399	\$ -	\$ 413,631

(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	\$ 255,051	\$ 240,172
Increase/decrease in payables for purchase of equipment	-	1,271
Cash paid for acquisition of property, plant and equipment	\$ 255,051	\$ 241,443

(XI) Lease agreement

1. Right-of-use assets

Item	December 31, 2025	December 31, 2024
Land	\$ 104,777	\$ 108,007
Buildings and structures	4,750	7,623
Transportation equipment	3,369	2,757
Total cost	\$ 112,896	\$ 118,387
Less: Accumulated depreciation	(21,645)	(29,043)
Net amount	\$ 91,251	\$ 89,344

Cost	Land	Buildings and structures	Transportation equipment	Total
Balance at January 1, 2025	\$ 108,007	\$ 7,623	\$ 2,757	\$ 118,387
Increase for the period	6,073	4,750	1,164	11,987
Decrease for the period	-	(7,623)	-	(7,623)
Derecognition	(9,303)	-	(552)	(9,855)
Balance at December 31, 2025	\$ 104,777	\$ 4,750	\$ 3,369	\$ 112,896
<u>Accumulated depreciation</u>				
Balance at January 1, 2025	\$ 22,400	\$ 5,082	\$ 1,561	\$ 29,043
Depreciation expense	4,964	1,875	1,123	7,962
Decrease for the period	-	(5,505)	-	(5,505)
Derecognition	(9,303)	-	(552)	(9,855)
Balance at December 31, 2025	\$ 18,061	\$ 1,452	\$ 2,132	\$ 21,645

Cost	Land	Buildings and structures	Transportation equipment	Total
Balance at January 1, 2024	\$ 108,244	\$ 4,391	\$ 2,568	\$ 115,203
Increase for the period	-	7,623	960	8,583
Decrease for the period	(237)	(4,391)	-	(4,628)
Derecognition	-	-	(771)	(771)
Balance at December 31, 2024	\$ 108,007	\$ 7,623	\$ 2,757	\$ 118,387
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	\$ 17,027	\$ 2,927	\$ 1,434	\$ 21,388
Depreciation expense	5,373	5,448	898	11,719
Decrease for the period	-	(3,293)	-	(3,293)
Derecognition	-	-	(771)	(771)
Balance at December 31, 2024	\$ 22,400	\$ 5,082	\$ 1,561	\$ 29,043

## 2. Lease liabilities

	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	\$ 6,251	\$ 6,101
Non-current	\$ 84,255	\$ 86,297

Range of discount rates for lease liabilities was as follows:

December 31, 2025	December 31, 2024
1.93%-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 Company leases certain land, houses and buildings, and vehicles for operational use, with lease terms ranging from 3 to 35 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 Company 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 Company 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
Short-term lease expenses	\$ 5,830	\$ 7,861
Low-value asset lease expenses	\$ 417	\$ 434
Changes not included in the measurement of lease liabilities		
Lease payment expenses	\$ -	\$ -
Total cash outflows for leases (Note)	\$ (12,424)	\$ 8,256

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

(XII) Intangible assets

Item	December 31, 2025	December 31, 2024
Computer software	\$ 30,891	\$ 27,185
Total cost	\$ 30,891	\$ 27,185
Less: Accumulated amortization	(23,813)	(14,060)
Net amount	\$ 7,078	\$ 13,125

	Computer software	Other intangible assets	Total
Cost			
Balance at January 1, 2025	\$ 27,185	\$ -	\$ 27,185
Additions	3,706	-	3,706
Balance at December 31, 2025	\$ 30,891	\$ -	\$ 30,891
Accumulated amortization			
Balance at January 1, 2025	\$ 14,060	\$ -	\$ 14,060
Amortization expense	9,753	-	9,753
Balance at December 31, 2025	\$ 23,813	\$ -	\$ 23,813

	Computer software	Other intangible assets	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 21,786	\$ 5,000	\$ 26,786
Additions	5,153	-	5,153
Transferred from property, plant and equipment	246	-	246
Derecognition	-	(5,000)	(5,000)
Balance at December 31, 2024	<u>\$ 27,185</u>	<u>\$ -</u>	<u>\$ 27,185</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 6,363	\$ 4,250	\$ 10,613
Amortization expense	7,697	750	8,447
Derecognition	-	(5,000)	(5,000)
Balance at December 31, 2024	<u>\$ 14,060</u>	<u>\$ -</u>	<u>\$ 14,060</u>

(XIII) Short-term borrowings

Nature	December 31, 2025	
	Amount	Interest rate
Working capital loan	<u>\$ 170,000</u>	2.1406%-2.27%

December 31, 2024: None.

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

(XIV) Other payables

Item	December 31, 2025	December 31, 2024
Wages and salaries payable	\$ 52,305	\$ 53,387
Commissions payable	27,213	19,155
Accrued service fees	2,032	2,061
Interest payable	182	69
Insurance payable	4,090	4,172
Sales returns payable	16,155	-
Others	11,561	12,786
Total	<u>\$ 113,538</u>	<u>\$ 91,630</u>

For related party transactions included herein, please refer to the description in Note 7.

(XV) Provisions - current

Item	December 31, 2025	December 31, 2024
Employee benefits	\$ 7,678	\$ 6,375
Warranty provision	30,415	26,607
Total	<u>\$ 38,093</u>	<u>\$ 32,982</u>

Item	2025		
	Employee benefits	Warranty provision	Total
Balance at January 1	\$ 6,375	\$ 26,607	\$ 32,982
Additional provisions for the period	7,678	42,813	50,491
Provisions utilization for the period	(6,375)	(39,005)	(45,380)
Balance at December 31	\$ 7,678	\$ 30,415	\$ 38,093

Item	2024		
	Employee benefits	Warranty provision	Total
Balance at January 1	\$ 6,783	\$ 21,979	\$ 28,762
Additional provisions for the period	1,100	35,905	37,005
Provisions utilization for the period	(1,508)	(31,277)	(32,785)
Balance at December 31	\$ 6,375	\$ 26,607	\$ 32,982

1. Provision for employee benefits represents vested short-term service leave entitlements accrued.
2. The type of warranty business provided by the Company 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.

(XVI) Long-term loans, current portion

Item	December 31, 2025	December 31, 2024
Long-term borrowings due within one year	\$ 16,710	\$ 16,986

(XVII) 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	\$ 345,264	\$ 373,695

Domestic 3rd unsecured convertible corporate bonds:

1. The Company 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 pricing model prescribed in the conversion measures. The conversion price at the time of issuance was NT\$67.60. The Company adjusted the conversion price due to changes in share capital. The conversion price for the period from January to December of 2025 was NT\$64.74. 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. The conversion regarding the 3rd bonds payable in this period 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	\$ -	\$ -

(XVIII) Long-term borrowings

Item	December 31, 2025	December 31, 2024
Guaranteed borrowings	\$ 56,403	\$ 73,390
Less: Portion due within one year	(16,710)	(16,986)
Less: Unamortized discount	(2,769)	-
Total	\$ 36,924	\$ 56,404
Interest rate range	2.125%-2.36%	2.125%-2.36%

Please refer to Note 8 for collateral for the aforementioned long-term loans.

(XIX) Pension

1. Defined contribution plans

- (1) The pension system under the “Labor Pension Act” applicable to the Company is a government-managed defined contribution retirement plan, under which pension is contributed to the individual accounts at the Bureau of Labor Insurance at 6% of the employees' monthly salaries.
- (2) The total amounts of expenses recognized in the statements of comprehensive income by the Company for the years 2025 and 2024 in accordance with the contribution rates specified in the defined contribution plans were NT\$12,685 thousand and NT\$13,870 thousand, respectively.

2. Defined benefit plans

- (1) Prior to the end of 2024, the Group estimated that the balance in the labor pension reserve account was insufficient to pay the employees who were estimated to meet the retirement conditions within the following year; therefore, the Group contributed the difference to the account in February 2025 and reduced the net defined benefit liability by NT\$3,762 thousand, and thus settled pension under the old system for employees of R.O.C. nationality in the first half of 2025.
- (2) The amounts of the Company's obligations arising from defined benefit plans included in the parent company only balance sheets are as follows:

Item	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 282	\$ 24,692
Fair value of plan assets	(1,623)	(20,931)
Net defined benefit liabilities (assets)	\$ (1,341)	\$ 3,761



## 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.

- (5) The present value of the defined benefit obligation of the Company 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	1.60%	1.60%
Future salary increase rate	2.00%	2.00%
Average duration of defined benefit obligation	31 years	7 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%	\$ (20)	\$ (404)
Decrease by 0.25%	\$ 22	\$ 415
Expected salary increase rate		
Increase by 0.25%	\$ 21	\$ 351
Decrease by 0.25%	\$ (20)	\$ (344)

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.

- (6) The Company expects to pay NT\$60 thousand in contributions to the retirement plan in 2026.

(XX) Long-term deferred revenue

Item	December 31, 2025	December 31, 2024
Deferred revenue:		
Equipment subsidy	\$ 5,972	\$ 5,972
Less: Accumulated recognized revenue	(1,657)	(1,259)
Less: Transferred to advance receipts within one year	(398)	(398)
Closing balance	\$ 3,917	\$ 4,315

(XXI) 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 (Note)	2,278	22,767
Employee share options	151	1,513
Retirement 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

(Note) The bonds payable conversion for the period from January to December of 2025 includes the amount of NT\$22,767 thousand, which has been transferred to share capital upon completion of the registration of change, out of NT\$18,026 thousand of certificate of entitlement to new shares from convertible bond at the opening balance, and the NT\$5,436 thousand of the certificate of entitlement to new shares from convertible bond newly added due to conversions for the period.

- (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.

(XXII) 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.

(XXIII) Share-based payments

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(26).

(XIV) 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
Reversal of special reserve	\$ (28,752)	\$ (4,953)		
Cash dividends of ordinary shares	-	49,829	0	0.5
Total	<u>\$ (28,752)</u>	<u>\$ 44,876</u>		

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.

(XXV) 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	<u>\$ 1,880</u>	<u>\$ (47,178)</u>	<u>\$ (45,298)</u>

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)

(XXVI) Treasury shares

1. Reason for share repurchase and changes in quantity

Reason for repurchase	2025			December 31	Unit: Thousand Shares
	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)	-	

Reason for repurchase	2024			December 31	Unit: Thousand Shares
	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; as of the expiry

date of the buyback period, the Company bought back a total of 1,000 thousand shares 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.

#### (XXVII) Operating Revenue

Item	2025	2024
Revenue from contracts with customers		
Sales revenue	\$ 1,401,312	\$ 1,329,931
Sales returns	(19,488)	(97)
Sales discounts	(1,282)	(746)
Net operating revenue	\$ 1,380,542	\$ 1,329,088

##### 1. Explanation of contract revenue

This refers to sales revenue from machinery products and their components, etc.; the primary customers are downstream manufacturers, and sales are conducted at prices stipulated in contracts.

##### 2. Disaggregation of contract revenue:

The Company's revenue is primarily related to automated machinery, and the geographical areas of its sales can be subdivided as follows:

Major regional markets	2025	2024
Taiwan	\$ 558,051	\$ 589,335
Hong Kong and Mainland China	161,815	317,606
Southeast Asia	227,360	178,583

America	421,371	224,560
Europe	8,776	13,886
Other countries	3,169	5,118
Total	<u>\$ 1,380,542</u>	<u>\$ 1,329,088</u>
<u>Main product line</u>		
Automation equipment	<u>\$ 1,380,542</u>	<u>\$ 1,329,088</u>
<u>Timing of revenue recognition</u>		
Obligations fulfilled at a point of time	\$ 1,380,542	\$ 1,329,088
Obligations fulfilled over time	-	-
Total	<u>\$ 1,380,542</u>	<u>\$ 1,329,088</u>

### 3. Contract balances

The Company recognizes the receivables, contract assets, and contract liabilities related to contract revenue from customers as follows:

Item	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable	\$ 712,408	\$ 496,776	\$ 390,222
Contract assets	-	-	-
Total	<u>\$ 712,408</u>	<u>\$ 496,776</u>	<u>\$ 390,222</u>
Contract liabilities - current	\$ 41,685	\$ 22,936	\$ 23,027

#### (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	\$ 15,816	\$ 23,027
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	\$ 20,073	\$ 254,558	\$ 274,631
Labor and health insurance expense	2,207	22,344	24,551
Pension expense	1,038	13,636	14,674

Directors' remuneration	-	1,440	1,440
Other employee benefit expenses	1,259	10,512	11,771
Depreciation expense	3,383	96,986	100,369
Amortization expense	-	9,753	9,753
Total	<u>\$ 27,960</u>	<u>\$ 409,229</u>	<u>\$ 437,189</u>

Nature	2024		
	Operating costs	Operating expenses	Total
Employee benefit expenses			
Salaries and wages expense	\$ 20,283	\$ 267,198	\$ 287,481
Labor and health insurance expense	2,351	23,918	26,269
Pension expense	1,126	12,833	13,959
Directors' remuneration	-	1,440	1,440
Other employee benefit expenses	1,355	11,335	12,690
Depreciation expense	6,435	95,076	101,511
Amortization expense	-	8,447	8,447
Total	<u>\$ 31,550</u>	<u>\$ 420,247</u>	<u>\$ 451,797</u>

1. Additional information on the number of employees and employee benefit expenses of the Company as of December 31, 2025 and 2024 is as follows:

	2025	2024
Number of employees	<u>290</u>	<u>298</u>
Number of directors not concurrently serving as employees	<u>5</u>	<u>5</u>
Average employee benefit expenses	<u>\$ 1,143</u>	<u>\$ 1,162</u>
Average employee salary expenses	<u>\$ 964</u>	<u>\$ 981</u>
Adjustments to average employee salary expenses	<u>(1.73%)</u>	<u>19.93%</u>

2. The Company's remuneration policy (including for directors, managers, and employees) is as follows:

(1) Directors' Remuneration

The Company's policies, systems, standards, and structures for the payment of remuneration to general directors and independent directors, and the correlation between the amount of remuneration paid and factors such as responsibilities, risks, and time invested:

- A. In accordance with the Articles of Incorporation of the Company, the remuneration of the Chairman, Vice Chairman, and Directors of the Company shall be determined by the Board of Directors, based on their level of participation in and the value of their contribution to the Company's operations, and taking into account domestic and international industry standards.

B. The Articles of Incorporation also clearly stipulates that no more than 3% of the annual profit shall be allocated as remuneration for directors, and the recipients of such payment include directors who concurrently serve as managers. The principles are as follows:

- a. All independent directors receive fixed remuneration each month;
- b. Directors who concurrently serve as managers all participate in the distribution of directors' remuneration;
- c. As all independent directors already receive fixed remuneration on a monthly basis, they no longer participate in the distribution of directors' compensation.

(2) Managerial Remuneration

The Company's policies, standards and packages, and procedures for payment of remuneration to managers, and their correlation with operating performance and future risks: The amount of remuneration assigned to the Company's managers is determined based on their duties, departmental performance, the Company's operating results for the year, and consideration of the Company's future risks, following deliberation by the Remuneration Committee and submission to the Board of Directors for resolution.

(3) Employee compensation

The Company is committed to providing employees with compensation and benefits that are competitive within the industry, and establishing a remuneration system that balances external competitiveness, internal fairness, and legality. Adhering to the philosophy of profit-sharing with employees, we aim to attract, retain, develop, and motivate our staff. The remuneration of the Company's employees includes monthly salaries and employee performance bonuses distributed by the Company based on quarterly or annual profitability. The Company's Articles of Incorporation expressly stipulate that 5–10% of profits shall be allocated as employee compensation.

3. The Company appropriates 5%-10% (of which 40–55% of the amount of such employee compensation shall be distributed to grassroots employees) and no more than 3% of the pre-tax profit of the current year before deducting the distribution of Employee and director remunerations as employee compensation and directors' compensation, 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.
4. 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	\$ 6,369	\$ 12,424
Interest on financing	8,284	3,943
Fund distributions	1,627	-
Total	\$ 16,280	\$ 16,367

(XXX) Other income

Item	2025	2024
Rental income	\$ 4,146	\$ 2,032
Dividend income	852	942
Compensation income	6,310	-
Other income	4,665	4,807
Total	\$ 15,973	\$ 7,781

(XXI) Other gains and losses

Item	2025	2024
Gains (losses) on financial assets and 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 foreign exchange, net	(28,282)	48,110
Gains (losses) on disposals of property, plant and equipment	756	(782)
(Gains) losses on lease modifications	(488)	132
Impairment loss (Note)	-	(4,524)
Other expenses	(1,086)	(436)
Total	\$ (27,018)	\$ 66,146

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

(XXII) Finance costs

Item	2025	2024
Interest expense:		
Bank loans	\$ 2,699	\$ 2,353
Convertible bonds	5,676	10,295
Interest on lease liabilities	2,122	2,201
Less: Amount capitalized to qualifying assets	(3,954)	(764)
Finance costs	\$ 6,543	\$ 14,085

(XXIII) 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	\$ 14,555	\$ 1,533
Non-deductible foreign taxes	2,323	3,050
Over/under-estimation of prior years' income tax	506	(8,437)
Total income tax for the period	<u>\$ 17,384</u>	<u>\$ (3,854)</u>
<u>Deferred income tax</u>		
Originating and reversing temporary differences	\$ (10,175)	\$ 8,931
Total deferred income tax	<u>\$ (10,175)</u>	<u>\$ 8,931</u>
Income tax expense (benefit)	<u>\$ 7,209</u>	<u>\$ 5,077</u>

The income tax rate applicable to the Company is 20%, and the tax rate applicable to the surtax on unappropriated earnings is 5%.

(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	244	320
Total	<u>\$ 45</u>	<u>\$ 787</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 (loss) before tax	<u>\$ (90,590)</u>	<u>\$ (46,048)</u>
Tax expense calculated by applying the statutory tax rate to profit before tax	(18,118)	(9,209)
Tax effect of adjustments:		
Share of profit (loss) of investments accounted for using the equity method	25,748	21,012
Realized (unrealized) inventory loss (gain)	4,507	2,282
Realized investment loss	-	(5,521)
Realized (unrealized) warranty provision	762	925
Others	1,656	(7,956)
Non-deductible foreign taxes	2,323	3,050
Over/under-estimation of prior years' income tax	506	(8,437)
Net change in deferred income tax		
Temporary differences	(10,175)	8,931
Income tax expense recognized in profit or loss	<u>\$ 7,209</u>	<u>\$ 5,077</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)	Closing balance
Deferred tax assets:				
Temporary differences				
Net defined benefit liability	\$ 752	\$ (752)	\$ -	\$ -
Short-term provisions for warranties	5,321	762	-	6,083
Unrealized loss on inventory	17,602	4,507	-	22,109
Unused leave bonus	1,275	261	-	1,536
Loss on foreign investments accounted for using the equity method	1,607	2,111	199	3,917
Others	6,975	1,513	-	8,488
Subtotal	<u>\$ 33,532</u>	<u>\$ 8,402</u>	<u>\$ 199</u>	<u>\$ 42,133</u>
Deferred tax liabilities:				
Temporary differences				
Net defined benefit asset	\$ -	\$ (24)	\$ (244)	\$ (268)
Unrealized exchange gains	(3,192)	1,797	-	(1,395)
Income from foreign investments accounted for using the equity method	\$ (3,192)	\$ 1,773	\$ (244)	\$ (1,663)
Subtotal	<u>\$ 30,340</u>	<u>\$ 10,175</u>	<u>\$ (45)</u>	<u>\$ 40,470</u>
	2024			
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income (loss)	Closing balance
Deferred tax assets:				
Temporary differences				
Net defined benefit liability	\$ 1,479	\$ (407)	\$ (320)	\$ 752
Unrealized exchange loss	2,516	(2,516)	-	-
Short-term provisions for warranties	4,396	925	-	5,321
Unrealized loss on inventory	15,320	2,282	-	17,602
Unrealized bad debt loss	636	(636)	-	-
Unused leave bonus	1,357	(82)	-	1,275
Loss on foreign investments accounted for using the equity method	6,141	(4,067)	(467)	1,607
Others	8,489	(1,514)	-	6,975
Subtotal	<u>\$ 40,334</u>	<u>\$ (6,015)</u>	<u>\$ (787)</u>	<u>\$ 33,532</u>
Deferred tax liabilities:				
Temporary differences				
Unrealized exchange gains	\$ -	\$ (3,192)	\$ -	\$ (3,192)

Income from foreign investments accounted for using the equity method	(276)	276	-	-
Subtotal	<u>\$ (276)</u>	<u>\$ (2,916)</u>	<u>\$ -</u>	<u>\$ (3,192)</u>
Total	<u><u>\$ 40,058</u></u>	<u><u>\$ (8,931)</u></u>	<u><u>\$ (787)</u></u>	<u><u>\$ 30,340</u></u>

4. Items not recognized as deferred tax assets

Item	December 31, 2025	December 31, 2024
Investment loss recognized using the equity method	\$ 68,401	\$ 43,241

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	\$ 1,219	\$ (244)	\$ 975
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(40,251)	-	(40,251)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method:			
Remeasurements of defined benefit plans	152	-	152
Subtotal	\$ (38,880)	\$ (244)	\$ (39,124)
Items that may be reclassified subsequently to profit or loss			
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method:			
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)	\$ (41,422)	\$ (45)	\$ (41,467)
	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	\$ 1,600	\$ (320)	\$ 1,280
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,838	-	6,838
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method:			
Remeasurements of defined benefit plans	150	-	150
Subtotal	\$ 8,588	\$ (320)	\$ 8,268
Items that may be reclassified subsequently to profit or loss			
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method:			
Exchange differences on translation of foreign financial statements	\$ 20,155	\$ (467)	\$ 19,688
Subtotal	\$ 20,155	\$ (467)	\$ 19,688
Recognized in other comprehensive income (loss)	\$ 28,743	\$ (787)	\$ 27,956

(XXXV) 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\$)	\$ (0.93)	\$ (0.51)
Item	2025	2024
B. Diluted earnings per share:		
Net profit for the period	\$ (97,799)	\$ (51,125)
Interest on convertible bonds	-	-
Net profit after adjusted diluted effect	\$ (97,799)	\$ (51,125)
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
Diluted earnings per share (after tax) (NT\$)	\$ (0.93)	\$ (0.51)

## VII. Related-Party Transactions

(1) Name of the parent company and the ultimate controller:

The Company is the ultimate controller of the Group.

(2) Name of related party and its relationship:

Name of related party	Relationship with the Company
E&R Semiconductor Materials Co., Ltd.	Subsidiary
Suzhou E&R PRECISION EQUIPMENT CO., LTD.(Note 1)	Subsidiary
Chen Tai Trading CO., LTD. ShangHai	Subsidiary
Dongguan E&R Semiconductor Materials Ltd.	Subsidiary
Wuxi E&R Semiconductor Materials Technology Co., Ltd.	Subsidiary
TECH-WAVE Industrial Co., Ltd.	Subsidiary
Superior Technology Semiconductor Co., Ltd.	Subsidiary
ENRICHMENT TECH. CORPORATION	Subsidiary
ENR APPLIED PACKING MATERIAL CORPORATION	Subsidiary
EXCELLENT INTERNATIONAL HOLDINGS LIMITED	Subsidiary
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	Subsidiary
E AND R ENGINEERING USA LLC	Subsidiary
E & R Semiconductor (Malaysia) Sdn. Bhd.	Subsidiary

Note 1: Liquidated in April 2024.

(3) Significant transactions with related parties:

Details of transactions between the Company and related parties are disclosed as follows:

1. Operating revenue

(1) Sales revenue

Related party category	2025	2024
Subsidiary	\$ 22,964	\$ 84,512

The Company's selling prices for sales of parts and accessories to related parties are comparable to those for general terms and conditions, with a credit term of approximately 9 months. Equipment sales are handled according to agreed terms. However, when a related party has insufficient funds or is unable to implement the aforementioned policies due to losses, the Company considers its full support for the subsidiary's operations to achieve the Company's global business objectives as a more important consideration and allows for deferred collection. The Company also classifies accounts receivable exceeding the normal credit period under other receivables – related parties.

(2) Raw materials purchased on behalf of others:

The Company's agreed raw material purchases on behalf of its subsidiaries for 2025 and 2024 were NT\$93,532 thousand and NT\$79,379 thousand, respectively. As of December 31, 2025 and 2024, the accounts receivable arising from the aforementioned transactions were NT\$99,957 thousand and NT\$76,302 thousand, respectively.

As there are no similar types of transactions available for comparison, the Company's procurement agency transactions with the aforementioned companies are handled at the agreed price, with an agreed collection period of 270 days.

Note: The aforementioned procurement agency transactions are presented on a net basis as collections and payments on behalf of others, and are not recognized as purchases and sales. Service income is charged based on a certain percentage of the procurement amount. Please refer to the explanation in Note 7(3)12.(1) for details.

## 2. Purchases

Related party category	2025	2024
Subsidiary	\$ 552	\$ 188

(1) Finished goods: The Company's purchase of products from related parties is based on prices determined through negotiation between both parties, as there are no relevant similar transactions to follow for terms and conditions.

(2) Raw materials: The Company's purchases from the aforementioned related parties are handled in accordance with general purchasing terms and are comparable to those of other vendors. The average payment period is 30-90 days, which does not differ significantly from that for general vendors.

3. Contract assets: None.

4. Contract liabilities: None.

5. Receivables from related parties

Account item	Category/name of related party	December 31, 2025	December 31, 2024
Accounts receivable - sales	Subsidiary		
	TECH-WAVE	\$ -	\$ 9
	Shanghai Chentai	160	60
	Superior Technology	64,666	32,985
Accounts receivable - agency purchases	Subsidiary		
	Wuxi E&R	47,867	45,677
	Dongguan E&R	52,090	30,625
Total		\$ 164,783	\$ 109,356
Other receivables	Subsidiary	\$ 26,683	\$ 8,568

6. Amounts payable to related parties (excluding borrowings from related parties)

<u>Account item</u>	<u>Related party category</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	Subsidiary	\$ 8,488	\$ 848
Other payables	Subsidiary	\$ 16,155	\$ -

7. Prepayments: None.

8. Property transactions

(1) Acquisition of property, plant and equipment:

<u>Related party category</u>	<u>Acquisition price</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary	\$ 2,803	\$ -

The transaction price above was determined through negotiation between both parties. As of December 31, 2025, the acquisition price has been paid in full.

(2) Proceeds from disposal of property, plant and equipment:

2025:

<u>Category/name of related party</u>	<u>Transaction subject</u>	<u>2025</u>	
		<u>Sale price</u>	<u>Gain (loss) on disposal</u>
Subsidiary E AND ENGINEERING LLC	R Transportation USA equipment	\$ 1,715	\$ 82

The transaction price above was determined through negotiation between both parties. As of December 31, 2025, NT\$1,715 of the sale price had not yet been collected.

2024: None.

9. Loans to related parties

(1) Ending balance

<u>Category/name of related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries:		
Wuxi E&R Semiconductor Material Technology Co., Ltd.	\$ 23,083	\$ 23,209
Superior Technology Semiconductor Co., Ltd.	344,447	272,829
Dongguan E&R Semiconductor Materials Ltd.	20,099	-
Total	\$ 387,629	\$ 296,038

A portion thereof consists of overdue accounts receivable deemed to be financing. Loans to related parties for the years 2025 and 2024 were all unsecured loans.

(2) Interest income

<u>Account item</u>	<u>Related party category</u>	<u>2025</u>	<u>2024</u>
Interest revenue	Subsidiary	<u>\$ 8,284</u>	<u>\$ 3,943</u>
Interest rate range		<u>1.50%</u>	<u>1.50%</u>

10. Borrowings from related parties: None.

11. Endorsements/guarantees

The details of endorsements and guarantees provided by the Company for the bank borrowings of its subsidiaries are as follows:

<u>Category/name of related party</u>	Unit: Thousands of NTD	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
TECH-WAVE Industrial Co., Ltd.	<u>\$ 15,000</u>	<u>\$ 20,000</u>

12. Others

(1) Various income

<u>Related party category</u>	<u>2025</u>	<u>2024</u>
Subsidiary	<u>\$ 1,477</u>	<u>\$ 1,384</u>

Mainly consists of procurement agency service income and rental income. The lease prices are determined in accordance with contract agreements, and rent is collected on a monthly basis.

(2) Various expenses

<u>Related party category</u>	<u>2025</u>	<u>2024</u>
Subsidiary	<u>\$ 10,451</u>	<u>\$ 9,472</u>

Primarily consists of technical service fees.

(3) The Company's participation in the cash capital increases of and additional investments in related parties are as follows:

2025:

<u>Category/name of related party</u>	<u>Increase in investment</u>		<u>Shareholding ratio</u>	
	<u>Shares (in thousand)</u>	<u>Amount</u>	<u>Before capital increase</u>	<u>After capital increase</u>
Subsidiary				
E AND R ENGINEERING USA LLC	1,000	30,390	-	100%
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	2,800	84,907	-	100%
EXCELLENT INTERNATIONAL HOLDINGS LIMITED	2,545	76,566	100%	100%

2024:

Related party category	Increase in investment		Shareholding ratio	
	Shares (in thousand)	Amount	Before capital increase	After capital increase
Subsidiary-EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	101	\$ 3,291	-	100%

(4) Key management compensation information

Category/name of related party	2025	2024
Salaries and other short-term employee benefits	\$ 20,424	\$ 22,527
Post-employment benefits	824	826
Share-based payments	7,457	700
Total	\$ 28,705	\$ 24,053

VIII. 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	\$ 28,728	\$ 1,359
Other financial assets – non-current	5,400	5,900
Property, plant and equipment, net	178,357	186,635
Total	\$ 212,485	\$ 193,894

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (1) As of December 31, 2025 and 2024, the promissory notes issued by the Company 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 Company 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 Company to the Taipei Computer Association were NT\$3,091 thousand and NT\$995 thousand, respectively.
- (4) On December 31, 2025, the Company 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 Company's issued but unused letters of credit are as follows:

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

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

Item	December 31, 2025		Unit: Thousands of NTD December 31, 2024	
	Banker's acceptance	USD	74	USD
	JPY	78,605	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 Company 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 Company's subsidiary, Superior Technology Semiconductor Co., Ltd. certain floors of its newly constructed plant would be sold. In July 2022, the Group received a performance bond of 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.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date:

The Company's Board of Directors resolved on March 6, 2026 to approve the repurchase 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.

XII. Others

(I) Capital risk management

The Company must maintain sufficient capital to support the needs for expanding and upgrading its plants and equipment. Therefore, the Company's capital management is to ensure that it has 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 Company'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 Company is committed to identifying, assessing, and avoiding market uncertainties to reduce the potential adverse impact of market fluctuations on the Company's financial performance.

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

(B) Exchange rate risk and sensitivity analysis

	Foreign currency	Exchange rate	Carrying amount (NTD)	December 31, 2025		
				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	19,313	31.430	607,013	Appreciated by 1%	6,070	-

JPY: NTD	181,201	0.2003	36,295	Appreciated by 1%	363	-
CNY: NTD	102,515	4.4716	458,408	Appreciated by 1%	4,584	-
<u>Non-monetary item</u>						
USD: NTD	8,681	31.430	272,855	Appreciated by 1%	-	2,729
HKD: NTD	12,319	4.0389	49,754	Appreciated by 1%	-	498
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD: NTD	860	31.430	27,019	Appreciated by 1%	(270)	-
JPY: NTD	78,825	0.2003	15,789	Appreciated by 1%	(158)	-
CNY: NTD	2,698	4.4716	12,066	Appreciated by 1%	(121)	-

							December 31, 2024:		
				Carrying amount (NTD)	Sensitivity analysis				
Foreign currency		Exchange rate	functional currency)		Range of Change	Impact on profit and loss	Impact on equity		
<u>Financial assets</u>									
<u>Monetary item</u>									
USD: NTD	10,810	32.785	354,422	Appreciated by 1%	3,544	-			
JPY: NTD	157,489	0.2107	33,183	Appreciated by 1%	332	-			
CNY: NTD	84,795	4.5608	386,733	Appreciated by 1%	3,867	-			
<u>Non-monetary item</u>									
USD: NTD	5,572	32.785	182,662	Appreciated by 1%	-	1,827			
HKD: NTD	17,637	4.2235	74,490	Appreciated by 1%	-	745			
<u>Financial liabilities</u>									
<u>Monetary item</u>									
USD: NTD	834	32.785	27,353	Appreciated by 1%	(274)	-			
JPY: NTD	49,135	0.2107	10,353	Appreciated by 1%	(104)	-			

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 amounts of exchange gains and losses (including realized and unrealized) recognized by the Company for the years 2025 and 2024 due to the significant impact of exchange rate fluctuations on monetary items were NT\$(28,282) thousand and NT\$48,110 thousand, respectively.

#### B. Price risk

As the investments held by the Company are classified in the balance sheet as financial assets measured at fair value through profit or loss and through other comprehensive income, the Company is exposed to equity instrument price risk.

The Company primarily invests in products such as domestic listed and unlisted stocks and funds; the prices of such financial instruments will be affected by the uncertainty of the future value of the underlying 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 equity instruments 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 of the Company that are exposed to interest rate risk as of the reporting date was as follows:

Item	Carrying amount	
	December 31, 2025	December 31, 2024
Fair value interest rate risk:		
Financial assets	\$ 451,518	\$ 863,582
Financial liabilities	(435,770)	(466,093)
Net amount	\$ 15,748	\$ 397,489
Cash flow interest rate risk:		
Financial assets	\$ 179,747	\$ 176,282
Financial liabilities	(223,634)	(73,390)
Net amount	\$ (43,887)	\$ 102,892

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

The Company 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 Company 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\$(439) thousand and NT\$1,029 thousand, respectively.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company due to a counterparty's breach of contractual obligations. The credit risk of the Company 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 Company 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 Company, 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 Company. As the Company's transaction counterparty and contract counterparties 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 Company 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 58% and 53% of the Company'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. (In addition, the Company 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 balance sheets and the collateral held by the Company 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	<u>\$ 212,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	<u>\$ 319,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### (3) Liquidity risk

#### A. Overview:

The objective of the Company's liquidity risk management is to maintain the cash and cash equivalents, highly liquid marketable securities, and sufficient bank financing facilities required for operations, so as to ensure that the Company has adequate financial flexibility.

#### B. Financial liabilities maturity analysis:

Non-derivative financial liabilities	December 31, 2025					Contractual cash flows	Carrying amount
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years		
Short-term borrowings	\$ 170,000		\$ -	\$ -	\$ -	\$ 170,000	\$ 170,000
Notes payable	734	-	-	-	-	734	734
Accounts payable	198,507	-	-	-	-	198,507	198,507
Other payables	113,538	-	-	-	-	113,538	113,538
Long-term borrowings (including the portion due within one year)	8,597	8,667	7,922	11,908	19,309	56,403	53,634
Bonds payable	-	-	353,500	-	-	353,500	345,264
Lease liabilities	4,139	4,111	8,061	17,855	76,980	111,146	90,506
Refundable deposits received	300	-	-	-	-	300	300
<b>Total</b>	<b>\$ 495,815</b>	<b>\$ 12,778</b>	<b>\$ 369,483</b>	<b>\$ 29,763</b>	<b>\$ 96,289</b>	<b>\$ 1,004,128</b>	<b>\$ 972,483</b>

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	\$ 8,250	\$ 25,916	\$ 29,868	\$ 28,053	\$ 14,160	\$ 4,899	\$ 111,146

Non-derivative financial liabilities	December 31, 2024					Contractual cash flows	Carrying amount
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years		
Accounts payable	\$ 185,149	\$ -	\$ -	\$ -	\$ -	\$ 185,149	\$ 185,149
Other payables	91,630	-	-	-	-	91,630	91,630
Long-term borrowings (including the portion due within one year)	8,459	8,527	17,265	16,437	22,702	73,390	73,390
Bonds payable	-	-	-	388,700	-	388,700	373,695
Lease liabilities	5,048	3,082	6,171	17,787	82,882	114,970	92,398
Refundable deposits received	-	71,056	-	-	-	71,056	71,056
<b>Total</b>	<b>\$ 290,286</b>	<b>\$ 82,665</b>	<b>\$ 23,436</b>	<b>\$ 422,924</b>	<b>\$ 105,584</b>	<b>\$ 924,895</b>	<b>\$ 887,318</b>

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	\$ 8,130	\$ 23,958	\$ 28,345	\$ 29,868	\$ 18,791	\$ 5,878	\$ 114,970

The Company 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	\$ 258,429	\$ 666,845
Notes and accounts receivable	712,408	496,776
Other receivables	424,963	309,555
Other financial assets – current	28,728	101,359
Other financial assets – non-current	5,400	5,900
Refundable deposits paid	3,012	2,687
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	170,000	-
Notes and accounts payable	199,241	185,149
Other payables	113,538	91,630
Long-term borrowings (including the portion due within one year)	53,634	73,390
Bonds payable (including those due within one year)	345,264	373,695
Lease liabilities (including the portion due within one year)	90,506	92,398
Refundable deposits received	300	71,056

### (III) Fair value information:

1. For information on the fair value of the Company's financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)3.

#### 2. 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 Company 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 Company's investments in non-popular government bonds, corporate bonds, financial bonds, convertible 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 certain derivative instruments and investments in equity instruments without an active market held by the Company.

3. Financial instruments that are not measured at fair value:

Except for those listed in the table below, the carrying amounts of the Company's financial instruments not 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), 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 Company's financial instruments were measured at fair value on a recurring basis. The Company'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			Total
	Level 1	Level 2	Level 3	
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 Company 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 Company's fair value valuation model management policy and related control procedures, management believes that valuation adjustments are appropriate and necessary for the fair presentation of the fair value of financial and non-financial instruments on the 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 company shares held by the Company 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 Company 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's 2025 greenhouse gas emissions do not exceed the threshold for the imposition of carbon fees; therefore, it is not necessary to estimate liabilities related to carbon emissions for 2025.

### XIII. 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.

#### (2) Information on investees (before consolidation eliminations): Table 5.

#### (3) Information on investments in Mainland China (before consolidation eliminations): Table 6.

Table 1

## E&amp;R ENGINEERING CORPORATION

## 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	23,083	23,083	-	1	46,188	-	-	-	-	1,059,095	1,059,095
					(USD 837)	(USD 734)	(USD 734)			(Notes 5 and 6)						
					20,099	20,099	20,099	-	1	47,344	-	-	-	-	1,059,095	1,059,095
					(USD 639)	(USD 639)	(USD 639)			(Notes 5 and 6)						
0	E&R ENGINEERING CORPORATION	Dongguan E&R Semiconductor Materials Ltd.	Other receivables - related parties (Note 4)	Yes	6,778	4,606	4,606	-	1	17,833	-	-	-	-	1,059,095	1,059,095
					(USD 164;RMB 366)	(RMB 1,030)	(RMB 1,030)			(Note 6)						
					655,316	388,161	339,842	2.50%	2	-	Operating capital turnover	-	-	-	1,059,095	1,059,095
0	E&R ENGINEERING CORPORATION	Superior Technology Semiconductor Co., Ltd.	Other receivables - related parties (Note 4)	Yes	(USD 20,850)	(USD 12,350)	(RMB 76,000)									
1	Superior Technology Semiconductor Co., Ltd.	Chen Tai Trading CO., LTD, ShangHai	Other receivables - related parties	Yes	62,602	26,830	26,830	2.50%	2	-	Operating capital turnover	-	-	-	56,488	56,488
					(RMB 14,000)	(RMB 6,000)	(RMB 6,000)								(RMB 12,386)	(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.

Table 2

**E&R ENGINEERING CORPORATION**  
**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&amp;R ENGINEERING CORPORATION

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**  
**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.

Table 5

## E&amp;R ENGINEERING CORPORATION

## 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	84,907 (USD2,800)	-	2,800	100%	87,287 (USD2,777)	87,287 (USD2,777)	2,113 (USD68)	2,113 (USD68)	-	-	-

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	
							packaging material							

Table 6

**E&R ENGINEERING CORPORATION**  
**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 Semiconductor 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 Co., 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 Co., 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 Co., 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 6)
- (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.

#### XIV. Segment Information

The Company has disclosed operating segment information in the consolidated financial statements; therefore, such information is not disclosed in the parent company only financial statements.

## IX. Table of Contents for Schedules of Significant Accounting Items

Item	No./index
Statements of Assets, Liabilities, and Equity	
Statement of Cash and Cash Equivalents	87
Statement of Financial Assets at Fair Value through Profit or Loss – Current	88
Statement of Notes Receivable	89
Statement of Accounts receivable	90
Statement of Other Receivables	91
Statement of Inventories	92
Statement of Prepayments	93
Statement of Other Financial Assets – Current	94
Statement of Financial Assets at Fair Value through Other Comprehensive Income – Non-current	95
Statement of Changes in Investments Accounted for Using the Equity Method	96
Statement of Changes in Property, Plant and Equipment	Note VI(X)
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note VI(X)
Statement of Changes in Right-of-use Assets	Note VI(XI)
Statement of Changes in Accumulated Depreciation of Right-of-use Assets	Note VI(XI)
Statement of Changes in Intangible Assets	Note XI(XII)
Statement of Deferred Tax Assets	Note XI(XXXIII)
Statement of Guarantee Deposits Paid	97
Statement of Contract Liabilities-Current	98
Statement of Notes Payable	99
Statement of Accounts Payable	100
Statement of Other Payables	Note VI(XIV)
Statement of Provisions – Current	Note VI(XV)
Statement of Deferred Tax Liabilities	Note VI(XXXIII)
Statement of Bonds Payable	101
Statement of Long-term Borrowings	102
Statement of Lease Liabilities	Note VI(XI)
Statements of Profit or Loss	
Statement of Operating Revenue	103
Statement of Operating Costs	104-105
Statement of Manufacturing Overhead	106
Statement of Selling Expenses	107
Statement of Administrative Expenses	108
Statement of Research and Development Expenses	106
Statement of Net Other Gains and Losses	Note VI(XXXI)
Summary Statement of Employee Benefits, Depreciation, Depletion, and Amortization Expenses for the Period by Function	Note VI(XXVIII)
Statement of Finance Costs	Note VI(XXXII)

E&R ENGINEERING CORPORATION  
Statement of Cash and Cash Equivalents  
December 31, 2025

Item	Description	Amount	Notes
Cash	Cash on hand	\$ 775	
Subtotal of cash		\$ 775	
Bank deposits	Checking account deposits	\$ 359	
	Demand deposits	129,093	
	Foreign currency deposits	49,936	USD 623 RMB 5,598 EUR 5 JPY 25,748
Cash equivalents	Original maturity within three months	78,266	JPY 155,370 USD 1,500
Subtotal of bank deposits		\$ 257,654	
Total		\$ 258,429	

Note: The USD exchange rate as of December 31, 2025 was 1:31.4300.  
The RMB exchange rate as of December 31, 2025 was 1:4.4716.  
The EUR exchange rate as of December 31, 2025 was 1:36.8259.  
The JPY exchange rate as of December 31, 2025 was 1:0.2003.

E&R ENGINEERING CORPORATION  
Statement of Financial Assets at Fair Value through Profit or Loss – Current  
December 31, 2025

Financial instrument	Description	Units	Acquisition cost	Unit: Thousand Shares; Thousands of NTD Fair value		Notes
				Unit price	Total amount	
Stocks:						
Global Tek	Stock	110	\$ 8,561	57.40	\$ 6,314	
Major Power Technology Co., Ltd.	Stock	527	<u>67,653</u>	123.50	<u>65,085</u>	
Subtotal			<u>76,214</u>		<u>71,399</u>	
Fund:						
Allianz Global Investors B	Mutual funds	620	6,030	6.9628	4,316	
TACB currency market	Mutual funds	6,582	70,000	10.7104	70,500	
Cathay US Premium Bond Fund B	Mutual funds	298	2,964	9.1403	2,723	
Cathay US Premium Bond Fund B – USD	Mutual funds	49	15,939	9.6460	14,932	
Subtotal			<u>94,933</u>		<u>92,471</u>	
Redemption and put options on convertible bonds		-	-	-	1,414	
Total			<u>\$ 171,147</u>		<u>\$ 165,284</u>	

E&R ENGINEERING CORPORATION  
Statement of Notes Receivable  
December 31, 2025

Counterparty	Description	Amount	Notes
Company A	Notes for goods purchased	\$ 105	
Total		\$ 105	
Less: Allowance for impairment loss		-	
Net amount		105	

E&R ENGINEERING CORPORATION  
Statement of Accounts receivable  
December 31, 2025

Counterparty	Description	Amount	Notes
Company A	Receivables for goods sold	\$ 161,949	USD 5,153
Company B	Receivables for goods sold	75,513	
Company C	Receivables for goods sold	51,860	USD 1,650
Company D	Receivables for goods sold	41,392	
Others	(Aggregate of those below 5%)	222,705	
Subtotal		\$ 553,419	
Less: Allowance for impairment loss		(5,899)	
Accounts receivable – non-related parties, net		\$ 547,520	
Dongguan E&R	Receivables for goods sold	\$ 52,090	USD 1,657
Wuxi E&R	Receivables for goods sold	47,867	USD 1,523
Superior Technology	Receivables for goods sold	64,666	RMB 14,461
Chen Tai Trading CO., LTD.	Receivables for goods sold	160	RMB 36
Subtotal		\$ 164,783	
Less: Allowance for impairment loss – related parties		-	
Accounts receivable – related parties, net		\$ 164,783	
Accounts receivable, net		\$ 712,303	

Note: The USD exchange rate as of December 31, 2025 was 1:31.43.  
The RMB exchange rate as of December 31, 2025 was 1:4.4716.

E&R ENGINEERING CORPORATION  
Statement of Other Receivables  
December 31, 2025

Item	Description	Amount	Unit: Thousands of NTD; Thousands of Foreign Currency Notes
Tax refund receivable	Business tax refundable	\$ 10,188	
Interest receivable	Interest receivable on time deposits	74	
Other receivables	Other receivables	389	
Subtotal		\$ 10,651	
Less: Allowance for impairment loss		-	
Subtotal of other receivables		\$ 10,651	
Overdue accounts receivable	Overdue accounts receivable	\$ 47,788	RMB 1,030
			USD 1,374
Receivables from financing	Financing receivables	339,842	RMB 76,000
Interest receivable on financing	Interest receivable	5,544	RMB 1,240
Other receivables	Other receivables	21,138	
Subtotal of other receivables – related parties		\$ 414,312	
Total		\$ 424,963	

Note: The USD exchange rate as of December 31, 2025 was 1:31.43.

The RMB exchange rate as of December 31, 2025 was 1:4.4716.

E&R ENGINEERING CORPORATION  
Statement of Inventories  
December 31, 2025

Unit: Thousands of NTD

Item	Description	Amount		Notes
		Cost	Market price	
Raw materials	Components	\$ 380,971	\$ 407,996	
Work in progress	Work-in-process machines	190,215	323,484	
Finished goods	Finished machines	119,086	144,647	
Total		<u>\$ 690,272</u>	<u>\$ 876,127</u>	

E&R ENGINEERING CORPORATION  
Statement of Prepayments  
December 31, 2025

Item	Description	Amount	Unit: Thousands of NTD Notes
Prepaid expenses	Prepaid insurance, etc.	\$ 7,548	
Prepayments for goods	Prepayments for goods	25,297	
Office supplies	Office supplies	4,632	
Other prepayments	Temporary payments, etc.	7,859	
Total		\$ 45,336	

E&R ENGINEERING CORPORATION  
Statement of Other Financial Assets – Current  
December 31, 2025

Item	Description	Amount	Unit: Thousands of NTD Notes
Restricted assets	Performance deposits	\$ 28,018	
Restricted assets	Customs deposits	710	
Total		\$ 28,728	

E&R ENGINEERING CORPORATION  
Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income – Non-current  
For the Year Ended December 31, 2025

Unit: Thousand Shares; Thousands of NTD

Name	Opening balance		Increase for the period		Decrease for the period		Closing balance		Collateral or pledge status	Note
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value		
Shyawei Optronics Corporation	1,640	\$ 34,075	-	\$ 5,736	-	\$ -	1,640	\$ 39,811	None	
King Tech Vietnam Co., Ltd.	412	10,676	-	-	412	10,676	-	-	None	(Note)
Uniconn Interconnections Technology Co., Ltd.	550	30,250	29	1,764	-	32,014	579	-	None	
Lasertec Taiwan Inc.	3,333	<u>9,618</u>	333	<u>1,500</u>	-	<u>3,297</u>	3,666	<u>7,821</u>	None	
Total		<u>\$ 84,619</u>		<u>\$ 9,000</u>		<u>\$ 45,987</u>		<u>\$ 47,632</u>		

Explanation: 1. The increase of NT\$9,000 thousand in the current period consists of NT\$3,264 thousand from additional purchases and NT\$5,736 thousand from unrealized valuation gains on financial assets.  
2. The decrease of NT\$45,987 thousand for the current period consists of NT\$45,987 thousand in unrealized valuation loss on financial assets.

Note: Dissolved in December 2025.

E&R ENGINEERING CORPORATION  
Statement of Changes in Long-term Equity Investments Accounted for Using the Equity Method  
For the Year Ended December 31, 2025

Name	Opening balance		Increase for the period		Decrease for the period		Closing balance			Unit: Thousand Shares; Thousands of NTD Market price or net asset value		Collateral or pledge status
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total price	
	TECH-WAVE Industrial Co., Ltd.	2,500	\$ 16,710	-	\$ 151	-	\$ 6,429	2,500	51.43%	\$ 10,432	4.17	
E&R Semiconductor Materials Co., Ltd.	15,000	74,490	-	643	-	25,379	15,000	100.00%	49,754	3.46	51,973	None
ENRICHMENT TECH. CORPORATION	7,290	49,915	-	3,097	-	10,045	7,290	100.00%	42,967	5.94	43,267	None
EXCELLENT INTERNATIONAL HOLDINGS LIMITED	9,709	129,365	2,545	78,297	-	98,288	12,254	100.00%	109,374	10.45	128,098	None
EXCELLENT TECHKNOWLEDGIES HOLDINGS PTE LTD	101	3,382	2,800	87,222	-	-	2,901	100.00%	90,604	31.23	90,604	None
E AND R ENGINEERING USA LLC	-	-	1,000	31,421	-	1,511	1,000	100.00%	29,910	29.91	29,910	None
Total		<u>\$ 273,862</u>		<u>\$ 200,831</u>		<u>\$ 141,652</u>			<u>\$ 333,041</u>		<u>\$ 354,284</u>	

Explanation: 1. The details of the increase of NT\$200,831 thousand for the current period are as follows:

Purchase	\$191,862
Investment income (loss) recognized using the equity method	2,187
Realized gross profit on sales	2,304
Realized gain on disposal of assets	133
Other comprehensive income	1,311
Actual acquisition price of equity	3,034
Total	<u>\$200,831</u>

2. The details of the decrease of NT\$141,652 thousand in the current period are as follows:

Investment loss recognized using the equity method	\$ 130,925
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	3,034
Unrealized gross profit on sales	3,992
Other comprehensive income	3,701
Total	<u>\$ 141,652</u>

E&R ENGINEERING CORPORATION  
Statement of Guarantee Deposits Paid  
December 31, 2025

Item	Description	Amount	Unit: Thousands of NTD Notes
Lease security deposits	Lease security deposits	\$ 1,774	
Performance bond	Performance bond	1,066	
Others	Others	172	
Total		\$ 3,012	

E&R ENGINEERING CORPORATION  
Statement of contract liabilities - current  
December 31, 2025

Counterparty	Description	Amount	Notes
Company A	Advance receipts	\$ 25,832	
Company B	Advance receipts	8,470	
Company C	Advance receipts	3,500	
Company D	Advance receipts	2,110	
Others	(Aggregate of those below 5%)	1,773	
Total		\$ 41,685	

Unit: Thousands of NTD

E&R ENGINEERING CORPORATION  
Statement of Notes Payable  
December 31, 2025

Counterparty	Description	Amount	Notes
Company A	Accounts payable	\$ 375	
Company B	Accounts payable	359	
Total		\$ 734	

Unit: Thousands of NTD

E&R ENGINEERING CORPORATION  
Statement of Accounts Payable  
December 31, 2025

Unit: Thousands of NTD; Thousands of  
Foreign Currency  
Notes

<u>Counterparty</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
Company A	Accounts payable	\$ 17,823	
Others	(Aggregate of those below 5%)	180,684	
Total		<u>\$ 198,507</u>	

E&R ENGINEERING CORPORATION  
Statement of Bonds Payable  
December 31, 2025

Unit: Thousands of NTD

Name	Trustee	Issue date	Interest payment date	Interest rate	Total issue amount	Amount converted (redeemed)	Closing balance	Discount on bonds payable	Book value	Repayment terms	Collateral status	Notes
Domestic unsecured convertible corporate bonds	3rd Taichung Bank Securities	2022.6.22	-	Coupon rate 0%	\$1,000,000	\$ 646,500	\$ 353,500	\$ 8,236	\$ 345,264	Note	None	
Total					<u>\$1,000,000</u>	<u>\$ 646,500</u>	<u>\$ 353,500</u>	<u>\$ 8,236</u>	<u>\$ 345,264</u>			
Less: Portion due within one year												
Total									<u>\$ 345,264</u>			

Note: For detailed repayment terms, please refer to the description of bonds payable in Note 6(17) to the financial statements.

E&R ENGINEERING CORPORATION  
Statement of Long-term Borrowings  
December 31, 2025

Unit: Thousands of NTD

Creditor	Description	Loan balance	Contract term	Mortgage or guarantee	Note
Taiwan Cooperative Bank	Mortgage loans	\$ 29,072	20211214-20411214	Land and plant	
Taiwan Cooperative Bank	Mortgage loans	14,665	20210114-20290114	Land and plant	
Taiwan Cooperative Bank	Mortgage loans	7,666	20220114-20270114	Land and plant	
Hua Nan Bank	Mortgage loans	5,000	20220322-20270322	Demand deposit	
Total		<u>\$ 56,403</u>			
Less: Unamortized discount		(2,769)			
Less: Long-term borrowings due within one year		(16,710)			
Long-term borrowings		<u>\$ 36,924</u>			
Interest rate range		<u><u>2.125%-2.36%</u></u>			

E&R ENGINEERING CORPORATION  
Statement of Operating Revenue  
For the Year Ended December 31, 2025

Unit: Thousands of NTD

Item	Quantity	Amount	Notes
BLAZON	24 units	\$ 333,438	
Laser marker	4 units	62,514	
Laser marker	5 units	78,300	
Laser cutting machine	1 units	8,856	
PLASMAX	21 units	190,980	
WID-300UV	3 units	53,901	
Spare Parts	10,447 units	255,815	
Others		417,508	
Subtotal		\$ 1,401,312	
Less: Sales returns		(19,488)	
Sales discounts		(1,282)	
Net operating revenue		\$ 1,380,542	

E&R ENGINEERING CORPORATION  
Statement of Operating Costs  
For the Year Ended December 31, 2025

Item	Unit: Thousands of NTD 2025
Beginning materials	\$ 518,668
Add: Purchases of materials for the period	687,056
Transfer from work in process	39,055
Sales returns	87
Transferred from property, plant and equipment	410
Others	2,262
Less: Ending materials	(434,434)
Sale	(109,589)
Requisitioned for expenses	(29,089)
Scrap	(13,808)
Transfer to property, plant and equipment	(5,361)
Maintenance costs	(355)
Raw materials consumed	\$ 654,902
Direct labor	14,604
Manufacturing overhead	38,233
Manufacturing cost	\$ 707,739
Add: Beginning work in process	233,561
Transfer from finished goods	602,090
Others	262
Less: Ending work in process	(215,693)
Transfer from production requisition to raw materials	(39,055)
Requisition for transfer to finished goods	(62,719)
Requisitioned for expenses	(531)
Cost of finished goods	\$ 1,225,654
Add: Beginning finished goods	117,406
Purchased finished goods	3,668
Transfer from work in process	62,719
Sales returns	17,122
Others	4,793
Less: Ending finished goods	(150,692)
Scrap	(2,202)
Requisitioned for expenses	(6,523)
Transfer to work in process	(602,090)
Transfer to property, plant and equipment	(84,583)
Processing costs	(1,300)
Others	(4,742)
Cost of finished goods sold	\$ 579,230

Item	2025
Cost adjustments	
Inventory write-downs and obsolescence loss	59,500
Warranty costs	42,813
Other additions/deductions - other	(1,846)
Other additions/deductions - sales returns	(17,209)
Cost of sales	\$ 662,488
Cost of raw materials sold	109,589
Maintenance costs	2,589
Operating costs	\$ 774,666

E&R ENGINEERING CORPORATION  
Statement of Manufacturing Overhead  
For the Year Ended December 31, 2025

Item	Unit: Thousands of NTD Amount
Indirect labor	\$ 5,470
Depreciation	3,383
Utilities	12,012
Packaging expenses	1,592
Insurance expense	4,481
Processing fee	4,225
Other expenses (Note)	7,070
Total	\$ 38,233

Note: The balance of each item does not exceed 5% of the amount of this item.

E&R ENGINEERING CORPORATION  
Statement of Selling Expenses  
For the Year Ended December 31, 2025

Unit: Thousands of NTD

Item	Amount
Wages and salaries	\$ 71,451
Travel expense	22,206
Entertainment expense	13,972
Commission expense	35,440
Other expenses (Note)	56,750
Total	<u>\$ 199,819</u>

Note: The balance of each item does not exceed 5% of the amount of this item.

E&R ENGINEERING CORPORATION  
Statement of Administrative Expenses  
For the Year Ended December 31, 2025

Unit: Thousands of NTD

Item	Amount
Wages and salaries	\$ 56,938
Insurance expense	6,853
Depreciation	15,305
Entertainment expense	2,405
Service fees	8,595
Other expenses (Note)	39,578
Total	\$ 129,674

Note: The balance of each item does not exceed 5% of the amount of this item.

E&R ENGINEERING CORPORATION  
Statement of Research and Development Expenses  
For the Year Ended December 31, 2025

Item	Unit: Thousands of NTD Amount
Wages and salaries	\$ 127,609
Insurance expense	11,778
Depreciation	76,274
Other expenses (Note)	41,504
Less: Subsidy income	(25,223)
Total	<u>\$ 231,942</u>

Note: The balance of each item does not exceed 5% of the amount of this item.