

**FINEMAT APPLIED MATERIALS CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
DECEMBER 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, Finemat Applied Materials Co., Ltd. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

FINEMAT APPLIED MATERIALS CO., LTD.

March 10, 2026

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FINEMAT APPLIED MATERIALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. and its subsidiaries (collectively referred herein as the “Group”) as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these 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 Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2025 consolidated financial statements is stated as follows:

Existence of sales revenue

Description

Refer to Note 4(27) for the accounting policy on revenue recognition and Note 6(20) for the details of operating revenue.

The Group sells electronic components, high precision metal masks and other metal products and so forth. Since the Group's customers are located in Taiwan, Asia and other areas, sales are easily affected by the terminal market demand. Also, the verification of the transaction existence takes a relatively longer time due to the massive transaction volume of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters for this year's audit.

How our audit addressed the matter

We performed the following audit procedures in response of the above key audit matter:

- A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorization procedures and collection processes to evaluate the management's effectiveness of internal controls over sales revenue recognition.
- B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.

C. We sampled and tested the accounting entries recognized for sales revenue, including verifying the nature of the entries and checking the supporting documents. For the same purpose, we also sampled and checked the reasonableness of the debit notes issued after the balance sheet date and examined the related supporting documents.

Valuation of inventories - Allowance for valuation loss on microwave semiconductor devices

Description

Refer to Note 4(11) for the accounting policy on inventory valuation, Note 5(2) for the information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(5) for details of allowance for inventory valuation losses.

Due to rapid technology innovations of microwave semiconductor devices, there is a higher risk of inventory devaluation or obsolescence. Inventories of microwave semiconductor devices are stated at the lower of cost and net realizable value. The net realizable value of inventories aged over a certain period and individually recognized as obsolete is estimated based on regular reviews by management of individual inventory conditions.

Due to rapid technology innovations in the relevant industry of products produced by microwave semiconductor devices and given that the determination of the net realizable value of individually identified obsolete inventories involves subjective judgement, we considered the valuation of inventories as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding of the provision policies on inventory valuation losses and assessed the reasonableness of policies and procedures which were adopted in the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry on microwave semiconductor devices, including the sources of inventory information used to determine net realizable value and the reasonableness of judging obsolete inventories.

- B. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
- C. Verified whether the net realizable value of inventories and the dates used in the inventory aging reports that were applied to value inventories were appropriate, and selected samples from inventory items by each sequence number to recalculate its net realizable value to ascertain the reasonableness of allowance for inventory valuation loss.

Other matter - Parent company only financial statements

We have audited and expressed an unmodified opinion on the parent company only financial statements of FINEMAT APPLIED MATERIALS CO., LTD. as at and for the years ended December 31, 2025 and 2024.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yeh, Fang-Ting

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 10, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 545,742	19	\$ 619,609	21
1136	Financial assets at amortized cost - current	6(2) and 8	125,951	4	215,440	7
1140	Current contract assets	6(20) and 12	30,100	1	54,835	2
1150	Notes receivable, net	6(3), 7 and 12	5,188	-	2,887	-
1170	Accounts receivable, net	6(3), 7 and 12	362,600	13	217,675	8
1200	Other receivables	6(4) and 12	1,893	-	49,153	2
1220	Current income tax assets	6(27)	285	-	511	-
130X	Inventories	6(5)	250,744	9	226,215	8
1410	Prepayments		43,089	1	32,797	1
11XX	Total current assets		<u>1,365,592</u>	<u>47</u>	<u>1,419,122</u>	<u>49</u>
Non-current assets						
1550	Investments accounted for under equity method	6(7)	83,346	3	81,563	3
1600	Property, plant and equipment	6(8)(10), 7 and 8	1,112,213	39	1,120,807	39
1755	Right-of-use assets	6(9)	80,610	3	94,217	3
1760	Investment property, net	6(8)(10) and 8	36,238	1	21,649	1
1780	Intangible assets	6(11)	35,985	1	46,529	2
1840	Deferred income tax assets	6(27)	44,874	2	41,600	1
1915	Prepayments for equipment	6(8)	94,740	3	44,405	1
1920	Guarantee deposits paid	8	18,105	1	19,485	1
1990	Other non-current assets		3,383	-	5,295	-
15XX	Total non-current assets		<u>1,509,494</u>	<u>53</u>	<u>1,475,550</u>	<u>51</u>
1XXX	Total assets		<u>\$ 2,875,086</u>	<u>100</u>	<u>\$ 2,894,672</u>	<u>100</u>

(Continued)

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 555,657	20	\$ 523,737	18
2110	Short-term notes and bills payable	6(13)	30,000	1	30,000	1
2130	Current contract liabilities	6(20)	505	-	13,864	1
2170	Accounts payable		110,031	4	71,687	2
2180	Accounts payable - related parties	7	9,599	1	17,772	1
2200	Other payables	6(14)	147,416	5	84,222	3
2230	Current income tax liabilities	6(27)	24,311	1	6,350	-
2250	Current provisions		74	-	276	-
2280	Current lease liabilities		9,268	-	9,888	-
2320	Long-term liabilities, current portion	6(15) and 8	37,830	1	78,789	3
2399	Other current liabilities, others		5,421	-	-	-
21XX	Total current liabilities		<u>930,112</u>	<u>33</u>	<u>836,585</u>	<u>29</u>
Non-current liabilities						
2540	Long-term borrowings	6(15) and 8	28,450	1	46,485	2
2550	Non-current provisions		908	-	-	-
2570	Deferred income tax liabilities	6(27)	5,873	-	8,387	-
2580	Non-current lease liabilities		18,452	1	27,719	1
2600	Other non-current liabilities		9,263	-	9,029	-
25XX	Total non-current liabilities		<u>62,946</u>	<u>2</u>	<u>91,620</u>	<u>3</u>
2XXX	Total liabilities		<u>993,058</u>	<u>35</u>	<u>928,205</u>	<u>32</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(17)	663,898	23	663,898	23
Capital reserve						
3200	Capital surplus	6(18)(29)	555,896	19	539,318	18
Retained earnings						
3310	Legal reserve	6(19)	41,495	1	41,495	2
3320	Special reserve		4,933	-	18,003	1
3350	Accumulated deficit		(151,797)	(5)	(56,080)	(2)
3400	Other equity interest	6(7)	(7,711)	-	(4,933)	-
3500	Treasury stocks	6(17)	(24,187)	(1)	(24,187)	(1)
31XX	Equity attributable to owners of the parent		<u>1,082,527</u>	<u>37</u>	<u>1,177,514</u>	<u>41</u>
36XX	Non-controlling interest	4(3) and 6(29)	<u>799,501</u>	<u>28</u>	<u>788,953</u>	<u>27</u>
3XXX	Total equity		<u>1,882,028</u>	<u>65</u>	<u>1,966,467</u>	<u>68</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
Total liabilities and equity			<u>\$ 2,875,086</u>	<u>100</u>	<u>\$ 2,894,672</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

Items	Notes	Year ended December 31			
		2025		2024	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(10)(20) and 7	\$ 1,156,656	100	\$ 890,710	100
5000 Operating costs	6(5)(10)(11)(16)(25)(26) and 7	(880,807)	(76)	(648,055)	(73)
5900 Gross profit		<u>275,849</u>	<u>24</u>	<u>242,655</u>	<u>27</u>
Operating expenses	6(11)(16)(25)(26), 7 and 12				
6100 Selling expenses		(27,441)	(2)	(28,378)	(3)
6200 General and administrative expenses		(145,219)	(13)	(143,582)	(16)
6300 Research and development expenses		(98,424)	(9)	(77,437)	(9)
6450 Expected credit impairment loss		(1,285)	-	(10,229)	(1)
6000 Total operating expenses		(272,369)	(24)	(259,626)	(29)
6900 Operating profit (loss)		<u>3,480</u>	<u>-</u>	(16,971)	(2)
Non-operating income and expenses					
7100 Interest income	6(2)(21)	7,227	-	8,282	1
7010 Other income	6(22)	10,424	1	11,700	1
7020 Other gains and losses	6(9)(10)(23), 7 and 12	(14,458)	(1)	9,628	1
7050 Finance costs	6(9)(24)	(15,291)	(1)	(17,595)	(2)
7060 Share of profit or loss of associates and joint ventures accounted for under equity method	6(7)	<u>3,406</u>	<u>-</u>	<u>6,589</u>	<u>1</u>
7000 Total non-operating income and expenses		(8,692)	(1)	18,604	2
7900 (Loss) profit before income tax		(5,212)	(1)	1,633	-
7950 Income tax expense	6(27)	(37,331)	(3)	(21,749)	(2)
8200 Loss for the year		<u>(\$ 42,543)</u>	<u>(4)</u>	<u>(\$ 20,116)</u>	<u>(2)</u>
Other comprehensive (loss) income (Net)					
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(\$ 3,869)	-	\$ 20,298	2
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)	(547)	-	843	-
8399 Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(27)	<u>695</u>	<u>-</u>	(3,458)	<u>-</u>
8300 Other comprehensive (loss) income for the year		<u>(\$ 3,721)</u>	<u>-</u>	<u>\$ 17,683</u>	<u>2</u>
8500 Total comprehensive loss for the year		<u>(\$ 46,264)</u>	<u>(4)</u>	<u>(\$ 2,433)</u>	<u>-</u>
(Loss) profit attributable to:					
8610 Owners of the parent		(\$ 108,787)	(10)	(\$ 62,968)	(7)
8620 Non-controlling interest		<u>66,244</u>	<u>6</u>	<u>42,852</u>	<u>5</u>
Loss for the year		<u>(\$ 42,543)</u>	<u>(4)</u>	<u>(\$ 20,116)</u>	<u>(2)</u>
Comprehensive (loss) income attributable to:					
8710 Owners of the parent		(\$ 111,565)	(10)	(\$ 49,898)	(5)
8720 Non-controlling interest		<u>65,301</u>	<u>6</u>	<u>47,465</u>	<u>5</u>
Total comprehensive loss for the year		<u>(\$ 46,264)</u>	<u>(4)</u>	<u>(\$ 2,433)</u>	<u>-</u>
Loss per share (in dollars)	6(28)				
9750 Basic		<u>(\$ 1.65)</u>		<u>(\$ 0.96)</u>	
9850 Diluted		<u>(\$ 1.65)</u>		<u>(\$ 0.96)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Notes	Retained Earnings					Other Equity Interest	Treasury stocks	Total	Non-controlling interest	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations				
<u>Year ended December 31, 2024</u>											
Balance at January 1, 2024		\$ 663,898	\$ 526,972	\$ 41,495	\$ 10,808	\$ 14,083	(\$ 18,003)	(\$ 24,187)	\$ 1,215,066	\$ 789,960	\$ 2,005,026
(Loss) profit for the year		-	-	-	-	(62,968)	-	-	(62,968)	42,852	(20,116)
Other comprehensive income for the year		-	-	-	-	-	13,070	-	13,070	4,613	17,683
Total comprehensive (loss) income for the year		-	-	-	-	(62,968)	13,070	-	(49,898)	47,465	(2,433)
Difference between acquisition or disposal price and carrying amounts of subsidiaries	6(18)(29)	-	12,346	-	-	-	-	-	12,346	(1,472)	10,874
Appropriation of 2023 earnings:											
Special reserve		-	-	-	7,195	(7,195)	-	-	-	-	-
Change in non-controlling interest		-	-	-	-	-	-	-	-	(47,000)	(47,000)
Balance at December 31, 2024		<u>\$ 663,898</u>	<u>\$ 539,318</u>	<u>\$ 41,495</u>	<u>\$ 18,003</u>	<u>(\$ 56,080)</u>	<u>(\$ 4,933)</u>	<u>(\$ 24,187)</u>	<u>\$ 1,177,514</u>	<u>\$ 788,953</u>	<u>\$ 1,966,467</u>
<u>Year ended December 31, 2025</u>											
Balance at January 1, 2025		\$ 663,898	\$ 539,318	\$ 41,495	\$ 18,003	(\$ 56,080)	(\$ 4,933)	(\$ 24,187)	\$ 1,177,514	\$ 788,953	\$ 1,966,467
(Loss) profit for the year		-	-	-	-	(108,787)	-	-	(108,787)	66,244	(42,543)
Other comprehensive loss for the year		-	-	-	-	-	(2,778)	-	(2,778)	(943)	(3,721)
Total comprehensive (loss) income for the year		-	-	-	-	(108,787)	(2,778)	-	(111,565)	65,301	(46,264)
Difference between acquisition or disposal price and carrying amounts of subsidiaries	6(18)(29)	-	16,575	-	-	-	-	-	16,575	2,983	19,558
Adjustment for change in capital reserve of investee companies	6(18)	-	3	-	-	-	-	-	3	7	10
Appropriation of 2024 earnings:											
Reversal of special reserve		-	-	-	(13,070)	13,070	-	-	-	-	-
Effect of changes in consolidated entities		-	-	-	-	-	-	-	-	1,628	1,628
Change in non-controlling interest		-	-	-	-	-	-	-	-	(59,371)	(59,371)
Balance at December 31, 2025		<u>\$ 663,898</u>	<u>\$ 555,896</u>	<u>\$ 41,495</u>	<u>\$ 4,933</u>	<u>(\$ 151,797)</u>	<u>(\$ 7,711)</u>	<u>(\$ 24,187)</u>	<u>\$ 1,082,527</u>	<u>\$ 799,501</u>	<u>\$ 1,882,028</u>

The accompanying notes are an integral part of these consolidated financial statements.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 5,212)	\$ 1,633
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12	1,285	10,229
Loss on inventory market price decline	6(5)	2,567	3,737
Compensation for loss	6(5)	47,220	-
Share of profit or loss of associates and joint ventures accounted for under equity method	6(7)		
Depreciation		(3,406)	(6,589)
Depreciation	6(8)(9)(10)	115,465	107,498
Loss (gain) on disposal of property, plant and equipment	6(23)	975	(691)
Gain from lease modification	6(9)(23)	-	(13)
Amortization	6(11)(25)	10,969	12,217
Prepayments for business facilities transferred to expenses		-	140
Interest income	6(21)	(7,227)	(8,282)
Interest expense	6(24)	15,291	17,595
Changes in assets and liabilities			
Changes in operating assets			
Current contract assets		24,735	(22,593)
Notes receivable		(2,301)	1,186
Accounts receivable		(146,325)	43,796
Other receivables		11,870	10,999
Inventories		(27,048)	14,736
Prepayments		(10,292)	(3,650)
Changes in operating liabilities			
Current contract liabilities		(13,359)	7,400
Accounts payable		38,344	(71,754)
Accounts payable - related parties		(8,173)	14,022
Other payables		10,202	(17,770)
Current provisions		(202)	(641)
Other current liabilities, others		5,421	-
Other non-current liabilities		234	(433)
Cash inflow generated from operations		61,033	112,772
Dividends received	6(7)	3,097	2,463
Interest received		7,176	8,257
Interest paid		(15,328)	(18,001)
Income tax paid		(24,237)	(23,161)
Net cash flows from operating activities		31,741	82,330

(Continued)

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortized cost - current		\$ 89,489	\$ 161,309
Acquisition of investments accounted for under equity method	6(7)	-	(65,520)
Cash received from disposal of non-current assets held for sale	6(30)	35,435	65,857
Cash received from disposal of investments accounted for under equity method	6(30)	-	42,379
Cash paid for acquisition of property, plant and equipment	6(30)	(74,379)	(57,968)
Proceeds from disposal of property, plant and equipment		4,341	12,706
Acquisition of intangible assets	6(11)	(474)	(1,175)
Increase in prepayments for equipment		(90,862)	(38,626)
Decrease in guarantee deposits paid		1,431	4,732
Decrease in other non-current assets		1,912	8,414
Net cash outflow from changes in consolidated entities		(2,021)	-
Net cash flows (used in) from investing activities		(35,128)	132,108
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(31)	1,836,224	1,663,724
Decrease in short-term borrowings	6(31)	(1,802,494)	(1,654,066)
Increase in short-term notes and bills payable	6(31)	180,000	190,000
Decrease in short-term notes and bills payable	6(31)	(180,000)	(210,000)
Decrease in other payables	6(31)	-	(14,562)
Payments of lease liabilities	6(31)	(9,887)	(6,121)
Increase in long-term borrowings	6(31)	16,200	33,000
Decrease in long-term borrowings	6(31)	(75,008)	(172,108)
Net cash flow from equity transactions with non-controlling interest	6(29)	19,558	10,874
Change in non-controlling interests		(59,371)	(47,000)
Subsidiary exercises the right of disgorgement		10	-
Net cash flows used in financing activities		(74,768)	(206,259)
Effect of exchange rate changes on cash and cash equivalents		4,288	9,742
Net (decrease) increase in cash and cash equivalents		(73,867)	17,921
Cash and cash equivalents at beginning of year	6(1)	619,609	601,688
Cash and cash equivalents at end of year	6(1)	\$ 545,742	\$ 619,609

The accompanying notes are an integral part of these consolidated financial statements.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) FineMat Applied Materials Co., Ltd. (the “Company”) was incorporated on May 25, 2007 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant regulations. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture of electronic components and computers and its peripherals, duplication of data storage media, wholesale of electronic materials, secondary processing of steel materials, and other metal products, microwave and semiconductor devices and provide services for precision equipment clearing and recycling.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since November 25, 2019.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 10, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

- (2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
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 Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation of Financial Statements’

IFRS 18, ‘Presentation of Financial Statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management – defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. The consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainly’.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between company within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) 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 by which the non-controlling interests are adjusted and the fair value of

the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
FineMat Applied Materials Co., Ltd. ("FineMat")	Sense Pad Tech. Co., Ltd. ("Sense Pad")	Professional investment	100.00	100.00	—
FineMat	HTC & Solartech Service (Samoa) Corporation ("HTC")	Professional investment	73.73	73.73	—
FineMat	Wave Power Technology Inc. ("Wave Power")	Manufacture and sales of microwaves and semiconductor components	36.78	37.06	(Note 1)
FineMat	Etch Home Technology Co., Ltd. ("Etch Home")	Manufacture and sales of electronic components	—	—	(Note 2)
FineMat	VN Etch Home Technology Co., Ltd. ("VN Etch Home")	Manufacture and sales of electronic components	100.00	100.00	(Note 2)
FineMat	FineXact Co., Ltd. ("FineXact")	Manufacture and sales of other metal products	—	—	(Note 3)
FineMat	eDronePower Technology Co., Ltd.	Aircraft parts, precision instruments wholesale	60.00	—	(Note 4)
Sense Pad	FineMat (Shanghai) Applied Material Co., Ltd.	Sales of electronic components	100.00	100.00	—

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
HTC	Solar Applied Materials Technology (Shanghai) Co., Ltd.	Precision equipment clearing and recycling	100.00	100.00	—
HTC	FineMat (HuangShi) Applied Material Co., Ltd.	Precision equipment clearing and recycling	100.00	100.00	—
Etch Home	VN Etch Home	Manufacture and sales of electronic components	—	—	(Note 2)

(Note 1) The Group partially disposed its shares of Wave Power, resulting to a decrease in the Group's ownership percentage. However, the Group retains a relatively majority shareholding, with the remaining shares being highly dispersed, also, a representative appointed by the Company was elected as the chairman of the investee. After comprehensive evaluation, the Group still has control over Wave Power and accordingly, Wave Power was included in the consolidated financial statements.

(Note 2) In order to integrate resources and enhance operational efficiency, FineMat absorbed and merged with Etch Home on December 31, 2024. Additionally, FineMat obtained 100% ownership of VN Etch Home due to the transaction.

(Note 3) FineXact was newly established in April 2025. However, the Group did not acquire shares proportionally to its interest when FineXact increased its capital in September 2025, resulting in its ownership percentage decreasing from 37.5% to 30%. Consequently, the Group lost control over FineXact, and therefore, from the date of losing control, FineXact was no longer included in the consolidated financial statements.

(Note 4) Established in November of 2025.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group:

(a) As of December 31, 2025 and 2024, the non-controlling interest of the Group amounted to \$799,501 and \$788,953, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		<u>Non-controlling interest</u>		
		<u>December 31, 2025</u>		
<u>Name of subsidiary</u>	<u>Principal location of business</u>	<u>Amount</u>	<u>Ownership(%)</u>	<u>Description</u>
Wave Power	Taiwan	\$ 686,967	63.22%	(Note)
HTC and its subsidiaries	Samoa	<u>108,730</u>	26.27%	—
		<u>\$ 795,697</u>		
		<u>Non-controlling interest</u>		
		<u>December 31, 2024</u>		
<u>Name of subsidiary</u>	<u>Principal location of business</u>	<u>Amount</u>	<u>Ownership(%)</u>	<u>Description</u>
Wave Power	Taiwan	\$ 659,344	62.94%	(Note)
HTC and its subsidiaries	Samoa	<u>129,609</u>	26.27%	—
		<u>\$ 788,953</u>		

(Note) Refer to Note 4(3) B, ‘Subsidiaries included in the consolidated financial statements’ (Note 1).

(b) Summarized financial information of the subsidiaries:

Wave Power

I. Balance sheets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 877,524	\$ 818,447
Non-current assets	486,026	357,639
Current liabilities	(277,887)	(129,438)
Non-current liabilities	(20,810)	(26,572)
Total net assets	<u>\$ 1,064,853</u>	<u>\$ 1,020,076</u>

II. Statements of comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 850,772	\$ 413,766
Profit before income tax	148,581	105,709
Income tax expense	(25,384)	(18,900)
Net income	<u>\$ 123,197</u>	<u>\$ 86,809</u>
Total comprehensive income	<u>\$ 123,197</u>	<u>\$ 86,809</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 74,216</u>	<u>\$ 50,738</u>
Dividends paid to non-controlling interest	<u>\$ 49,581</u>	<u>\$ 47,000</u>

III. Statements of cash flows

	For the years ended December 31,	
	2025	2024
Net cash provided by operating activities	\$ 54,081	\$ 63,427
Net cash provided by investing activities	49,408	35,189
Net cash used in financing activities	(56,485)	(78,040)
Increase in cash and cash equivalents	47,004	20,576
Cash and cash equivalents at beginning of year	282,077	261,501
Cash and cash equivalents at end of year	<u>\$ 329,081</u>	<u>\$ 282,077</u>

HTC and its subsidiaries

I. Balance sheets

	December 31, 2025	December 31, 2024
Current assets	\$ 157,967	\$ 228,806
Non-current assets	261,066	275,740
Current liabilities	(9,287)	(15,320)
Total net assets	<u>\$ 409,746</u>	<u>\$ 489,226</u>

II. Statements of comprehensive income

	For the years ended December 31,	
	2025	2024
Revenue	\$ 63,995	\$ 78,317
Loss before income tax	(17,626)	(28,779)
Income tax expense	(5,766)	(719)
Net loss	(23,392)	(29,498)
Other comprehensive (loss) income, net of tax	(3,591)	17,556
Total comprehensive loss	<u>(\$ 26,983)</u>	<u>(\$ 11,942)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 7,088)</u>	<u>(\$ 3,137)</u>
Dividends paid to non-controlling interest	<u>\$ 13,790</u>	<u>\$ -</u>

III. Statements of cash flows

	For the years ended December 31,	
	2025	2024
Net cash (used in) provided by operating activities	(\$ 106,126)	\$ 31,181
Net cash provided by investing activities	33,352	97,195
Net cash used in financing activities	(52,496)	(58,768)
(Decrease) increase in cash and cash equivalents	(125,270)	69,608
Cash and cash equivalents at beginning of year	149,733	80,125
Cash and cash equivalents at end of year	<u>\$ 24,463</u>	<u>\$ 149,733</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - I. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - II. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - III. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realized, or are intended to be sold or consumed in the normal operating cycle;
 - (b) Assets held primarily for the purpose of trading;
 - (c) Assets that are expected to be realized within 12 months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least 12 months after the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled in the normal operating cycle;
 - (b) Liabilities arising primarily from trading activities;
 - (c) Liabilities that are due to be settled within 12 months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

- A. Cash equivalents refer to short-term and bonds with repurchase agreements highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.
- B. Time deposits and bills under repurchase agreement that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flow.
 - (b) The assets' contractual cash flow represent solely payments of principal and interest.
- B. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant, and these are measured at the investment amount. Additionally, the time deposits pledged by the Group meet the definition of financial assets at amortized cost.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses ("ECLs") if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is 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. When the cost of inventory is lower than net realized value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(12) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserves' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset name</u>	<u>Useful lives</u>
Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 15 years
Instruments and equipment	1 ~ 10 years
Transportation equipment	3 ~ 15 years
Office equipment	3 ~ 5 years
Other equipment	2 ~ 15 years
Leasehold improvements	4 years

(14) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.
 - (d) The estimated costs of dismantling and removing the underlying asset and restoring its location, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 50 years.

(16) Intangible assets

A. Computer software

Computer software is stated initially at cost and amortized on a straight-line basis over its estimated useful life of 1 ~ 10 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets

Expertise and customer relation acquired in business combination are recognized at fair value at the acquisition date and are amortized on a straight-line basis over their estimated lives of 7~ 17 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the unused tax losses to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

- (a) Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue is recognized based on the contract price, net of the estimated sales taxes, returns and discounts. For collection terms for sales transactions, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the group obtains the right to consideration from the transfer of goods, but the receipt of the consideration depends on future performance, the right is recognized as a contract asset. It is reclassified as a receivable when there is an unconditional right to the consideration.

B. Sales of service

- (a) The Group provides equipment cleaning services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual costs performed to the end of the reporting period relative to the total estimated service costs.
- (b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of December 31, 2025, the carrying amount of inventories amounted to \$250,744.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand	\$ 607	\$ 627
Demand deposits and checking deposits	<u>359,135</u>	<u>339,623</u>
	<u>359,742</u>	<u>340,250</u>
Cash Equivalents:		
Time deposits	156,000	279,359
Bills under repurchase agreement	<u>30,000</u>	<u>-</u>
	<u>186,000</u>	<u>279,359</u>
	<u>\$ 545,742</u>	<u>\$ 619,609</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2025 and 2024, the Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits with a maturity of over three months	\$ 116,868	\$ 187,375
Pledged time deposits	9,083	28,065
	\$ 125,951	\$ 215,440

- A. The Group recognized interest income in profit or loss on financial assets at amortized cost amounting to \$1,530 and \$4,516 for the years ended December 31, 2025 and 2024, respectively.
- B. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was the book value.
- C. Details of the Group's financial assets at amortized cost pledged to others as collateral as of December 31, 2025 and 2024 are provided in Note 8, 'Pledged assets'.
- D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	December 31, 2025	December 31, 2024
Notes receivable	\$ 5,188	\$ 2,887
Accounts receivable	\$ 382,945	\$ 236,620
Less: Allowance for doubtful accounts	(20,345)	(18,945)
	\$ 362,600	\$ 217,675

- A. As of December 31, 2025 and 2024, the Group's notes receivable were not past due.
- B. The ageing analysis of the Group's accounts receivable is as follows:

	December 31, 2025	December 31, 2024
Not past due	\$ 299,296	\$ 207,683
Up to 30 days	58,200	5,484
31 to 90 days	3,546	3,738
91 to 180 days	3,270	2,020
Over 181 days	18,633	17,695
	\$ 382,945	\$ 236,620

The above ageing analysis was based on past due date.

- C. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$284,489.

D. As of December 31, 2025 and 2024, the Group did not hold any collateral as security for notes receivable and accounts receivable.

E. As of December 31, 2025 and 2024, the Group has no accounts and notes receivable pledged to others.

F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Receivables from disposal of non-current assets held for sale	\$ -	\$ 35,435
Receivables from technical service	-	11,196
Others	<u>2,017</u>	<u>2,691</u>
	2,017	49,322
Less: Allowance for doubtful accounts	(124)	(169)
	<u>\$ 1,893</u>	<u>\$ 49,153</u>

(5) Inventories

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Allowance for market price decline</u>	<u>Book value</u>
Merchandise	\$ 5,845	(\$ 2,438)	\$ 3,407
Raw materials	145,864	(35,425)	110,439
Supplies	2,480	(721)	1,759
Work in progress	64,368	(8,316)	56,052
Finished goods	<u>83,170</u>	<u>(4,083)</u>	<u>79,087</u>
	<u>\$ 301,727</u>	<u>(\$ 50,983)</u>	<u>\$ 250,744</u>
	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for market price decline</u>	<u>Book value</u>
Merchandise	\$ 6,820	(\$ 4,234)	\$ 2,586
Raw materials	136,345	(33,381)	102,964
Supplies	1,941	(609)	1,332
Work in progress	78,662	(6,213)	72,449
Finished goods	<u>50,911</u>	<u>(4,027)</u>	<u>46,884</u>
	<u>\$ 274,679</u>	<u>(\$ 48,464)</u>	<u>\$ 226,215</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 835,854	\$ 649,934
Loss on inventory market price decline	2,567	3,737
Compensate for loss (Note)	47,220	-
Revenue from sales of scraps	(4,834)	(5,616)
	<u>\$ 880,807</u>	<u>\$ 648,055</u>

(Note) The Group sold AI liquid cooling components to customers, and after delivery, customers reported that some products caused damage to their ancillary products during use. Consequently, customers submitted compensation claims to the Group for the related losses. The Group has been actively communicating and negotiating with customers regarding the scope and amount of compensation. On January 28, 2026, a compensation plan of USD 1.5 million was proposed and resolved by the board of directors for agreement.

(6) Non-current assets held for sale, net

In August 2023, the Board of Directors of the Group resolved to dispose coating production line and etching production line equipment of the subsidiary, FineMat (HuangShi) Applied Materials Co., Ltd., to Huangshi Quanyang Photoelectric Technology Co., Ltd.. Assets related to the aforementioned transactions were classified as non-current assets held for sale in August 2024. The abovementioned transaction was completed in December 2024. The proceeds from disposal amounted to \$117,279, which has not yet been collected as of December 31, 2025 and 2024, is provided in Note 6(4), "Other receivables".

(7) Investments accounted for under the equity method

A. Movements in investments accounted for under equity method are as follows:

	For the years ended December 31,	
	2025	2024
At January 1	\$ 81,563	\$ 11,074
Acquisition of investments accounted for using the equity method	-	65,520
Effect of changes in consolidated entity	2,021	-
Share of profit of associates and joint ventures accounted for under equity method	3,406	6,589
Earnings distribution of investments accounted for under equity method	(3,097)	(2,463)
Other equity interest - financial statements translation differences of foreign operations	(547)	843
At December 31	<u>\$ 83,346</u>	<u>\$ 81,563</u>

B. Details of investments accounted for under equity method:

<u>Name of invested companies</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates:		
Yugyokuen Ceramics Co., Ltd.	\$ 69,017	\$ 68,777
Galloptech International Co., Ltd.	12,500	12,786
FineXact Co., Ltd.	1,829	-
	<u>\$ 83,346</u>	<u>\$ 81,563</u>

C. Based on the Group's assessment, Yugyokuen Ceramics Co., Ltd., Galloptech International Co., Ltd. and FineXact Co., Ltd. was immaterial to the Group, and therefore the disclosure of its financial information is not required.

D. As of December 31, 2025 and 2024, no investments accounted for under equity method held by the Group were pledged to others.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Instruments and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Leasehold improvements	Total
<u>At January 1, 2025</u>										
Cost	\$ 281,948	\$ 744,665	\$ 404,614	\$ 142,047	\$ 9,112	\$ 17,429	\$ 91,196	\$ 37,725	\$ -	\$ 1,728,736
Accumulated depreciation	-	(216,764)	(239,797)	(88,968)	(5,528)	(15,125)	(40,565)	-	-	(606,747)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	-	(1,182)
	<u>\$ 281,948</u>	<u>\$ 527,901</u>	<u>\$ 163,635</u>	<u>\$ 53,079</u>	<u>\$ 3,584</u>	<u>\$ 2,304</u>	<u>\$ 50,631</u>	<u>\$ 37,725</u>	<u>\$ -</u>	<u>\$ 1,120,807</u>
<u>2025</u>										
At January 1	\$ 281,948	\$ 527,901	\$ 163,635	\$ 53,079	\$ 3,584	\$ 2,304	\$ 50,631	\$ 37,725	\$ -	\$ 1,120,807
Additions	-	640	29,608	15,661	-	1,308	22,165	8,884	1,956	80,222
Transfers after acceptance inspection	-	-	10,464	-	-	931	5,742	(17,137)	-	-
Transfers from prepayments for equipment	-	-	39,273	1,214	-	40	-	-	-	40,527
Transfer to investment property	-	-	-	-	-	-	-	(16,748)	-	(16,748)
Depreciation	-	(24,897)	(43,254)	(15,264)	(831)	(1,663)	(15,524)	-	(41)	(101,474)
Disposals – Cost	-	(428)	(36,079)	(3,858)	-	(2,233)	(1,150)	-	-	(43,748)
– Accumulated depreciation	-	428	30,819	3,858	-	2,177	1,150	-	-	38,432
Net currency exchange differences	-	(3,211)	(2,536)	(1)	(175)	(13)	(54)	185	-	(5,805)
At December 31	<u>\$ 281,948</u>	<u>\$ 500,433</u>	<u>\$ 191,930</u>	<u>\$ 54,689</u>	<u>\$ 2,578</u>	<u>\$ 2,851</u>	<u>\$ 62,960</u>	<u>\$ 12,909</u>	<u>\$ 1,915</u>	<u>\$ 1,112,213</u>
<u>December 31, 2025</u>										
Cost	\$ 281,948	\$ 741,580	\$ 445,016	\$ 155,065	\$ 8,902	\$ 17,455	\$ 117,823	\$ 12,909	\$ 1,956	\$ 1,782,654
Accumulated depreciation	-	(241,147)	(251,904)	(100,376)	(6,324)	(14,604)	(54,863)	-	(41)	(669,259)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	-	(1,182)
	<u>\$ 281,948</u>	<u>\$ 500,433</u>	<u>\$ 191,930</u>	<u>\$ 54,689</u>	<u>\$ 2,578</u>	<u>\$ 2,851</u>	<u>\$ 62,960</u>	<u>\$ 12,909</u>	<u>\$ 1,915</u>	<u>\$ 1,112,213</u>

	Land	Buildings and structures	Machinery and equipment	Instruments and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
<u>At January 1, 2024</u>									
Cost	\$ 281,948	\$ 735,696	\$ 413,071	\$ 131,787	\$ 13,707	\$ 16,941	\$ 88,033	\$ 9,479	\$ 1,690,662
Accumulated depreciation	-	(190,024)	(206,231)	(74,975)	(8,465)	(12,108)	(31,464)	-	(523,267)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	(1,182)
	<u>\$ 281,948</u>	<u>\$ 545,672</u>	<u>\$ 205,658</u>	<u>\$ 56,812</u>	<u>\$ 5,242</u>	<u>\$ 4,833</u>	<u>\$ 56,569</u>	<u>\$ 9,479</u>	<u>\$ 1,166,213</u>
<u>2024</u>									
At January 1	\$ 281,948	\$ 545,672	\$ 205,658	\$ 56,812	\$ 5,242	\$ 4,833	\$ 56,569	\$ 9,479	\$ 1,166,213
Additions	-	1,166	7,589	10,557	-	249	5,879	22,308	47,748
Transfers after acceptance inspection	-	-	1,500	-	-	-	90	(1,590)	-
Transfers from prepayments for equipment	-	-	166	-	-	179	-	7,295	7,640
Depreciation	-	(26,009)	(42,331)	(14,232)	(1,631)	(2,901)	(11,823)	-	(98,927)
Disposals— Cost	-	-	(21,742)	(312)	(5,009)	(342)	(2,835)	-	(30,241)
— Accumulated depreciation	-	-	10,183	250	4,875	184	2,733	-	18,226
Net currency exchange differences	-	7,072	2,612	4	107	102	18	233	10,148
At December 31	<u>\$ 281,948</u>	<u>\$ 527,901</u>	<u>\$ 163,635</u>	<u>\$ 53,079</u>	<u>\$ 3,584</u>	<u>\$ 2,304</u>	<u>\$ 50,631</u>	<u>\$ 37,725</u>	<u>\$ 1,120,807</u>
<u>December 31, 2024</u>									
Cost	\$ 281,948	\$ 744,665	\$ 404,614	\$ 142,047	\$ 9,112	\$ 17,429	\$ 91,196	\$ 37,725	\$ 1,728,736
Accumulated depreciation	-	(216,764)	(239,797)	(88,968)	(5,528)	(15,125)	(40,565)	-	(606,747)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	(1,182)
	<u>\$ 281,948</u>	<u>\$ 527,901</u>	<u>\$ 163,635</u>	<u>\$ 53,079</u>	<u>\$ 3,584</u>	<u>\$ 2,304</u>	<u>\$ 50,631</u>	<u>\$ 37,725</u>	<u>\$ 1,120,807</u>

- A. Property, plant and equipment of the Group were all for its own use as of December 31, 2025 and 2024.
- B. For the years ended December 31, 2025 and 2024, no borrowing cost was capitalized as part of property, plant and equipment.
- C. For the years ended December 31, 2025 and 2024, no impairment loss was recognized as part of property, plant and equipment.
- D. Information about property, plant and equipment that were pledged to others as collateral as of December 31, 2025 and 2024 is provided in Note 8, ‘Pledged assets’.

(9) Lease transactions – lessee

A. The Group leases various assets including land, warehouse and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

Carrying amounts:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land use rights	\$ 52,524	\$ 56,635
Buildings and structures	24,072	29,654
Transportation equipment (Business vehicles)	<u>4,014</u>	<u>7,928</u>
	<u>\$ 80,610</u>	<u>\$ 94,217</u>

Depreciation charge:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Land use rights	\$ 1,548	\$ 1,635
Buildings and structures	6,464	1,637
Transportation equipment (Business vehicles)	<u>3,914</u>	<u>4,659</u>
	<u>\$ 11,926</u>	<u>\$ 7,931</u>

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets and total remeasured amount were \$882 and \$38,574, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,028	\$ 442
Expense on short-term lease contracts	2,076	2,634
Gain from lease modification	-	(13)

E. For the years ended December 31, 2025 and 2024, the Group’s total cash outflow for leases were \$12,991 and \$9,197, respectively.

(10) Investment property, net

Movements of investment property are as follows:

	<u>Buildings and structures</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
At January 1		
Cost	\$ 54,158	\$ 53,353
Accumulated depreciation	(5,071)	(4,370)
Accumulated impairment	(27,438)	(27,438)
	<u>\$ 21,649</u>	<u>\$ 21,545</u>
Net value at January 1	\$ 21,649	\$ 21,545
Transfers from property, plant and equipment	16,748	-
Depreciation	(2,065)	(640)
Net currency exchange differences	(94)	744
Net value at December 31	<u>\$ 36,238</u>	<u>\$ 21,649</u>
At December 31		
Cost	\$ 70,896	\$ 54,158
Accumulated depreciation	(7,220)	(5,071)
Accumulated impairment	(27,438)	(27,438)
	<u>\$ 36,238</u>	<u>\$ 21,649</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rental income from the lease of the investment property (Note 1)	<u>\$ 5,540</u>	<u>\$ 5,485</u>
Direct operating expenses arising from the investment property that generated income during the year (Note 2)	<u>\$ 2,059</u>	<u>\$ 559</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year (Note 3)	<u>\$ 6</u>	<u>\$ 81</u>

(Note 1) Listed as "Operating revenue".

(Note 2) Listed as "Operating costs" and "Other gains and losses".

(Note 3) Listed as "Other gains and losses".

- B. The fair values of the investment property held by the Group as at December 31, 2025 and 2024 were \$60,533 and \$67,462, respectively, which were valued by referring to the actual price registration and discounted recoverable amounts of future rent income. Valuations were categorized within Level 3 in the fair value hierarchy.
- C. For the years ended December 31, 2025 and 2024, no borrowing cost was capitalized as part of investment property.
- D. For the years ended December 31, 2025 and 2024, no impairment loss was recognized as part of investment property.
- E. Information about investment property that was pledged to others as collateral as of December 31, 2025 and 2024 is provided in Note 8, ‘Pledged assets’.

(11) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Expertise</u>	<u>Customer relations</u>	<u>Total</u>
<u>At January 1, 2025</u>					
Cost	\$ 29,857	\$ 11,896	\$ 44,497	\$ 13,473	\$ 99,723
Accumulated amortization	(21,619)	-	(28,075)	(3,500)	(53,194)
	<u>\$ 8,238</u>	<u>\$ 11,896</u>	<u>\$ 16,422</u>	<u>\$ 9,973</u>	<u>\$ 46,529</u>
<u>2025</u>					
At January 1	\$ 8,238	\$ 11,896	\$ 16,422	\$ 9,973	\$ 46,529
Additions	474	-	-	-	474
Amortization	(3,819)	-	(6,357)	(793)	(10,969)
Net currency exchange differences	(49)	-	-	-	(49)
At December 31	<u>\$ 4,844</u>	<u>\$ 11,896</u>	<u>\$ 10,065</u>	<u>\$ 9,180</u>	<u>\$ 35,985</u>
<u>At December 31, 2025</u>					
Cost	\$ 30,237	\$ 11,896	\$ 44,497	\$ 13,473	\$100,103
Accumulated amortization	(25,393)	-	(34,432)	(4,293)	(64,118)
	<u>\$ 4,844</u>	<u>\$ 11,896</u>	<u>\$ 10,065</u>	<u>\$ 9,180</u>	<u>\$ 35,985</u>

	<u>Software</u>	<u>Goodwill</u>	<u>Expertise</u>	<u>Customer relations</u>	<u>Total</u>
<u>At January 1, 2024</u>					
Cost	\$ 28,661	\$ 11,896	\$ 44,497	\$ 13,473	\$ 98,527
Accumulated amortization	(16,543)	-	(21,719)	(2,708)	(40,970)
	<u>\$ 12,118</u>	<u>\$ 11,896</u>	<u>\$ 22,778</u>	<u>\$ 10,765</u>	<u>\$ 57,557</u>
<u>2024</u>					
At January 1	\$ 12,118	\$ 11,896	\$ 22,778	\$ 10,765	\$ 57,557
Additions	1,175	-	-	-	1,175
Amortization	(5,069)	-	(6,356)	(792)	(12,217)
Net currency exchange differences	14	-	-	-	14
At December 31	<u>\$ 8,238</u>	<u>\$ 11,896</u>	<u>\$ 16,422</u>	<u>\$ 9,973</u>	<u>\$ 46,529</u>
<u>At December 31, 2024</u>					
Cost	\$ 29,857	\$ 11,896	\$ 44,497	\$ 13,473	\$ 99,723
Accumulated amortization	(21,619)	-	(28,075)	(3,500)	(53,194)
	<u>\$ 8,238</u>	<u>\$ 11,896</u>	<u>\$ 16,422</u>	<u>\$ 9,973</u>	<u>\$ 46,529</u>

- A. For the years ended December 31, 2025 and 2024, no borrowing cost was capitalized as part of intangible assets.
- B. Details of amortization on intangible assets are as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Manufacturing expense	\$ 24	\$ 88
Selling expenses	-	10
General and administrative expenses	8,566	8,999
Research and development expenses	2,379	3,120
	<u>\$ 10,969</u>	<u>\$ 12,217</u>

- C. The recoverable amount of intangible assets acquired from business combinations was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial forecasts estimated by the management covering a five-year period as well as the following estimated growth rates when the period of cash-flow over a five-year period. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so intangible assets acquired from business combinations was not impaired. The key assumptions used for value-in-use calculations are as follows:

	<u>Gross profit margin</u>	<u>Growth rate</u>	<u>Discount Rate</u>
For the year ended December 31, 2025	30% ~ 45%	10% ~ 43%	17.72%
For the year ended December 31, 2024	45% ~ 49%	10% ~ 77%	18.21%

Management determined budgeted gross margin based on its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(12) Short-term borrowings

<u>Nature</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured bank borrowings	\$ 320,000	2.125%~2.38%	None
Bank secured bank borrowings	235,657	2.20%~4.28%	Note
	<u>\$ 555,657</u>		
<u>Nature</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured bank borrowings	\$ 373,737	0.50%~5.93%	None
Bank secured bank borrowings	150,000	2.12%~2.57%	Note
	<u>\$ 523,737</u>		

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Group for the years ended December 31, 2025 and 2024, refer to Note 6(24), 'Finance cost'.

(13) Short-term notes and bills payable

<u>Nature</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial papers payable	<u>\$ 30,000</u>	1.55%	None
<u>Nature</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial papers payable	<u>\$ 30,000</u>	1.70%	None

A. The above commercial papers were issued and unsecured by China Bills Finance Corporation.

B. For more information about interest expenses recognized by the Group for the years ended December 31, 2025 and 2024, refer to Note 6(24), 'Finance cost'.

(14) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Wages and salaries and bonuses payable	\$ 38,118	\$ 38,120
Employees' compensation and directors' remuneration payable	24,565	15,162
Equipment payable	8,522	2,679
Compensation for losses payable	47,220	-
Others	28,991	28,261
	<u>\$ 147,416</u>	<u>\$ 84,222</u>

(15) Long-term borrowings

<u>Nature</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Secured borrowings	2020.7.27~2030.7.15	1.42%~ 2.44%	Note	\$ 38,080
Unsecured borrowings	2024.10.7~2028.2.7	2.35%	None	28,200
				<u>66,280</u>
Less: Current portion				(37,830)
				<u>\$ 28,450</u>

<u>Nature</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
NTD secured borrowings	2020.7.27~2026.9.24	1.42%~ 2.47%	Note	\$ 60,469
Foreign currency secured borrowings	VND 2,103,471 thousand 2022.9.23~2025.9.22	7.53%	Note	2,661
NTD unsecured borrowings	2020.12.15~2027.10.7	1.35%~ 2.35%	None	62,144
				<u>125,274</u>
Less: Current portion				(78,789)
				<u>\$ 46,485</u>

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Group for the years ended December 31, 2025 and 2024, refer to Note 6(24), 'Finance cost'.

(16) Pensions

Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The other subsidiaries are subject to local government sponsored defined contribution plan. In accordance with related laws of the respective local government, the independent pension fund of employees is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were \$10,266 and \$9,555, respectively.

(17) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2025	2024
Beginning and ending balance	65,788	65,788

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows (in thousands of shares):

	For the years ended December 31,	
	2025	2024
<u>Reason for reacquisition</u>	<u>Beginning and ending balance</u>	<u>Beginning and ending balance</u>
To be reissued to employees	602	602

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2025 and 2024, the balances of treasury shares purchased by the Company both amounted to \$24,187.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 years period are to be retired.

C. As of December 31, 2025, the Company's authorized capital was \$1,000,000 (including \$60,000 reserved for employee stock options), and the paid-in capital was \$663,898, consisting of 66,390 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share, which were issued in instalments. All proceeds from shares issued have been collected.

(18) Capital reserve

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2025	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Total
At January 1	\$ 394,674	\$ 25,128	\$ 119,516	\$539,318
Transactions with non-controlling interests of subsidiaries	-	16,575	-	16,575
Adjustments for changes in capital reserve of investee companies	-	-	3	3
At December 31	<u>\$ 394,674</u>	<u>\$ 41,703</u>	<u>\$ 119,519</u>	<u>\$555,896</u>

For the year ended December 31, 2024	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Total
At January 1	\$ 394,674	\$ 12,782	\$ 119,516	\$526,972
Transactions with non-controlling interests of subsidiaries	-	12,346	-	12,346
At December 31	<u>\$ 394,674</u>	<u>\$ 25,128</u>	<u>\$ 119,516</u>	<u>\$539,318</u>

- B. On March 10, 2026, the Board of Directors proposed that, after the shareholders' meeting in 2026 resolve to offset 2025 accumulated deficit, the Board of Directors shall, in accordance with the Articles of Incorporation, convene and resolve to distribute cash of \$32,894 (\$0.5 (in dollars) per share) out of capital surplus derived from share premium on shares issued above par value.

(19) Accumulated deficit

- A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or each dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, but if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is no longer required to be set aside. In addition, after special reserve is set aside or reversed in accordance with relevant regulations, the remainder along with accumulated unappropriated earnings will be proposed by the Board of Directors and resolved at the shareholders' meeting to be distributed as dividends. The Company's dividend policy takes into account not only the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget,

etc. but also the shareholders' interests, balanced dividends and the Company's long-term financial plan, etc. Each year, the appropriation is proposed by the Board of Directors and then reported to the shareholders' meeting for approval. The Company is in the growth stage and has a plan to expand its production lines and capital needs in the coming years, and thus the balanced dividend policy is adopted to have a sound financial structure and maintain a good capital adequacy ratio. In addition to appropriating the earnings in accordance with the aforementioned regulations, the dividend and bonus may be distributed in the form of cash or shares, and if there are any earnings in the current year, 10% ~ 80% of distributable earnings of the current year shall be appropriated as dividends and bonuses to shareholders, of which cash dividends shall account for at least 10% of the total dividends distributed. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The special reserve previously set aside by the Company on initial application of IFRSs in accordance with the Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, amounted to \$369.
- D. On March 10, 2025 and March 14, 2024, the Board of Directors of the Company resolved not to distribute earnings except for the (reversal) appropriation of legal reserve and special reserve. On March 10, 2026, the Board of Directors proposed to offset accumulated deficits by using legal reserve and capital surplus amounting to \$41,495 and \$110,302, respectively, which has not yet been approved by the shareholders.

(20) Operating revenue

- A. The Group's revenue is mainly from sales contracts of products sales, equipment cleaning with customers and lease, and such revenue is derived from the transfer of goods at a point in time in the following major product or service lines:

	For the years ended December 31,	
	2025	2024
Recognize at a point in time:		
AI liquid-cooling	\$ 510,917	\$ 85,131
Microwave and semiconductor parts	339,855	328,635
Metal masks	159,204	281,697
Thermal module	55,368	107,785
Others	8,378	9,145
	<u>1,073,722</u>	<u>812,393</u>

	For the years ended December 31,	
	2025	2024
Recognize over time:		
Semi clean and regeneration process	77,394	72,832
Plant rental income	5,540	5,485
	82,934	78,317
	<u>\$ 1,156,656</u>	<u>\$ 890,710</u>

B. The Group has recognized the following revenue-related contract assets and liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract assets - current	<u>\$ 30,100</u>	<u>\$ 54,835</u>	<u>\$ 32,242</u>
Contract liabilities - current	<u>\$ 505</u>	<u>\$ 13,864</u>	<u>\$ 6,464</u>

	For the years ended December 31,	
	2025	2024
Revenue recognized that was included in the contract liability balance at the beginning of the year	<u>\$ 13,660</u>	<u>\$ 4,476</u>

(21) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 5,201	\$ 3,592
Interest income from financial assets measured at amortized cost	1,530	4,516
Other interest income	496	174
	<u>\$ 7,227</u>	<u>\$ 8,282</u>

(22) Other income

	For the years ended December 31,	
	2025	2024
Technical service income	\$ 5,293	\$ 5,293
Resale of electricity income	3,506	4,185
Administrative service income	779	774
Government grant income	-	758
Other income	846	690
	<u>\$ 10,424</u>	<u>\$ 11,700</u>

(23) Other gains and losses

	For the years ended December 31,	
	2025	2024
Currency exchange (loss) gain	(\$ 12,917)	\$ 9,367
(Loss) gain on disposals of property, plant and equipment	(975)	691
Net loss on financial assets or liabilities at fair value through profit or loss	(489)	-
Gain from lease modification	-	13
Depreciation charges on investment property	(6)	(219)
Other losses	(71)	(224)
	<u>(\$ 14,458)</u>	<u>\$ 9,628</u>

(24) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 14,237	\$ 16,564
Lease liabilities	1,028	442
Amortization of discount on provision	26	-
Other finance expense	-	589
	<u>\$ 15,291</u>	<u>\$ 17,595</u>

(25) Expenses by nature

	For the year ended December 31, 2025		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 144,789	\$ 142,601	\$ 287,390
Depreciation	92,001	23,458	115,459
Amortization	24	10,945	10,969
	<u>\$ 236,814</u>	<u>\$ 177,004</u>	<u>\$ 413,818</u>
	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 134,210	\$ 135,426	\$ 269,636
Depreciation	82,202	25,077	107,279
Amortization	88	12,129	12,217
	<u>\$ 216,500</u>	<u>\$ 172,632</u>	<u>\$ 389,132</u>

(26) Employee benefit expense

	For the year ended December 31, 2025		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 118,924	\$ 119,581	\$ 238,505
Labour and health insurance fees	11,987	10,255	22,242
Pension costs	5,038	5,228	10,266
Other personnel expenses	8,840	7,537	16,377
	<u>\$ 144,789</u>	<u>\$ 142,601</u>	<u>\$ 287,390</u>

	For the year ended December 31, 2024		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 110,813	\$ 114,631	\$ 225,444
Labour and health insurance fees	10,543	9,377	19,920
Pension costs	4,704	4,851	9,555
Other personnel expenses	8,150	6,567	14,717
	<u>\$ 134,210</u>	<u>\$ 135,426</u>	<u>\$ 269,636</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 8%~15% for employees' compensation (including non-executive employees' compensation). The contribution percentage for non-executive employees shall not be lower than 3% of the current year's profit and the Company shall additionally contribute no more than 5% for directors' remuneration. Provided that the Company has accumulated deficit, earnings shall be first used to cover accumulated deficit. Directors' remuneration is distributed in the form of cash while employees' compensation may be distributed in the form of cash or shares. The employees, including the employees of the Company's subsidiaries, who meet certain specific requirements are entitled to receive the above cash or shares. The profit of the current year is the profit before deducting tax, employees' compensation and directors' remuneration. The distribution of employees' compensation and directors' remuneration is subject to the approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance and shall also be reported at the shareholders' meeting.
- B. As the Company had no profit in 2025 and 2024, there was no need to estimate and pay remuneration to employees and directors.
- Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2025	2024
Current income tax:		
Income tax incurred in current year	\$ 42,091	\$ 22,025
Prior year income tax under estimation	333	630
Total current income tax	<u>42,424</u>	<u>22,655</u>
Deferred income tax:		
Origination and reversal of temporary differences	(5,093)	(906)
Income tax expense	<u>\$ 37,331</u>	<u>\$ 21,749</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2025	2024
Financial statements translation differences of foreign operations	<u>(\$ 695)</u>	<u>\$ 3,458</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 28,286	\$ 19,751
Effect from items disallowed by tax regulation	3,330	4,391
Taxable loss not recognized as deferred tax assets	2,968	1,977
Assessment of realisation of deferred tax assets	-	(6,254)
Effect from investment tax credits	(4,704)	(2,243)
Prior year income tax under estimation	333	630
Separate taxation	7,118	3,497
Income tax expense	<u>\$ 37,331</u>	<u>\$ 21,749</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2025			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences of foreign operations	\$ 1,234	\$ -	\$ 695	\$ 1,929
Allowance for doubtful accounts	71	130	-	201
Loss on inventory market price decline	8,857	863	-	9,720
Loss on investments accounted for under equity method	8,139	(7,830)	-	309
Impairment loss	2,676	(113)	-	2,563
Unrealized warranty provision expense	55	(40)	-	15
Book-tax difference on land cost	9,501	-	-	9,501
Unused compensated absences	26	33	-	59
Unrealized compensation for loss	-	9,444	-	9,444
Unrealized decommissioning liabilities	-	181	-	181
Tax losses	11,041	(89)	-	10,952
	<u>\$ 41,600</u>	<u>\$ 2,579</u>	<u>\$ 695</u>	<u>\$ 44,874</u>
Deferred tax liabilities:				
Temporary differences:				
Gain on investments accounted for under equity method	(\$ 652)	(\$ 48)	\$ -	(\$ 700)
Provision for land appreciation	(209)	-	-	(209)
Unrealized gain on foreign currency exchange	(1,978)	997	-	(981)
Unrealized expense	(5,278)	1,430	-	(3,848)
Unrealized right-of-use assets	-	(135)	-	(135)
Government grant income	(270)	270	-	-
	<u>(\$ 8,387)</u>	<u>\$ 2,514</u>	<u>\$ -</u>	<u>(\$ 5,873)</u>
	<u>\$ 33,213</u>	<u>\$ 5,093</u>	<u>\$ 695</u>	<u>\$ 39,001</u>

For the year ended December 31, 2024

	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences of foreign operations	\$ 5,167	(\$ 475)	(\$ 3,458)	\$ 1,234
Allowance for doubtful accounts	71	-	-	71
Loss on inventory market price decline	8,941	(84)	-	8,857
Loss on investments accounted for under equity method	13,990	(5,851)	-	8,139
Impairment loss	2,807	(131)	-	2,676
Unrealized loss on foreign currency exchange	1,030	(1,030)	-	-
Unrealized warranty provision expense	183	(128)	-	55
Book-tax difference on land cost	9,501	-	-	9,501
Unused compensated absences	28	(2)	-	26
Tax losses	21,942	(10,901)	-	11,041
	<u>\$ 63,660</u>	<u>(\$ 18,602)</u>	<u>(\$ 3,458)</u>	<u>\$ 41,600</u>
Deferred tax liabilities:				
Temporary differences:				
Gain on investments accounted for under equity method	(\$ 19,448)	\$ 18,796	\$ -	(\$ 652)
Provision for land appreciation	(209)	-	-	(209)
Unrealized gain on foreign currency exchange	(28)	(1,950)	-	(1,978)
Unrealized expense	(6,708)	1,430	-	(5,278)
Gain recognized in bargain purchase transaction	(1,277)	1,277	-	-
Government grant income	(225)	(45)	-	(270)
	<u>(\$ 27,895)</u>	<u>\$ 19,508</u>	<u>\$ -</u>	<u>(\$ 8,387)</u>
	<u>\$ 35,765</u>	<u>\$ 906</u>	<u>(\$ 3,458)</u>	<u>\$ 33,213</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2025					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year	
2020	\$ 1,201	\$ 1,201	\$ -	2030	
2022	6,611	6,611	-	2032	
2023	46,950	46,950	-	2033	

December 31, 2024					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year	
2020	\$ 1,642	\$ 1,642	\$ -	2030	
2022	6,611	6,611	-	2032	
2023	46,950	46,950	-	2033	

E. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 10, 2026.

(28) Loss per share

For the year ended December 31, 2025			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 108,787)	65,788	(\$ 1.65)

For the year ended December 31, 2024			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 62,968)	65,788	(\$ 0.96)

(29) Transactions with non-controlling interest

A. Wave Power Technology Inc.

(a) In December 2024, the Group partially disposed its shares in Wave Power Technology Inc. for a total cash consideration of \$19,514. The carrying amount of related non-controlling interest was \$3,104 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$3,104 and an increase in the equity attributable to the owners of the parent company by \$16,410.

(b) In January 2025, the Group partially disposed its shares in Wave Power Technology Inc. for a total cash consideration of \$19,558. The carrying amount of related non-controlling interest was \$2,983 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$2,983 and an increase in the equity attributable to the owners of the parent company by \$16,575.

B. Etch Home Technology Co., Ltd.

In January 2024, the Group acquired the remaining 9.19% equity interest of Etch Home Technology Co., Ltd. for a total cash consideration of \$8,640. The carrying amount of related non-controlling interest was \$4,576 on the acquisition date. These transaction resulted in a decrease in the non-controlling interest by \$4,576 and a decrease in the equity attributable to the owners of the parent company by \$4,064.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2025	2024
(a) Proceeds from disposal of non-current assets held for sale	\$ -	\$ -
Add: Opening balance of other receivables	35,435	69,512
Opening balance of other non-current assets	-	31,780
Less: Ending balance of other receivables	-	(35,435)
Cash received from disposal of non-current assets held for sale	<u>\$ 35,435</u>	<u>\$ 65,857</u>
(b) Proceeds from disposal of investments accounted for using equity method	\$ -	\$ -
Add: Opening balance of other receivables	-	42,379
Cash received from disposal of investments accounted for under equity method	<u>\$ -</u>	<u>\$ 42,379</u>
(c) Purchase of property, plant and equipment	\$ 80,222	\$ 47,748
Add: Opening balance of other payables	2,679	12,899
Less: Ending balance of other payables	(8,522)	(2,679)
Cash paid for acquisition of property, plant and equipment	<u>\$ 74,379</u>	<u>\$ 57,968</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2025	2024
(a) Property, plant and equipment transferred to investment properties	\$ 16,748	\$ -
(b) Prepayments for equipment transferred to property, plant and equipment	\$ 40,527	\$ 7,640

(31) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities - gross
At January 1, 2025	\$ 523,737	\$ 30,000	\$ 37,607	\$ 125,274	\$ 716,618
Changes in cash flow from financing activities	33,730	-	(9,887)	(58,808)	(34,965)
Impact of changes in foreign exchange rate	(1,810)	-	-	(186)	(1,996)
At December 31, 2025	\$ 555,657	\$ 30,000	\$ 27,720	\$ 66,280	\$ 679,657

	Short-term borrowings	Short-term notes and bills payable	Other payables	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities - gross
At January 1, 2024	\$ 514,095	\$ 50,000	\$ 15,195	\$ 6,554	\$ 262,609	\$ 848,453
Changes in cash flow from financing activities	9,658	(20,000)	(14,562)	(6,121)	(139,108)	(170,133)
Changes in other non-cash items	-	-	-	37,174	-	37,174
Impact of changes in foreign exchange rate	(16)	-	(633)	-	1,773	1,124
At December 31, 2024	\$ 523,737	\$ 30,000	\$ -	\$ 37,607	\$ 125,274	\$ 716,618

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Yugyokuen Ceramics Co., Ltd.	Associate
Galloptech International Co., Ltd.	Associate
Htc & Solar Tech Service Ltd.	Other related party
Young Sam Industrial Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2025	2024
Sales of goods and services:		
Other related parties	\$ 385	\$ 465

The sales prices and credit terms from related parties were the same with third parties. Collection terms are 60 days after monthly statements for related parties and 30~90 days after monthly statements for third parties.

B. Purchases

	For the years ended December 31,	
	2025	2024
Other related parties	\$ 48,858	\$ 32,570
Associate	12,485	26,870
	<u>\$ 61,343</u>	<u>\$ 59,440</u>

The purchase prices and payment terms from related parties were the same with third parties. Payment terms are 30~90 days after monthly statements for related parties

C. Receivables from related parties

	December 31, 2025	December 31, 2024
Notes receivable and accounts receivable:		
Other related parties	\$ 63	\$ 131

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. The receivables from related parties have no provisions.

D. Payables to related parties

	December 31, 2025	December 31, 2024
Accounts payable:		
Young Sam Industrial Co., Ltd.	\$ 8,468	\$ 15,306
Yugyokuen Ceramics Co., Ltd.	458	2,338
Other related parties	619	128
Associate	54	-
	<u>\$ 9,599</u>	<u>\$ 17,772</u>

The payables to related parties arise mainly from purchase transactions and are unsecured in nature and bear no interest.

E. Property transactions

Disposal of property, plant and equipment:

	For the years ended December 31,			
	2025		2024	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Htc & Solar Tech Service Ltd.	\$ 3,800	(\$ 1,056)	\$ -	\$ -

(3) Key management compensation

	For the years ended December 31,	
	2025	2024
Short-term employee benefits	\$ 20,803	\$ 17,351

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book Value		Purpose
	December 31, 2025	December 31, 2024	
Restricted time deposits (Note 1)	\$ 9,083	\$ 28,065	Customs deposit, endorsements and guarantees and warranty
Land (Note 2)	227,865	280,354	Financing guarantees
Buildings and structures, net (Note 2)	223,747	347,763	"
Machinery equipment, net (Note 2)	-	3,191	"
Guarantee deposits paid			Performance guarantees and warranty
	11,745	12,628	
	\$ 472,440	\$ 672,001	

(Note 1) Listed as 'Financial assets at amortized cost - current'.

(Note 2) Listed as 'Property, plant and equipment' and 'Investment property, net'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2025 and 2024, the Group's remaining balance due for construction in progress and prepayments for equipment were \$127,347 and \$58,626, respectively.

(2) Endorsements and guarantees provided by the Group to subsidiaries are as follows:

	Nature	December 31, 2025	December 31, 2024
Sense Pad Tech. Co., Ltd.	Financing facilities	\$ 94,920	\$ -
VN Etch Home Technology Co., Ltd.	"	-	81,963
Etch Home Technology Co.,	"	-	70,000
		\$ 94,920	\$ 151,963

As of December 31, 2025 and 2024, the actual amount provided by the Group for above subsidiaries were \$5,657 and \$76,676, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group also ensures it has sufficient financial resources and operating plans to support the working capital needs, capital expenditures, dividend payments, etc. in the future.

(2) Financial instruments

A. Information on the Group's financial instruments by category is provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

I. The Group operates internationally and is exposed to exchange rate risk arising from various currencies, primarily with respect to the USD, RMB, JPY and VND. Foreign exchange rate risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

II. Management has set up a policy to require groups to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

III. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Group does not hedge the investments.

IV. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD, the subsidiaries' functional currency: USD, RMB and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				December 31, 2025		
				Foreign currency		Book
				amount (In thousands)	Exchange rate	value
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	6,640		31.38	\$	208,037
RMB:NTD		6,699		4.471		29,945
<u>Non-monetary items</u>						
USD:NTD		398		31.38		12,500
JPY:NTD		343,711		0.2008		69,017
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD		1,587		31.48		49,967
RMB:NTD		611		4.521		2,761
				December 31, 2024		
				Foreign currency		Book
				amount (In thousands)	Exchange rate	value
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	2,475		32.735	\$	80,963
RMB:NTD		15,606		4.453		69,489
<u>Non-monetary items</u>						
USD:NTD		390		32.785		12,786
JPY:NTD		330,818		0.2079		68,777
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD		686		32.84		22,489
RMB:NTD		3,603		4.503		16,210

V. Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other variables held constant, the Group's post-tax profit for the years ended December 31, 2025 and 2024 would increase/decrease by \$1,482 and \$894, respectively.

VI. Total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to (\$12,917) and \$9,367, respectively.

Price risk

The Group did not engage in any financial instrument transactions with price variations, and thus the Group does not expect market risk arising from variations in the market prices.

Cash flow and fair value interest rate risk

- I. The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in NTD and USD.
 - II. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit, net of tax for the years ended December 31, 2025 and 2024 would have decreased/increased by \$1,139 and \$1,325, respectively. The main factor is that increases/decreases in interest expense result from floating rate borrowings.
- (b) Credit risk
- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
 - II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analyzing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
 - III. In line with the credit risk management procedure, payment reminders are sent when the contract payments are past due, and the default occurs when the contract payments are past due over a certain period of time.
 - IV. The Group classifies customer's contract asset and accounts receivable in accordance with credit risk on trade. The Group applied the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Group uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of contract asset and accounts receivable. On December 31, 2025 and 2024, the provision matrix is as follows:

<u>December 31, 2025</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.03%~1.17%	\$ 335,337	\$ 296
Up to 30 days	0.03%~1.30%	59,341	18
31 to 90 days	0.03%~22.87%	3,546	203
91 to 180 days	18.50%~37.18%	3,270	1,196
Over 181 days	100%	18,756	18,756
		<u>\$ 420,250</u>	<u>\$ 20,469</u>
<u>December 31, 2024</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.03%~1.30%	\$ 314,727	\$ 597
Up to 30 days	0.03%~1.40%	5,484	50
31 to 90 days	0.03%~23.64%	3,738	539
91 to 180 days	0.03%~42.22%	2,020	233
Over 181 days	100.00%	17,695	17,695
		<u>\$ 343,664</u>	<u>\$ 19,114</u>

V. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the year ended December 31, 2025</u>				
	<u>Contract</u>	<u>Notes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
	<u>asset</u>	<u>receivable</u>	<u>receivable</u>	<u>receivables</u>	
At January 1	\$ -	\$ -	\$ 18,945	\$ 169	\$ 19,114
Expected credit impairment loss (gain)	-	-	1,330	(45)	1,285
Effect of foreign exchange	-	-	70	-	70
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,345</u>	<u>\$ 124</u>	<u>\$ 20,469</u>
	<u>For the year ended December 31, 2024</u>				
	<u>Contract</u>	<u>Notes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
	<u>asset</u>	<u>receivable</u>	<u>receivable</u>	<u>receivables</u>	
At January 1	\$ -	\$ -	\$ 8,553	\$ -	\$ 8,553
Expected credit impairment loss	-	-	10,061	168	10,229
Effect of foreign exchange	-	-	331	1	332
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,945</u>	<u>\$ 169</u>	<u>\$ 19,114</u>

(c) Liquidity risk

- I. Cash flow forecasting is performed in finance division of the Group. Finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- II. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group is expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	\$ 442,163	\$ 537,032
Expiring beyond one year	9,550	7,000
	<u>\$ 451,713</u>	<u>\$ 544,032</u>

IV. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2025</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 558,887	\$ -	\$ -	\$ -
Short-term notes and bills payable	30,000	-	-	-
Accounts payable (including related parties)	119,630	-	-	-
Other payables	147,416	-	-	-
Lease liabilities	10,057	14,573	5,078	-
Long-term borrowings (including current portion)	38,857	24,469	4,438	-
<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 526,289	\$ -	\$ -	\$ -
Short-term notes and bills payable	30,000	-	-	-
Accounts payable (including related parties)	89,459	-	-	-
Other payables	84,222	-	-	-
Lease liabilities	10,915	17,771	11,937	-
Long-term borrowings (including current portion)	80,380	47,604	-	-

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. Fair value information of investment property at cost is provided in Note 6(10), 'Investment property, net'.
- B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables and long-term borrowings (including current portion)) are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirements, only information related to the year ended December 31, 2025 is disclosed.)

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of Significant securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

F. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions.

(2) Measurement segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income. For details of operating segments' accounting policies, refer to Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2025				
	FineMat				Total
	FineMat	Wave Power	(HuangShi)	Others	Total
Segment revenue	\$ 226,442	\$ 850,772	\$ 61,268	\$ 36,346	\$ 1,174,828
Inter-segment revenue	1,244	-	15,413	1,515	18,172
External revenue	225,198	850,772	45,855	34,831	1,156,656
Depreciation and amortization	53,014	47,637	17,323	8,460	126,434
Segment pre-tax (loss) income	(101,177)	141,431	(17,520)	(20,192)	2,542
Segment assets	874,361	1,401,281	302,680	296,764	2,875,086
Segment liabilities	674,411	302,710	8,722	7,215	993,058
	For the year ended December 31, 2024				
	FineMat				Total
	FineMat	Wave Power	(HuangShi)	Others	Total
Segment revenue	\$ 287,310	\$ 413,766	\$ 72,620	\$ 166,580	\$ 940,276
Inter-segment revenue	15,887	-	27,720	5,959	49,566
External revenue	271,423	413,766	44,900	160,621	890,710
Depreciation and amortization	53,032	33,781	18,603	14,299	119,715
Segment pre-tax (loss) income	(55,120)	98,561	(29,293)	(21,136)	(6,988)
Segment assets	978,879	1,220,967	373,716	321,110	2,894,672
Segment liabilities	729,865	161,497	13,439	23,404	928,205

(4) Reconciliation for segment income

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segments pre-tax income to profit before income tax from continuing operations is provided as follows:

	For the years ended December 31,	
	2025	2024
Reportable segments pre-tax income	\$ 22,734	\$ 14,148
Other segments pre-tax loss	(20,192)	(21,136)
Inter segments (loss) profit	(7,754)	8,621
(Loss) profit before income tax	(\$ 5,212)	\$ 1,633

B. The amounts provided to the chief operating decision-maker with respect to total liabilities is measured in a manner consistent with that of the financial statements. No reconciliation is needed.

(5) Information on products and services

Revenue from external customers is mainly from manufacturing and sales of AI liquid-cooling, metal masks, microwave and semiconductor components, thermal modules and equipment cleaning business. Details of operating revenue are provided in Note 6(20), “Operating revenue”.

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	\$ 498,709	\$ 986,629	\$ 504,879	\$ 925,588
Vietnam	354,472	115,455	33,693	131,539
China	281,024	261,085	333,002	275,775
Others	22,451	-	19,136	-
	<u>\$ 1,156,656</u>	<u>\$ 1,363,169</u>	<u>\$ 890,710</u>	<u>\$ 1,332,902</u>

(Note) The revenue is classified based on the location of the customer’s country.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

Client	Year ended December 31, 2025		Year ended December 31, 2024	
	Revenue	Segment	Revenue	Segment
A	\$ 96,420	FineMat, FineMat (Shanghai) and others	\$ 164,148	FineMat, FineMat (Shanghai) and others
B	187,566	Wave Power	131,660	Wave Power
F	352,246	Wave Power	32,665	Wave Power

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

Number (Note 1)	Financing Company	Name of counterparty	Account	Related parties	Maximum balance	Actual amount			Nature for financing	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note 4)	Maximum amount available for loan (Note 4)	Footnote
						Ending balance (Note 3)	drawn down (Note 4)	Interest rate					Item	Value			
0	FineMat Applied Materials Co., Ltd.	VN Etch Home Technology Co., Ltd.	Other receivables	Y	\$ 202,000	\$ -	\$ -	2.7%	(Note 2)	\$ -	\$ -	-	\$ -	\$ -	\$ 216,505	\$ 433,011	-
1	Solar Applied Materials Technology (Shanghai) Co., Ltd.	FineMat (HuangShi) Applied Materials Co., Ltd.	Other receivables	Y	73,168	-	-	3.45%	(Note 2)	-	Operating capital	-	-	-	91,586	114,483	-
2	Sense Pad Tech. Co., Ltd.	VN Etch Home Technology Co., Ltd.	Other receivables	Y	94,290	94,290	5,343	4.80%	(Note 2)	-	Operating capital	-	-	-	142,410	142,410	-

(Note 1) The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 2) For short-term financing.

(Note 3) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:31.43) as at December 31, 2025.

(Note 4) In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follow:

1. Loan total limit:

- (1) 40% of net worth in the most recent financial statements.
- (2) For loans granted by the Company's subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries or loans granted between domestic and foreign entities, is the creditor's net worth in the most recent financial statements.
- (3) Except for loans granted by Sense Pad Tech. Co., Ltd. to foreign companies in which it directly or indirectly holds 100% of the voting shares, where the amount shall not exceed 500% of the creditor's net worth based on the latest financial statements, loans granted by the Company's subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries, or loans granted between domestic and foreign entities, shall not exceed the creditor's net worth based on the latest financial statements.

2. Limit for a single Company:

- (1) Trading partner: each company does not exceed the amount of business transactions.
- (2) Short-term financing: each company does not exceed 20% net worth of the Company's most recent financial statements; 40% net worth of the subsidiaries's most recent financial statements.
- (3) Except for loans granted by Sense Pad Tech. Co., Ltd. to foreign companies in which it directly or indirectly holds 100% of the voting shares, where the amount shall not exceed 500% of the creditor's net worth based on the latest financial statements, loans granted by the Company's subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries, or loans granted between domestic and foreign entities, shall not exceed 80% of the creditor's net worth based on the latest financial statements.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2025

Table 2

Expressed in thousands of NTD

				Endorsed											
Number (Note 1)	Endorser/guarantor	Name of counterparty	Relationship (Note 2)	Endorsements limit for a single entity (Note 3)	Highest balance during the year	Outstanding	Actual	Amount of	Ratio of accumulated	Ceiling on total	Provision of	Provision of	Provision of	Footnote	
						balance at December 31, 2025 (Note 4)	amount drawn down (Note 4)	endorsements/ guarantees secured with collateral	endorsement/ guarantee amount to net asset value of the endorser/guarantor company	amount of endorsements/ guarantees provided (Note 3)	endorsements/ guarantees by parent company to subsidiary	endorsements/ guarantees by subsidiary to parent company	endorsements/ guarantees to the party in Mainland China		
0	FineMat Applied Materials Co., Ltd.	VN Etch Home Technology Co., Ltd.	1	\$ 216,505	\$ 91,770	\$ -	\$ -	\$ -	—	\$ 433,011	Y	N	N	—	
		Etch Home Technology Co., Ltd.	1	216,505	70,000	-	-	-	—	433,011	Y	N	N	—	
		Sense Pad Tech. Co., Ltd.	1	216,505	157,000	94,290	5,657	7,000	8.71%	433,011	Y	N	N	(Note 5)	

(Note 1) The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 2) The numbers filled in for the relationship with the Company are as follows:

1. The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) 1. The limit of total amount of endorsements is 40% of the Company's net worth, and the limit for a single party is 20% of the Company's net worth.

2. For endorsements/guarantees provided by the Company due to business dealings, except to the amount endorsements/guarantees shall be limited to the business dealing amount. The business dealing amount is the higher of purchase or sales amount between the entities.
3. Between subsidiaries whose parent Company directly and indirectly holds more than 90% of the voting shares, an endorsement guarantee may be made, and its amount shall not exceed 10% of the net worth of the parent Company.

However, this does not apply to inter-company endorsement guarantees where the Company directly and indirectly holds 100% of the voting shares.

(Note 4) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:31.43) as at December 31, 2025.

(Note 5) The Company provides certificates of deposit as collateral for the endorsements and guarantees of Sense Pad Tech. Co., Ltd.; however, the actual guarantee amount is determined based on the actual guarantee amounts used.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2025

Table 3

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	FineMat Applied Materials Co., Ltd.	FineMat (Shanghai) Applied Materials Co., Ltd.	1	Sales revenue	\$ 1,075	90 days after monthly closing by T/T	—
		Sense Pad Tech. Co., Ltd.	1	Endorsements and guarantees	94,290	—	3%
		VN Etch Home Technology Co., Ltd.	1	Other receivables	1,714	—	—
				Interest income	1,904	—	—
				Accounts receivable	1,811	—	—
				Purchases	1,579	30 days after monthly closing by T/T	—
	Wave Power Technology Inc.	1	Other income	2,520	—	—	
1	FineMat (HuangShi) Applied Materials Co., Ltd.	Solar Applied Materials Technology (Shanghai) Co., Ltd.	3	Sales revenue	15,413	The end of the current month by T/T	1%
2	Sense Pad Tech. Co., Ltd.	VN Etch Home Technology Co., Ltd.	3	Other receivables	5,426	—	—

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

(Note 4) If transactions between the parent company and its subsidiaries or between its subsidiaries refer to the same transaction, they are only in the opposite direction of the transaction and are not disclosed separately; only transactions with amount over NT\$1 million are disclosed.

(Note 5) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:31.43; RMB:USD 1:0.143) as at December 31, 2025.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2025

Table 4

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
FineMat Applied Materials Co., Ltd.	Wave Power Technology Inc.	Taiwan	Manufacture and sales of microwaves and semiconductor components	\$ 239,627	\$ 242,610	12,542,987	36.78	\$ 411,558	\$ 123,197	\$ 43,261	Subsidiary
	Htc & Solartech Service (Samoa) Corporation	Samoa	Professional investments	323,646	323,646	8,575,900	73.73	301,016	(23,392)	(17,247)	Subsidiary
	VN Etch Home Technology Co., Ltd.	Vietnam	Manufacture and sales of electronic components, communication equipment and apparatus and other metal products	116,291	-	8,380,000	100.00	132,244	(19,893)	(20,078)	Subsidiary
	Sense Pad Tech. Co., Ltd.	Samoa	Professional investments	23,569	23,569	7,580,000	100.00	28,483	3,091	3,091	Subsidiary
	eDronePower Technology Co., Ltd.	Taiwan	Manufacture and sale of wired and wireless communications equipment and Manufacture of electronic components	6,000	-	600,000	60.00	5,706	(490)	(294)	Subsidiary
	FineXact Co., Ltd.	Taiwan	Manufacture of other fabricated metal products, electronic components, computers and peripheral equipment; sale of electronic materials; retailing and services of information software	3,000	-	300,000	30.00	1,829	(3,252)	(1,171)	(Note 1)
Sense Pad Tech. Co., Ltd.	Galloptech International Co., Ltd.	Hong Kong	Sales of semiconductor equipment, mechanical and electrical equipment and optic equipment and after-sales services	7,795	7,795	1,934,400	49.00	12,500	6,910	-	(Note 2)
Wave Power Technology Inc.	Yugyokuen Ceramics Co., Ltd.	Japan	Engage in the sales of ceramic and metallized brazing products	60,240	60,240	15,000	24.63	69,017	991	240	-

(Note 1) FineXact Co., Ltd. was newly established in April 2025. However, in September 2025, the Group did not subscribe to the cash capital increase in proportion to its shareholding, resulting in its ownership interest decreasing from 37.5% to 30%.

Consequently, the Group lost control over the company and, from the date control was lost, the company was deconsolidated and is no longer included in the consolidated financial statements.

(Note 2) Not required to disclose income (loss) recognized by the Company.

(Note 3) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:31.43 ; JPY:NTD 1:0.2008) as at December 31, 2025.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2025

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income (loss) of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	Remitted to Mainland China as of December 31, 2025								
FineMat (Shanghai) Applied Materials Co., Ltd.	Sales of electronic components, general instruments and electronic materials	\$ 14,140	Note 1	\$ 14,140	\$ -	\$ -	\$ 14,140	(\$ 228)	100.00%	(\$ 228)	\$ 15,608	\$ -	(Note 3)	
Solar Applied Materials Technology (Shanghai) Co., Ltd.	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	31,430	Note 2	-	-	-	-	(444)	73.73%	(327)	84,408	42,836	(Note 3)	
FineMat (HuangShi) Applied Materials Co., Ltd.	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	395,232	Note 2	320,503	-	-	320,503	(17,663)	73.73%	(13,023)	216,736	-	(Note 3)	
<u>Company name</u>		<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025</u>		<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>		<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)</u>								
FineMat Applied Materials Co., Ltd.		\$ 334,643		\$ 334,643		\$ 1,129,216								

(Note 1) Investing in the investee in Mainland China through a company incorporated in the third area (Sense Pad Tech. Co., Ltd.).

(Note 2) Investing in the investee in Mainland China through a company incorporated in the third area (Htc & Solartech Service (Samoa) Corporation).

(Note 3) It was recognized based on the investee's financial statements that were audited and attested by R.O.C. parent company's CPA for the year ended December 31, 2025.

(Note 4) The ceiling amount is 60% of the higher of net worth or consolidated net worth.

(Note 5) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:31.43; RMB:USD 1:0.143) as at December 31, 2025.