

I-CHIUN PRECISION INDUSTRY CO., LTD.  
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
For the years ended December 31, 2025 and 2024  
(Stock Code: 2486)

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I-Chiun Precision Industry Co., Ltd.  
Parent Company Only Financial Statements And Independent Auditors' Report For  
Years Ended December 31, 2025 And 2024

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## Independent Auditor's Audit Report

(2026) Cai-Shen-Bao-Zi No. 25004204

To the Board of Directors and Shareholders of I-CHIUN PRECISION INDUSTRY CO., LTD.

### **Audit Opinion**

We have reviewed the accompanying parent company only balance sheets of I-CHIUN PRECISION INDUSTRY CO., LTD. (the "Company") for the years ended December 31, 2025 and 2024 and the relevant parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the parent company only financial statements).

In our opinion, the accompanying parent company only financial statements, based on our audit results and other accountants' audit reports (see "other matters") present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

The certified public accountant (CPA) engaged to audit and attest financial statements shall do so in accordance with the Standards on Auditing (TWSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and other accountants' audit reports, 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 the Company's audit of the parent company only financial statements of 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for 2025 are stated as follows:

### **Assessment of allowance for impairment losses**

#### Description

For accounting policies for inventory, please refer to Note 4(12) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions in evaluation of inventory, please refer to Note 5(2) of the parent company impairment losses, please refer to Note 6(4) of the parent company only financial statements. The Company's inventory and allowance for impairment losses on December 31, 2025 were NTD 1,042,357 thousand and NTD 123,043 thousand, respectively.

The Company's evaluation of inventory is based on the cost or net realizable value, whichever is lower. Considering the rapid changes in the technological environment, its measurement is based on the judgment and estimation that there is a higher risk in inventory due to obsolete products or no market value. The Company's inventory are measured at cost or net realizable value, whichever is lower; for inventory exceeding a certain period of age and individually identified obsolete and outdated inventory, the net realizable value is calculated based on historical information on the selling rate of inventory and the extent of discount.

Because the Company's inventory and its allowance for impairment losses has a significant impact on the parent company only financial statements, and the net realizable value adopted in the evaluation of outdated and obsolete inventory often involves subjective judgments of whether there is still market sales value in the future, there is a high degree of estimation uncertainty. Therefore, we have listed the assessment of allowance for impairment losses as a key audit matter.

#### Corresponding audit procedures

Our audit procedures performed in respect of the key audit matter above included the following:

1. Assess the reasonableness of the policies and procedures used in the allowance for impairment losses based on our understanding of the Company and the nature of the industry, including the inventory classification used to determine the net realizable value and the judgment of obsolete inventory items.
2. Understand the Company's inventory management process, review its annual inventory plan, and participate in the annual inventory taking to evaluate the effectiveness of differentiating and controlling obsolete and outdated inventory.
3. The methods for verifying the accounting estimates are appropriate and adopted consistently, including the Company's procedures, methods, and assumptions regarding the identification of net realizable value, obsolete inventory, and outdated or damaged items, which are consistent with the previous period.
4. Randomly check the source information on selling prices used for the serial number of individual inventory items, compare the allowance for impairment losses in the previous period, and taking into account subsequent events, to assess the reasonableness of the allowance for impairment losses provided by the Company.

#### **Other matters – reference to the audit or review of other accountants**

Details of companies invested under the equity method, including in I-CHIUN's parent company only financial statements, were not audited by our CPAs, but by other accountants. Therefore, for the auditor's opinion on the above-mentioned parent company only financial statement, the financial statement amounts are based on the reports of other auditors. As of December 31, 2025 and 2024, the carrying amounts of investments in the aforementioned companies accounted for using the equity method were NTD 37,315 thousand and NTD 46,589 thousand, respectively, representing 0.3% and 0.5% of the Company's total individual assets. For the years ended December 31, 2025 and 2024, the comprehensive losses recognized for the aforementioned companies were NTD 19,904 thousand and NTD 8,216 thousand, respectively, representing (32.6%) and (9.1%) of the Company's individual comprehensive income (loss).

#### **Responsibilities of management and those charged with governance for the parent company only financial statements**

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

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

Those charged with governance (including audit committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit of parent company only financial statements conducted in accordance with TWSA will always detect a material misstatement when it exists. Material misstatements may result from fraud or error. A misrepresentation, individually or in the aggregate, is considered material if it could reasonably be expected to influence the economic decisions of users of the parent company only financial statements.

As part of an audit in accordance with TWSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. 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 (including relevant protective measures).

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

PRICEWATERHOUSECOOPERS TAIWAN

LIN, YA-HUI  
Certified Public Accountant  
JUAN LU, MAN-YU

FSC Approval Document No.: Jin-Guan-Zheng-Shen  
No. 1070323061  
FSC Approval Document No.: Jin-Guan-Zheng-Shen  
No. 0990058257  
March 10, 2026

I-Chiun Precision Industry Co., Ltd.  
Parent Company Only Balance Sheets  
December 31, 2025 and 2024

Asset	Notes	December 31, 2025		Unit: NTD thousand December 31, 2024		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 377,962	4	\$ 343,365	4
1110	Financial assets at fair value through profit and loss – current	6(2)	1,207	-	136,516	2
1136	Financial assets at amortized cost – current	8	4,147	-	-	-
1150	Notes receivable, net	6(3) & 12(2)	-	-	42	-
1170	Accounts receivable, net	6(3) & 12(2)	1,075,878	10	1,066,886	11
1180	Accounts receivable – related parties, net	6(3), 7 & 12(2)	130,913	1	13,315	-
1200	Other receivables		25,226	-	70,062	1
1210	Other receivables – related parties	7	23,483	-	30,000	-
1220	Current income tax assets		8,658	-	8,447	-
130X	Inventories	6(4)	919,314	8	889,440	9
1479	Other current assets – others		14,911	-	12,416	-
11XX	<b>Total current assets</b>		<u>2,581,699</u>	<u>23</u>	<u>2,570,489</u>	<u>27</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit and loss – non-current	6(2)	55,855	1	22,198	-
1550	Investments accounted for under equity method	6(5) and 7	3,143,033	28	2,908,336	30
1600	Property, plant and equipment	6(6), 7 & 8	4,924,174	45	3,716,736	39
1755	Right-of-use assets	6(7)	44,158	-	5,508	-
1780	Intangible assets		22,498	-	21,468	-
1840	Deferred income tax assets	6(22)	111,973	1	70,404	1
1900	Other non-current assets		182,715	2	323,966	3
15XX	<b>Total non-current assets</b>		<u>8,484,406</u>	<u>77</u>	<u>7,068,616</u>	<u>73</u>
1XXX	<b>Total assets</b>		<u>\$ 11,066,105</u>	<u>100</u>	<u>\$ 9,639,105</u>	<u>100</u>

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2025 and 2024

Liabilities and shareholders' equity		Notes	December 31, 2025		Unit: NTD thousand December 31, 2024	
			Amount	%	Amount	%
<b>Liability</b>						
<b>Current liabilities</b>						
2100	Short-term borrowings	6(8)	\$ 990,000	9	\$ 410,000	5
2130	Contract liabilities – current	6(17)	4,308	-	10,065	-
2170	Accounts payable	7	407,716	4	276,912	3
2200	Other payables	6(10)	243,717	2	207,920	2
2230	Current income tax liabilities		-	-	2,971	-
2280	Lease liabilities – current		9,689	-	5,187	-
2399	Other current liabilities – others		2,232	-	2,667	-
21XX	<b>Total current liabilities</b>		<u>1,657,662</u>	<u>15</u>	<u>915,722</u>	<u>10</u>
<b>Non-current liabilities</b>						
2500	Financial liabilities at fair value through profit and loss – non-current	6(2)	2,160	-	2,220	-
2530	Corporate Bonds Payable	6(9)	581,914	5	570,149	6
2540	Long-term borrowings	6(11) & 8	3,176,000	29	2,540,000	26
2570	Deferred income tax liabilities	6(6)(22)	357,343	3	328,797	3
2580	Lease liabilities – non-current		34,813	-	624	-
2600	Other non-current liabilities	6(12)	68,799	1	73,232	1
25XX	<b>Total non-current liabilities</b>		<u>4,221,029</u>	<u>38</u>	<u>3,515,022</u>	<u>36</u>
2XXX	<b>Total liabilities</b>		<u>5,878,691</u>	<u>53</u>	<u>4,430,744</u>	<u>46</u>
<b>Equity</b>						
Share capital						
3110	Share capital – common stock	6(14)	2,339,586	21	2,339,586	24
Capital surplus						
3200	Capital surplus	6(15)	2,883,445	25	2,776,019	28
Retained earnings						
3310	Legal reserve	6(16)	54,656	1	52,415	1
3320	Special reserve		144,666	1	155,885	2
3350	Undistributed earnings		56,025	1	29,122	-
Other equity						
3400	Other equity		( 136,567)	( 1)	( 144,666)	( 1)
3500	Treasury stock	6(14)	( 154,397)	( 1)	-	-
3XXX	<b>Total equity</b>		<u>5,187,414</u>	<u>47</u>	<u>5,208,361</u>	<u>54</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
Significant Events after the Balance Sheet Date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 11,066,105</u>	<u>100</u>	<u>\$ 9,639,105</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, MENG-HSIEN

Accounting Officer: HUANG, CHIH-CHUN

**I-CHIUN PRECISION INDUSTRY CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Years Ended December 31, 2025 and 2024**

Unit: NTD thousand  
(except for earnings per share which is in NTD)

Items	Notes	2025		2024	
		Amount	%	Amount	%
4000 Operating revenue	6(17) & 7	\$ 3,144,893	100	\$ 2,593,933	100
5000 Operating costs	6(4)(21) & 7	( 2,814,455)	( 89)	( 2,301,461)	( 90)
5900 Operating gross profit		330,438	11	292,472	10
5910 Unrealized profit/loss from sales		( 158)	-	158	-
5950 Net operating margin		330,280	11	292,630	10
Operating expense	6(21) & 7				
6100 Selling expenses		( 89,207)	( 3)	( 81,972)	( 3)
6200 Administrative expenses		( 209,904)	( 7)	( 253,004)	( 10)
6300 Research and development expenses		( 61,769)	( 2)	( 38,612)	( 2)
6450 Expected credit impairment loss	12(2)	( 14,104)	-	( 8,316)	-
6000 Total operating expenses		( 374,984)	( 12)	( 381,904)	( 15)
6900 Operating losses		( 44,704)	( 1)	( 89,274)	( 5)
Non-operating revenues and expenses					
7100 Interest revenue		2,342	-	10,060	-
7010 Other revenue	6(18) & 7	19,599	-	4,959	-
7020 Other gains and losses	6(19) & 7	( 7,788)	-	66,210	3
7050 Finance costs	6(20)	( 87,420)	( 3)	( 40,366)	( 2)
7070 Share of profit or loss on associates and joint ventures accounted for under equity method	6(5)	150,506	5	67,945	3
7000 Total non-operating revenues and expenses		77,239	2	108,808	4
7900 <b>Net profit before tax</b>		32,535	1	19,534	( 1)
7950 Income tax gains( expenses)	6(22)	18,083	1	( 727)	-
8200 <b>Current net profit</b>		\$ 50,618	2	\$ 18,807	( 1)
<b>Other comprehensive income (net)</b>					
<b>Items that will not be reclassified to profit or loss</b>					
8311 Remeasurements of defined benefit plans	6(12)	\$ 2,909	-	\$ 4,588	-
8330 Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method – items that will not be reclassified to profit or loss		74	-	( 67)	-
8349 Income tax related to items that will not be reclassified to profit or loss	6(22)	( 582)	-	( 918)	-
8310 Total of items that will not be reclassified to profit or loss		2,401	-	3,603	-
<b>Items that may be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		10,124	-	85,012	3
8399 Income tax relating to the items that may be reclassified to profit or loss	6(22)	( 2,025)	-	( 17,002)	-
8360 Sum of items that may be reclassified to profit or loss		8,099	-	68,010	3
8300 <b>Other comprehensive income (net)</b>		\$ 10,500	-	\$ 71,613	3
8500 <b>Total comprehensive income for current period</b>		\$ 61,118	2	\$ 90,420	2
Earnings per share (EPS)	6(23)				
9750 Basic earnings per share		\$	0.22	\$	0.08
9850 Diluted earnings per share		\$	0.22	\$	0.08

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, MENG-HSIEN

Accounting Officer: HUANG, CHIH-CHUN

I-CHIUN PRECISION INDUSTRY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

	Notes	Share capital – common stock	Capital surplus	Retained earnings		Other equity		Total equity	
				Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations		Treasury stock
<b>2024</b>									
Balance at January 1, 2024		\$ 2,219,586	\$ 1,864,432	\$ 32,697	\$ 122,718	\$ 203,870	(\$ 212,676 )	(\$ 39,538 )	\$ 4,191,089
Current net profit		-	-	-	-	18,807	-	-	18,807
Other comprehensive income for current period		-	-	-	-	3,603	68,010	-	71,613
Total comprehensive income for current period		-	-	-	-	22,410	68,010	-	90,420
Capital increase in cash	6(14)	120,000	744,000	-	-	-	-	-	864,000
Earnings appropriation and distribution for 2023:	6(16)								
Allocation for Legal reserve		-	-	19,718	-	( 19,718 )	-	-	-
Allocation for Special reserve		-	-	-	33,167	( 33,167 )	-	-	-
Cash dividend paid out		-	-	-	-	( 144,273 )	-	-	( 144,273 )
Issuance of Convertible Corporate Bonds	6(9)(15)	-	37,026	-	-	-	-	-	37,026
Cost of share-based payment	6(13)(15)	-	130,126	-	-	-	-	-	130,126
Treasury shares subscribed for by employees	6(14)(15)	-	( 106 )	-	-	-	-	39,538	39,432
Disposal of equity in a subsidiary (loss of control)	6(15)	-	387	-	-	-	-	-	387
Changes in Ownership Interests in Investments Accounted for Under Equity Method	6(15)	-	90	-	-	-	-	-	90
Exercise of Disgorgement Rights	6(15)	-	64	-	-	-	-	-	64
Balance at December 31, 2024		\$ 2,339,586	\$ 2,776,019	\$ 52,415	\$ 155,885	\$ 29,122	(\$ 144,666 )	\$ -	\$ 5,208,361
<b>2025</b>									
Balance at January 1, 2025		\$ 2,339,586	\$ 2,776,019	\$ 52,415	\$ 155,885	\$ 29,122	(\$ 144,666 )	\$ -	\$ 5,208,361
Current net profit		-	-	-	-	50,618	-	-	50,618
Other comprehensive income for current period		-	-	-	-	2,401	8,099	-	10,500
Total comprehensive income for current period		-	-	-	-	53,019	8,099	-	61,118
Earnings appropriation and distribution for 2024:	6(16)								
Allocation for Legal reserve		-	-	2,241	-	( 2,241 )	-	-	-
Cash dividend paid out		-	-	-	-	( 35,094 )	-	-	( 35,094 )
Reversal of special reserve		-	-	-	( 11,219 )	11,219	-	-	-
Changes in ownership interests in subsidiaries	6(15)	-	108,685	-	-	-	-	-	108,685
Changes in Ownership Interests in Investments Accounted for Under Equity Method	6(15)	-	10,630	-	-	-	-	-	10,630
Cash dividend paid out from capital surplus	6(15)(16)	-	( 81,885 )	-	-	-	-	-	( 81,885 )
Treasury shares repurchased	6(14)	-	-	-	-	-	-	( 154,397 )	( 154,397 )
Cost of share-based payment	6(13)(15)	-	69,957	-	-	-	-	-	69,957
Exercise of Disgorgement Rights	6(15)	-	39	-	-	-	-	-	39
Balance at December 31, 2025		\$ 2,339,586	\$ 2,883,445	\$ 54,656	\$ 144,666	\$ 56,025	(\$ 136,567 )	(\$ 154,397 )	\$ 5,187,414

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, MENG-HSIEN

Accounting Officer: HUANG, CHIH-CHUN

I-CHIUN PRECISION INDUSTRY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand  
January 1 to  
December 31, 2024

	<u>Notes</u>	<u>January 1 to December 31, 2025</u>	<u>January 1 to December 31, 2024</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Current net profit before tax		\$ 32,535	\$ 19,534
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expenses	6(6)(7)		
	(21)	192,643	184,150
Amortization expenses	6(21)	6,529	5,577
Expected credit impairment loss	12(2)	14,104	8,316
Net gains on financial assets and liabilities at fair value through profit and loss	6(2)(19)		
Interest expenses	6(20)	( 31,531 )	( 22,223 )
Interest revenue		87,420	40,366
Dividend revenue	6(18)	( 2,342 )	( 10,060 )
Cost of share-based payment	6(13)	( 308 )	( 1,080 )
Share of profit or loss on subsidiaries using equity method	6(5)	69,957	130,126
Losses (gains) on disposal of property, plant and equipment	6(19)	( 150,506 )	( 67,945 )
Gains from disposal of investments	6(19)	( 2,956 )	53,025
Gains arising from lease changes	6(5)(19)	( 1,657 )	-
Unrealized profit/loss from sales	6(19)	-	( 24,766 )
Unrealized profit/loss from sales	6(5)	158	( 158 )
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial Assets and Liabilities at Fair Value through Profit or Loss		133,123	21,154
Notes receivable		42	( 42 )
Accounts receivable (including related parties)		( 122,541 )	( 107,926 )
Other receivables – (including related parties)		47,586	50,750
Inventories		( 29,874 )	( 141,625 )
Other current assets		( 2,495 )	336
Net changes in operating liabilities			
Contract liabilities – current		( 5,757 )	10,065
Accounts payable		130,804	( 27,143 )
Other payables		743	7,380
Other current liabilities		( 435 )	( 965 )
Other non-current liabilities		( 1,616 )	( 5,141 )
Cash inflow generated from operations		363,626	121,705
Interest received		2,428	10,005
Dividends received		308	1,080
Interest paid	6(24)	( 74,936 )	( 34,269 )
Income tax paid		( 729 )	( 18,666 )
Net cash inflow from operating activities		<u>290,697</u>	<u>79,855</u>

(Continued)

I-CHIUN PRECISION INDUSTRY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand  
January 1 to  
December 31, 2024

	<u>Notes</u>	<u>January 1 to December 31, 2025</u>	<u>January 1 to December 31, 2024</u>
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Decrease (increase) in financial assets at amortized cost		(\$ 4,147)	\$ 28,000
Acquisition of Investments Accounted for Under Equity Method	6(5) and 7(2)	( 21,105 )	( 34,767 )
Cash dividend paid out by subsidiary	7(2)	48,943	27,549
Price of purchase of property, plant and equipment	6(24)	( 1,237,229 )	( 3,334,007 )
Proceeds from disposal of property, plant and equipment		14,703	8,802
Price of acquisition of intangible assets		( 7,558 )	( 4,898 )
Increase (decrease) in other receivables - related parties		8,000	( 25,000 )
Increase (decrease) in other non-current assets		7,183	( 30,991 )
Cash outflow from investing activities		<u>( 1,191,210 )</u>	<u>( 3,365,312 )</u>
<u>CASH FLOWS FROM FINANCING</u>			
<u>ACTIVITIES</u>			
Increase in short-term borrowings	6(25)	580,000	170,000
Issuance of Convertible Corporate Bonds	6(25)	-	603,167
New long-term borrowings	6(25)	636,000	2,540,000
Repayment of long-term borrowings	6(25)	-	( 960,000 )
Repayment of lease principal	6(25)	( 9,645 )	( 41,540 )
Increase in other non-current liabilities		92	-
Cash dividend paid out	6(16)	( 116,979 )	( 144,273 )
Capital increase in cash	6(14)	-	864,000
Treasury shares transferred to employees	6(14)	-	39,432
Repurchased treasury shares	6(14)	( 154,397 )	-
Exercise of Disgorgement Rights	6(15)	39	64
Net cash inflow from financing activities		<u>935,110</u>	<u>3,070,850</u>
Net increase (decrease) in cash and cash equivalents of the current period		34,597	( 214,607 )
Balance of cash and cash equivalents, beginning of period		343,365	557,972
Balance of cash and cash equivalents, end of period		<u>\$ 377,962</u>	<u>\$ 343,365</u>

The accompanying notes are an integral part of the parent company only financial statements, and shall be read together.

Chairman: CHOU, WAN-SHUN

Manager: CHOU, MENG-HSIEN

Accounting Officer: HUANG, CHIH-CHUN

I-CHIUN PRECISION INDUSTRY CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
For the years ended December 31, 2025 and 2024

Unit: NTD thousand  
(except as otherwise indicated)

1. Company Profile

I-CHIUN PRECISION INDUSTRY CO., LTD. (hereinafter referred to as the “Company”) was incorporated in August 1977. The Company merged with Yi-Chiun Industrial Co., Ltd., I-Zhan Industrial Co., Ltd., and I-Che Technology Co., Ltd. in July, 1990, November 1993, September 2001, and September 2004, respectively, with the Company as the surviving company. The Company is mainly engaged in the manufacturing, processing, and trading of machinery and parts, electronic parts, parts for appliances, semiconductor LED lead frames, precision molds, etc., as well as relevant import and export trade.

The Company’s shares have been listed on the Taipei Exchange since March 21, 2000, and listed on the Taiwan Stock Exchange since September 19, 2001.

2. Date and Procedures for Approval of the Financial Report

The parent company only financial statements were authorized for issuance by the Board of Directors on March 10, 2026.

3. Application of Newly Issued and Amended Standards and Interpretations

- (1) Effect of adopting the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) as endorsed and issued into effect by the FSC

New standards, interpretations, and amendments in the IFRS Accounting Standards as endorsed and issued into effect by the FSC 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 standards and interpretations above have no significant impact on the Company’s financial position and financial performance based on the Company’s assessment.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
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Amendments to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Annual Improvements to IFRS Standards – Volume 11	January 1, 2026

The standards and interpretations above have no significant impact on the Company’s financial position and financial performance based on the Company’s assessment.

(3) Effects of 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, “Sale of 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
Amendment to IAS 21 - Lack of Exchangeability	January 1, 2027

Note: In a press release dated September 25, 2025, the FSC announced that public companies will be required to adopt IFRS 18 beginning in fiscal year 2028. Companies that wish to adopt IFRS 18 early may elect to do so following the FSC’s endorsement of the standard.

Aside from those listed below, the standards and interpretations above have no significant impact on the Company’s financial position and financial performance based on the Company’s assessment.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure of Financial Statements” replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosures for management performance measures, and enhances the principles of aggregation and disaggregation applied to the primary financial statements and notes.

#### 4. Summary of Significant Accounting Policies

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

##### (1) Compliance Statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers,

##### (2) Basis of preparation

1. Except for the following important items, the parent company only financial statements have been prepared at historical cost:

- (1) Financial assets and liabilities at fair value through profit and loss (including derivatives).
  - (2) Defined benefit liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of the financial statements, in conformity with IFRSs endorsed and issued into effect by the FSC, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

##### (3) Translation of foreign currency

Items included in the parent company only financial statements are measured and presented using the currency of the primary economic environment in which the Company operates (the "functional currency"), which is New Taiwan dollars.

##### 1. Foreign currency transactions and balances

- (1) 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.
- (2) 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.
- (3) For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss, their valuations are adjusted by using the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment are recognized in current profit or loss; those that are not measured at fair value are measured at the historical exchange rate on the date of the initial transaction. Items not measured at fair value are measured at the historical exchange rate prevailing on the date of the initial transaction.
- (4) All foreign exchange gains and losses are recognized in "other gains and losses" in the statement of comprehensive income.

##### 2. Translation of foreign operations

- (1) For all entities whose functional currency differs from the presentation currency, the operating results and financial position are translated into the presentation currency using the following methods:
  - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the balance sheet date;
  - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income is re-attributed to the foreign operation's non-controlling interests on a pro rata basis. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such a transaction shall be treated as a disposal of all interests in the foreign operation.

(4) Classification of current and non-current items of assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Liabilities arising mainly from trading activities;
- (3) Expected to be realized within twelve months after the reporting period.
- (4) Cash and cash equivalents, except those restricted from exchange or settlement of liabilities for at least twelve months after the reporting period.

The Company has classified all assets that do not meet the criteria above as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Liabilities arising mainly from trading activities;
- (3) Due for settlement within twelve months after the reporting period.
- (4) Those that do not have the right to defer settlement of the liability for at least twelve months after the reporting period.

The Company has classified all liabilities that do not meet the criteria above as non-current.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit and loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. For financial assets at fair value through profit or loss that meet the criteria for regular way transactions, the Company adopts settlement date accounting.

3. The Company's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.
4. When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Company, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(7) Financial assets at amortized cost

1. Those that meet all of the following criteria:
  - (1) The financial asset is held under a business model for the purpose of collecting contractual cash flows.
  - (2) The contract terms of the financial asset generate cash flow on a specific date, which is entirely to pay for the interest on the principal and the amount of principal outstanding.
2. The Company adopts trade date accounting for financial assets measured at amortized cost that conform to conventional transactions.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses thereof are recognized in profit or loss.
4. The Company has time deposits that do not qualify as cash equivalents. Due to the short holding period, the effect of discounting is not significant and measured at the investment amount.

(8) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group to a legal right to receive consideration in exchange for transferred goods or rendered services.
2. For short-term accounts and notes receivable not yet bearing interest, the effect of discounting is immaterial, and they are subsequently measured at initial invoice amount.

(9) Impairment of financial assets

At each balance sheet date, for financial assets measured at amortized cost and trade receivables that contain a significant financing component, the Company assesses all reasonable and supportable information, including forward-looking information, and measures the loss allowance at an amount equal to 12-month expected credit losses for those instruments whose credit risk has not increased significantly since initial recognition, and at an amount equal to lifetime expected credit losses for those instruments whose credit risk has increased significantly since initial recognition. For trade receivables that do not contain a significant financing component, the loss allowance is measured at an amount equal to lifetime expected credit losses.

(10) Derecognition of financial assets

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

(11) Leasing arrangements (lessor) – operating lease

The rental income under operating lease, after any incentives given to the lessee are deducted, is amortized and recognized in current profit and loss using the straight-line method during the lease term.

(12) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost is determined by 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. When cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

(13) Investments accounted for using equity method – subsidiaries and affiliated enterprises

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or entitled, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. The Company's share of profit or loss on subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income on subsidiaries after acquisition is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the Company's interests in that subsidiary, the Company continues to recognize the loss in proportion to its ownership percentage.
3. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction 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.
4. Upon loss of control over a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized in profit or loss for the current period. For all amounts previously recognized in other comprehensive income related to that subsidiary, the accounting treatment is the same as if the Company had directly disposed of the related assets or liabilities. That is, if gains or losses previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, then when control over the subsidiary is lost, those gains or losses are reclassified from equity to profit or loss.
5. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted as necessary and are consistent with the ones adopted by the Company.
6. Where a subsidiary issues new shares and the Company fails to subscribe for or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the subsidiary but still maintains significant influence on the subsidiary, the "capital surplus" or "retained earnings" and "investments accounted for using the equity method" shall be adjusted for the increase or decrease in the net value of the equity.

7. An associate is an entity over which the Company has significant influence but no control, generally accompanying a shareholding of 20% or more of the voting rights, either directly or indirectly. The Company's investments in associates are accounted for using the equity method and are recognized initially at cost.
8. The Company's share of its associates' post-acquisition profits or losses is recognized in current profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in any associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
9. When an associate has changes in equity that are not recognized in profit or loss or other comprehensive income and do not affect the Company's ownership percentage in the associate, the Company recognizes its share of all such equity changes proportionately as "Capital Surplus."
10. Unrealized gains and losses resulting from transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
11. When an associate issues new shares and the Company does not subscribe or acquire shares proportionately, resulting in a change in the Company's ownership percentage but maintaining significant influence, the increase or decrease in the net value of equity is adjusted through "Capital Surplus" and "Investments Accounted for Under Equity Method." If this results in a decrease in the investment ratio, in addition to the above adjustments, gains or losses previously recognized in other comprehensive income related to that ownership interest that would be reclassified to profit or loss upon disposal of the related assets or liabilities are reclassified to profit or loss according to the proportion decreased.
12. When the Company disposes of an associate and loses significant influence over that associate, all amounts previously recognized in other comprehensive income related to that associate are accounted for on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. That is, if gains or losses previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, then when significant influence over the associate is lost, those gains or losses are reclassified from equity to profit or loss. If the Company retains significant influence over the associate, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified according to the method described above.
13. At each balance sheet date, the Company conducts impairment testing on associates for which indicators of impairment exist by treating the entire carrying amount of the investment as a single asset and comparing its recoverable amount to its carrying amount. Any impairment loss recognized is included in the carrying amount of the investment. Reversals of impairment losses are recognized to the extent that the recoverable amount of the investment subsequently increases.

14. According to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit and other comprehensive income in the parent company only financial statements shall be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. 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 Company 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 recognized in profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated.
4. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 assets are as follows:

Buildings and structures	5–52 years
Machinery and equipment	1–20 years
Mold equipment	2–5 years
Other equipment	1–10 years

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

1. 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 Company. 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.
2. 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 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.

3. Right-of-use assets are recognized at cost at the commencement date of the lease; the cost includes the original measurement amount of the lease liability.

Right-of-use assets are measured subsequently using the cost model and are 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.

4. For lease modifications that reduce the scope of a lease, the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between the reduced carrying amount and the remeasured lease liability in profit or loss. For all other lease modifications, the right-of-use asset is adjusted correspondingly to the remeasured lease liability.

(16) Intangible assets

Intangible assets refer to computer software recognized at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) Impairment of non-financial assets

At the balance sheet date, the Company estimates the recoverable amount of assets with indications of impairment. When the recoverable amount is lower than the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost of disposal 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 borrowings from banks. 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) Accounts payable

1. Refers to obligations arising from credit purchases of raw materials, goods, or services.
2. For the Company, the short-term accounts payable that have yet to bear interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit and loss:

1. Refers to financial liabilities that are incurred principally for the purpose of repurchasing it in the near term, and financial liabilities held for trading other than derivative instruments that are designated as hedging instruments under hedge accounting requirements.
2. The Company's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently at fair value, and gains or losses thereof are recognized in profit or loss.

(21) Convertible Corporate Bonds Payable

The convertible corporate bonds issued by the Company are embedded with conversion rights (i.e., the holder's right to convert the bonds into the Company's common shares at a fixed amount for a fixed number of shares), put options, and call options. The convertible corporate bonds issued by the Company are embedded with conversion rights (i.e., the holder's right to convert the bonds into the Company's common shares at a fixed amount for a fixed number of shares), put options, and call options. At initial issuance, the issuance price is classified as financial assets, financial liabilities, or equity according to the issuance conditions, and treated as follows:

1. Embedded put and call options: At initial recognition, these are recorded at their net fair value as "Financial assets or liabilities at fair value through profit or loss"; subsequently, at the balance sheet date, they are measured at their current fair value, with the difference recognized as "Gain or loss on financial assets (liabilities) at fair value through profit or loss."
2. Corporate bond principal contract: At initial recognition, this is measured at fair value, with the difference between this and the redemption value recognized as a premium or discount on corporate bonds payable; subsequently, the effective interest method is used to amortize this difference over the circulation period and recognize it in profit or loss as an adjustment to "Finance costs."
3. Embedded conversion rights (meeting the definition of equity): At initial recognition, the residual value after deducting the aforementioned "Financial assets or liabilities at fair value through profit or loss" and "Corporate bonds payable" from the issuance amount is recorded as "Capital surplus – stock options," with no subsequent remeasurement.
4. Any directly attributable transaction costs of issuance are allocated to the liability and equity components in proportion to their original carrying amounts.
5. When the holder converts the bond, the liability components (including "Corporate bonds payable" and "Financial assets or liabilities at fair value through profit or loss") are treated according to their subsequent measurement methods based on their classification. Then, the carrying amount of the liability components plus the carrying amount of "Capital surplus – stock options" is treated as the issuance cost of the common shares being issued.

(22) Derecognition of financial liabilities

The Company's financial liability should be removed from the balance sheet when the obligation specified in the contract is either cancelled or expires.

(23) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability should be offset and the net amount reported when the Group has a legally enforceable right to set off the amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(24) Non-hedging derivatives and embedded derivatives

1. Non-hedge derivatives are initially recognized at fair value at the contract signing date and accounted as financial assets or liabilities at fair value through profit or loss, and subsequently measured at fair value, with resulting gains or losses recognized in profit or loss.

2. For hybrid contracts with non-financial asset embedded derivatives, at initial recognition, the terms of the contract are used to determine whether the economic characteristics and risks of the embedded derivative are closely related to those of the host contract, to decide whether separate treatment is required. When closely related, the entire hybrid instrument is treated according to appropriate standards based on its nature. When not closely related, the derivative is separated from the host contract and treated as a derivative, while the host contract is treated according to appropriate standards based on its nature; alternatively, the entire contract may be designated at initial recognition as a financial liability at fair value through profit or loss.

(25) Employee benefits

1. Short-term employee benefits

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

2. Pension

- (1) Defined contribution plans

For defined contribution plans, the contributions are recognized as a 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.

- (2) Defined benefit plans

- A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive upon retirement for their services in the current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The discount rate is determined by reference to the market yield on government bonds (at the balance sheet date) with currencies and durations consistent with those of the defined benefit plan.

- B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

3. 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.

(26) Employee share-based payments

In the share-based payment agreement for equity delivery, employee service is measured at fair value of the equity given on the grant day, and it is recognized as a remuneration cost, and the equity is adjusted relatively during the vesting period. The fair value of the equity instruments granted shall reflect the effect of market vesting conditions and non-market vesting conditions. Remuneration cost recognized is subject to adjustment based on the service conditions that are expected to be satisfied and the amount of rewards under non-market vesting conditions. The amount of remuneration cost ultimately recognized is based on the number of equity instruments that are eventually vested at the vesting date.

(27) Income Taxes

1. The income tax expense for the period comprises current and deferred income 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, income tax is recognized in other comprehensive income or directly in equity.
2. The Company calculates its current income tax at the rates enacted or substantively enacted at the balance sheet date in countries where the Company operates and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.
3. Deferred income 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 parent company only balance sheet. If the deferred income tax is derived from the initial recognition of assets or liabilities in a transaction (excluding business merger), and the deferred income tax is derived at the time of the transaction, if it does not affect the accounting profit or taxable income (tax loss) and does not generate equivalent taxable and deductible temporary differences, it is not recognized. For temporary differences arising from investments in subsidiaries and associates, the Company does not recognize deferred tax liabilities when it can control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the relevant deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income 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 income tax assets are reassessed.

5. 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 income tax assets and liabilities are offset in the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income 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.

(28) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options, after deducting tax, are listed as a deduction from equity.
2. Where the Company repurchases the Company's issued shares, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's shareholders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, after deduction of any directly attributable incremental costs and the relevant income tax effects, is recognized as adjustment to equity attributable to the shareholders.

(29) Dividend distribution

Dividends distributable to shareholders of the Company are recognized as liabilities in the financial statements when the Board of Directors resolves to distribute cash dividends.

(30) Revenue recognition

Sales revenue is recognized when the control of products is transferred to the customer. When goods are shipped to a designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer is required to accept the goods in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met, the goods are delivered. The amount of sales revenue recognized is limited to the portion that is highly unlikely to undergo a major reversal in the future. Since the time interval between the transfer of the promised goods or services to the customer and the customer's payment does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

Accounts receivable is recognized when goods are delivered to customers because it is from this point onward that the Company's right to the consideration for contracts from customers is unconditional.

Although the increase in costs incurred by the Company to obtain customer contracts is expected to be recoverable, the relevant contract periods are shorter than one year, so such costs are recognized in expenses when incurred.

(31) 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 Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the preparation of these parent company only financial statements, the management has exercised its judgment in deciding the accounting policies to be applied. The management makes critical assumptions and estimates concerning future events based on the information as of the balance sheet date. Assumptions and accounting 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. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(1) Important judgments for accounting policies applied

None.

(2) Important accounting estimates and assumptions

1. Estimated Impairment of Trade Receivables

The amount of impairment loss represents the expected credit loss assessed after taking into account forward-looking information and other indicators. Should forward-looking information and other indicators deteriorate or decline, material impairment losses may result.

The carrying amount of the Company's trade receivables as of December 31, 2025 is set forth in Note 6(3) and 7(2)3.

2. Evaluation of inventory

Since inventory must be calculated at the lower of cost or net realizable value, the Company must exercise judgment and make estimates to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Company assesses the value of inventory based on normal wear and tear, obsolescence, or market sales value at the balance sheet date, and adopts demand as the basis for estimation, which may result in major changes.

The carrying amount of the Company's inventory as of December 31, 2025 is set forth in Note 6(4).

6. Description of Significant Accounting Titles

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and working capital	\$ 56	\$ 135
Checking account deposits and demand deposits	377,906	320,840
Time deposit	-	22,390
	<u>\$ 377,962</u>	<u>\$ 343,365</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is very low.
2. The Company's restricted cash for use as performance bond deposits is presented under "Financial Assets at Amortized Cost - Current." Please refer to Note 8 for details.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss

Items	December 31, 2025	December 31,2024
Current items:		
Financial assets mandatorily at fair value through profit and loss		
Listed stocks	\$ -	\$ 138,726
Emerging stock company shares	4,505	4,505
Valuation adjustment	( 3,298)	( 6,715)
	<u>\$ 1,207</u>	<u>\$ 136,516</u>
Non-current items:		
Financial assets mandatorily at fair value through profit and loss		
Emerging stock company shares	\$ 20,000	\$ -
Investments in stocks and private funds of venture capital companies	-	20,000
Unlisted stocks	50,000	79,992
Valuation adjustment	( 14,145)	( 77,794)
	<u>\$ 55,855</u>	<u>\$ 22,198</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives – convertible corporate bonds, call options and put options	\$ 1,800	\$ 1,800
Valuation adjustment	360	420
	<u>\$ 2,160</u>	<u>\$ 2,220</u>

1. The Company's financial assets and liabilities measured at fair value through profit and loss were recognized in net gains on financial assets and liabilities for 2025 and 2024 were NTD 31,531 and NTD 22,223, respectively.
2. The Company did not pledge financial assets at fair value through profit and loss as collateral.
3. For details on the Company's sixth domestic unsecured convertible corporate bonds, please refer to Note 6(9).

(3) Notes and accounts receivable

	<u>December 31, 2025</u>		
	<u>Total</u>	<u>Loss allowance</u>	<u>Net amount</u>
Accounts receivable	\$ 1,084,687	(\$ 8,809)	\$ 1,075,878
Accounts receivable – related parties	<u>130,952</u>	<u>( 39)</u>	<u>130,913</u>
	<u>\$ 1,215,639</u>	<u>(\$ 8,848)</u>	<u>\$ 1,206,791</u>

	<u>December 31, 2024</u>		
	<u>Total</u>	<u>Loss allowance</u>	<u>Net amount</u>
Notes receivable	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 42</u>
Accounts receivable	\$ 1,263,258	(\$ 196,372)	\$ 1,066,886
Accounts receivable – related parties	<u>13,319</u>	<u>( 4)</u>	<u>13,315</u>
	<u>\$ 1,276,577</u>	<u>(\$ 196,376)</u>	<u>\$ 1,080,201</u>

1. The aging analysis of notes and accounts receivable is as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 1,197,476	\$ -	\$ 1,078,080	\$ 42
Less than 60 days	16,445	-	13,112	-
61 to 180 days	84	-	1,105	-
Over 181 days	<u>1,634</u>	<u>-</u>	<u>184,280</u>	<u>-</u>
	<u>\$ 1,215,639</u>	<u>\$ -</u>	<u>\$ 1,276,577</u>	<u>\$ 42</u>

The above aging analysis was based on the number of overdue days.

- The balances of notes and accounts receivable as of December 31, 2025 and 2024 arose entirely from customer contracts. The balance of notes and accounts receivable arising from customer contracts as of January 1, 2024 totaled \$1,168,651.
- Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the Company's notes and accounts receivable as of December 31, 2025 and 2024 is best represented by their carrying amounts.
- Information on credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2025</u>	
	<u>Cost</u>	<u>Allowance for valuation loss</u>
		<u>Book value</u>

Raw materials	\$	476,804	(\$	40,907)	\$	435,897
Supplies		37,770	(	3,419)		34,351
Semi-finished goods		198,665	(	16,034)		182,631
Finished good		261,729	(	61,471)		200,258
Merchandise inventory		67,389	(	1,212)		66,177
	\$	<u>1,042,357</u>	(\$	<u>123,043</u> )	\$	<u>919,314</u>

December 31, 2024

	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 450,766	(\$ 50,696)	\$ 400,070
Supplies	40,005	-	40,005
Semi-finished goods	162,419	( 9,562)	152,857
Finished good	265,830	( 43,317)	222,513
Merchandise inventory	74,205	( 210)	73,995
	\$ <u>993,225</u>	(\$ <u>103,785</u> )	\$ <u>889,440</u>

The cost of inventory recognized in expenses for the year:

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 2,729,238	\$ 2,203,270
Unamortized fixed production overheads	124,198	146,934
Inventory scrap loss	19,292	36,918
Inventory write-down losses (reversal of write-down)	19,258	( 21,285)
Sale of scraps income	( 77,531)	( 64,376)
	\$ <u>2,814,455</u>	\$ <u>2,301,461</u>

In 2024, the Company recognized a decrease in the cost of sales due to a recovery in the net realizable value of inventory arising from destocking.

(5) Investments accounted for using equity method – subsidiaries and affiliated enterprises

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	Amount recognized	Shareholding ratio (%)	Amount recognized	Shareholding ratio (%)
Subsidiary:				
MORE FORTUNE PROFITS LIMITED	\$ 2,587,997	100.000	\$ 2,467,815	100.000
ECOCERA OPTRONICS CO., LTD.	517,721	63.713	389,773	69.720

Advance Venture Corporation	-	-	4,159	55.556
Associate:				
CMTEK Co., Ltd.	<u>37,315</u>	28.253	<u>46,589</u>	46.801
	<u>\$ 3,143,033</u>		<u>\$ 2,908,336</u>	

1. Subsidiaries and Associates:

- (1) Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2025 consolidated financial statements.
  - (2) Ecocera Optronics Co., Ltd. ("Ecocera Optronics") conducted a cash capital increase in May 2025. The Company subscribed to 240 thousand shares; as the subscription was not made in proportion to the Company's existing shareholding, the Company's ownership interest decreased to 61.932%. Ecocera Optronics repurchased treasury shares between June and August 2025, causing the Company's ownership interest to increase to 63.713%.
  - (3) Advance Venture was approved for dissolution by the competent authority on November 3, 2025. Following derecognition of the original investment's carrying amount of NTD 1,657 thousand, a gain on disposal of NTD 1,657 thousand was recognized.
  - (4) CMTEK Co., Ltd. (Hereinafter referred to as CMTEK) conducted a cash capital increase in April 2024, and the Group subscribed for NTD 11,400. As the Company did not subscribe in proportion to its shareholding, its ownership percentage decreased to 47.076%. Our company remains the single largest shareholder of CMTEK Co., Ltd. However, as we do not hold a majority of director seats and lack the practical ability to direct the relevant activities, we have assessed that we have lost control over CMTEK and retain only significant influence. Therefore, effective April 1, 2024, CMTEK has been reclassified as an affiliated company.
  - (5) In December 2024, another cash capital increase was conducted, and the Group subscribed for NTD 23,367. As the Company did not subscribe in proportion to its shareholding, its ownership percentage decreased from 47.076% to 46.801%.
  - (6) In May 2025, CMTEK carried out a cash capital increase in which the Company did not participate. As a result of not subscribing in proportion to its existing shareholding, the Company's ownership interest decreased from 46.801% to 28.253%.
  - (7) As of December 31, 2025, and 2024, unrealized gains (losses) on downstream transactions eliminated in accordance with applicable requirements were NTD 19,141 thousand and (NTD 158 thousand), respectively, and have been offset against and recorded as a deduction from the "Investments Accounted for Using the Equity Method" account.
2. The aggregate carrying amounts and share of results of operations of the Company's individually immaterial associates are summarized as follows: as of December 31, 2025 and 2024, the aggregate carrying amounts of the Company's individually immaterial associates were NTD 37,315 thousand and NTD 46,589 thousand, respectively.

	2025	2024
Net loss for the period from continuing operations	(\$ 68,713)	(\$ 16,900)

Other comprehensive income (net of tax)	-	-
Total comprehensive income for current period	(\$ 68,713)	(\$ 16,900)

3. Our recognition of subsidiaries' and affiliated companies' profits and losses under the equity method is based on financial statements audited by certified public accountants for the same period. The details of recognized investment gains (losses) are as follows:

	2025	2024
MORE FORTUNE PROFITS LIMITED	\$ 129,200	\$ 21,895
ECOCERA OPTRONICS CO., LTD.	47,026	84,805
Advance Venture Corporation	(5,816)	(30,539)
CMTEK Co., Ltd.	(19,904)	(8,216)
	<u>\$ 150,506</u>	<u>\$ 67,945</u>

(6) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Others	Total
<u>January 1, 2025</u>						
Cost	\$ 2,033,788	\$ 1,366,596	\$ 535,739	\$ 54,960	\$ 212,300	\$ 4,203,383
Revaluation surplus	98,221	-	-	-	-	98,221
Accumulated depreciation	-	( 218,188)	( 242,491)	( 30,197)	( 93,124)	( 584,000)
Accumulated impairment	-	-	( 868)	-	-	( 868)
	<u>\$ 2,132,009</u>	<u>\$ 1,148,408</u>	<u>\$ 292,380</u>	<u>\$ 24,763</u>	<u>\$ 119,176</u>	<u>\$ 3,716,736</u>
<u>2025</u>						
Opening balance	\$ 2,132,009	\$ 1,148,408	\$ 292,380	\$ 24,763	\$ 119,176	\$ 3,716,736
Additions	855,133	27,410	174,465	49,493	299,130	1,405,631
Disposals	-	-	( 5,386)	( 5,920)	( 3,930)	( 15,236)
Reclassification	-	-	16,164	5,739	( 21,903)	-
Depreciation expenses	-	( 28,128)	( 71,358)	( 29,566)	( 53,905)	( 182,957)
Closing balance	<u>\$ 2,987,142</u>	<u>\$ 1,147,690</u>	<u>\$ 406,265</u>	<u>\$ 44,509</u>	<u>\$ 338,568</u>	<u>\$ 4,924,174</u>
<u>December 31, 2025</u>						
Cost	\$ 2,888,921	\$ 1,391,925	\$ 686,080	\$ 70,716	\$ 440,111	\$ 5,477,753
Revaluation surplus	98,221	-	-	-	-	98,221



(7) Leasing arrangements – lessee

1. The assets leased by the Company include factory buildings and company vehicles. The lease contract terms range from 2 to 5 years. Lease contracts are negotiated separately and contain various terms and conditions without other restrictions imposed.
2. The lease terms for machinery and equipment leased by the Company do not exceed 12 months. The Company's only low-valued leased assets are photocopiers.
3. The carrying amount of right-of-use assets and recognized depreciation expenses are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 42,601	\$ 4,216
Transportation equipment (company vehicles)	<u>1,557</u>	<u>1,292</u>
	<u>\$ 44,158</u>	<u>\$ 5,508</u>
	<u>2025</u>	<u>2024</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Buildings and structures	\$ 8,950	\$ 44,577
Transportation equipment (company vehicles)	<u>736</u>	<u>526</u>
	<u>\$ 9,686</u>	<u>\$ 45,103</u>

4. Additions to right-of-use assets for the years ended December 31, 2025 and 2024 amounted to \$48,336 and \$1,002, respectively.
5. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2025</u>	<u>2024</u>
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 489	\$ 10,256
Expense on short-term lease contracts	262	2,810
Expense on leases of low-value assets	423	444
Gains arising from lease changes	-	24,766

6. Total cash outflows from leases for the years ended December 31, 2025 and 2024 amounted to \$10,818 and \$55,050, respectively.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Borrowings from banks		
Credit loan	<u>\$ 990,000</u>	<u>\$ 410,000</u>
Interest rate range	<u>1.90%~2.00%</u>	<u>1.98%~2.08%</u>

(9) Corporate Bonds Payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Corporate Bonds Payable	\$ 600,000	\$ 600,000
Less: Discount on corporate bonds payable	<u>(18,086)</u>	<u>(29,851)</u>
	<u>\$ 581,914</u>	<u>\$ 570,149</u>

The Company issued its 6th Domestic Unsecured Convertible Corporate Bonds, approved for fundraising and issuance by the competent authority.

1. The terms of issuance are as follows:
  - (1) Total issuance amount of \$600,000, coupon rate of 0%, term of three years, with a circulation period from July 1, 2024 to July 1, 2027. At maturity, these convertible bonds will be redeemed in cash at their face value in a lump sum. These convertible bonds were listed for trading on the Taipei Exchange on July 1, 2024.
  - (2) Bondholders may request conversion into the Company's common shares at any time from the day following three months after the issuance date until the maturity date, except during periods when transfer is suspended in accordance with regulations or laws. The rights and obligations of the common shares after conversion are the same as those of the previously issued common shares.
  - (3) The conversion price of these convertible bonds is determined in accordance with the pricing model specified in the conversion regulations. Subsequent conversion prices, in the event of anti-dilution provisions affecting the Company, will be adjusted according to the pricing model specified in the conversion regulations. Subsequently, on the base dates set forth in the regulations, the conversion price will be reset according to the pricing model specified in the conversion regulations. The conversion price of the convertible bonds is NTD 126 per share. Effective from the ex-dividend date for the cash dividend distributed by the Company for fiscal year 2025 (July 4, 2025), the conversion price was adjusted to NTD 125.2 per share.
  - (4) When, from the day following three months after the issuance of these convertible bonds until forty days before the expiration of the issuance period, the closing price of our company's common shares exceeds 30% (inclusive) of the conversion price then in effect for thirty consecutive trading days, or when, from the day following three months after the issuance until forty days before the expiration of the issuance period, the outstanding balance of these convertible bonds falls below 10% of the original total issuance amount, our company may redeem all of the bonds at face value at any time thereafter.
  - (5) According to the conversion regulations, all convertible bonds redeemed by the Company (including those bought back from the Taipei Exchange), repaid, or converted will be canceled, and all rights and obligations still attached to the corporate bonds will also be extinguished simultaneously and will not be reissued.

2. At the time of issuing convertible bonds, in accordance with International Accounting Standard No. 32 'Financial Instruments: Presentation,' our company separated the conversion option, which is equity in nature, from the liability components and recorded it as 'Capital Surplus – Stock Options' in the amount of NTD 37,026. Furthermore, regarding the embedded call and put options, in accordance with International Financial Reporting Standard No. 9 “Financial Instruments,” as their economic characteristics and risks are not closely related to the host debt instrument contract, they are separated for accounting treatment and recorded at their net amount as “Financial assets or liabilities at fair value through profit or loss.” After separation, the effective interest rate of the host debt contract is 2.0441%.
3. As of December 31, 2025, the Company has not bought back any of these convertible bonds from the Taipei Exchange.

(10) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salary and bonus payable	\$ 114,569	\$ 89,207
Payable on equipment	60,253	25,919
Employees' compensation and directors' remuneration payable	4,861	22,822
Payable on labor and health insurance premiums	14,794	12,385
Pension payable	7,231	6,512
Others	<u>42,009</u>	<u>51,075</u>
	<u>\$ 243,717</u>	<u>\$ 207,920</u>

(11) Long-term borrowings

<u>Lender</u>	<u>Borrowing period</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured loan			
Taiwan Cooperative Bank	November 25, 2024 – November 25, 2044	\$ 2,540,000	\$ 2,540,000
CTBC Bank	February 12, 2025 – February 12, 2030	636,000	-
Less: Current portion of long-term borrowings		<u>-</u>	<u>-</u>
		<u>\$ 3,176,000</u>	<u>\$ 2,540,000</u>
Borrowing facility		<u>\$ 3,176,000</u>	<u>\$ 2,540,000</u>
Interest rate range		<u>1.95%~2.270%</u>	<u>1.950%</u>

1. Please refer to Note 8 for details of collateral for long-term borrowings above.
2. Syndicated loan led by First Commercial Bank:

- (1) In order to replenish the medium-term working capital and obtain the funds needed to repay the borrowings due, the Company, as the borrower, signed a syndicated loan contract with the First Commercial Bank for a total amount of NTD 1,200,000 in August 2021. The contract period is 3 years from the first drawdown date (November 19, 2021), and the first installment of the principal shall be repaid within 2 years after the drawdown date. The Company shall make an installment payment every six months thereafter, and there are three installments in total without revolving credit. The amount of revolving credit shall first settle the 2018 outstanding loan balance mentioned in the preceding paragraph.
  - (2) The Company promises to maintain the following financial ratios in the second quarter and annual consolidated financial statements during the duration of the contract period:
    - A. The current ratio shall not be less than 100%.
    - B. The debt ratio shall not be higher than 150%.
    - C. The interest coverage ratio must not be less than 500%.
    - D. The net worth of tangible assets (total shareholder equity less intangible assets) shall be maintained at NTD 2,500,000 (inclusive) or more, and starting from 2023, it shall be maintained at NTD 3,000,000 (inclusive) or more.The financial ratios above are reviewed once every six months as agreed in the contract.
  - (3) The First Commercial Bank syndicated loan was repaid on July 19, 2024.
3. In January 2025, the Company entered into a medium-term loan agreement with CTBC Bank for \$636,000, with a contract period through January 2030. The Company undertakes that, within one year following each drawdown, inward remittances for the preceding twelve months shall reach \$240,000, and that such inward remittances shall be maintained at no less than \$240,000 in each subsequent year thereafter.

## (12) Pension

1. (1) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employee service years prior to the enforcement of the Labor Pension Act on July 1, 2005, and the service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. For employees who are qualified for retirement, under the defined benefit pension plan, pension benefits are based on the number of units accrued and the average monthly salaries and wages of the 6 months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company contributes 2% of the total salaries every month as a pension fund and deposit it at the Bank of Taiwan. Also, the Company and its domestic subsidiaries assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by March 31 of the following year.
- (2) The amounts recognized in the balance sheet are as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 91,905	\$ 90,789
Fair value of plan assets	( 55,787)	( 51,347)
Net defined benefit liabilities (recognized as “Other non-current liabilities”)	<u>\$ 36,118</u>	<u>\$ 39,442</u>

(3) Movements in net defined benefit liabilities are as follows:

	<u>2025</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	\$ 90,789	(\$ 51,347)	\$ 39,442
Current service cost	174	-	174
Interest expense (income)	1,407	( 796)	611
	92,370	( 52,143)	40,227
Remeasurements:			
Effect of change in demographic assumptions	12	-	12
Effect of change in financial assumptions	720	-	720
Experience adjustments	( 189)	( 3,452)	( 3,641)
	<u>543</u>	<u>( 3,452)</u>	<u>( 2,909)</u>
Pension fund contribution	-	( 1,200)	( 1,200)
Benefits paid	( 1,008)	1,008	-
Balance at December 31	<u>\$ 91,905</u>	<u>(\$ 55,787)</u>	<u>\$ 36,118</u>
	<u>2024</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	\$ 90,676	(\$ 42,657)	\$ 48,019
Interest expense (income)	1,043	( 491)	552
	<u>91,719</u>	<u>( 43,148)</u>	<u>48,571</u>
Remeasurements:			
Effect of change in demographic assumptions	355	-	355
Effect of change in financial assumptions	( 371)	-	( 371)
Experience adjustments	( 914)	( 3,658)	( 4,572)
	<u>( 930)</u>	<u>( 3,658)</u>	<u>( 4,588)</u>
Pension fund contribution	-	( 4,541)	( 4,541)
Balance at December 31	<u>\$ 90,789</u>	<u>(\$ 51,347)</u>	<u>\$ 39,442</u>

The details of the abovementioned expenses recognized in various costs and expenses in the statement of comprehensive income are as follows:

	2025	2024
Administrative expenses	\$ 785	\$ 552

- (4) The Bank of Taiwan was commissioned to manage the fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposits in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) With regard to the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall compensate the deficit after being authorized by the competent authorities. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142, IAS 19. The composition of the fair value of plan assets as of December 31, 2025 and 2024 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (5) The actuarial assumptions related to pension were as follows:

	2025	2024
Discount rate	<u>1.31%</u>	<u>1.55%</u>
Future salary increases rate	<u>1.50%</u>	<u>1.50%</u>

The assumptions for the future mortality rate are based on the Taiwan Life Insurance Life Table No. 6.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2025				
Effect on present value of defined benefit obligation	<u>(\$ 1,463)</u>	<u>\$ 3,496</u>	<u>\$ 3,466</u>	<u>(\$ 1,467)</u>
	Discount rate		Future salary increases rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2024				
Effect on present value of defined benefit obligation	<u>(\$ 1,651)</u>	<u>\$ 2,394</u>	<u>\$ 2,374</u>	<u>(\$ 1,660)</u>

The sensitivity analysis above is based on a change in only one assumption with all other conditions remaining unchanged. In practice, more than one assumption may change simultaneously. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (6) The Company's estimated contribution to the retirement plan for fiscal year 2026 is \$1,200.
- (7) As of December 31, 2025, the weighted average duration of the pension plan is 5 years. An analysis of the maturity of pension payments is as follows:

Less than 2 years	\$	83,325
3–5 years		6,480
6–10 years		934
Over 10 year		<u>7,275</u>
	\$	<u>98,014</u>

2. Effective on July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. Nationality. Under the Labor Pension Act, the Company contributes 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. Retirement benefit costs recognized by the Company under the aforementioned retirement plan for the years ended December 31, 2025 and 2024 amounted to \$22,507 and \$21,415, respectively.

3. For employees who concurrently serve as directors, supervisors, or managers, the Company has set aside retirement reserves during their concurrent service period in accordance with the Labor Standards Act and other applicable regulations. The accrued retirement benefit liabilities (presented under "Other Non-current Liabilities") as of December 31, 2025 and 2024 amounted to \$32,437 and \$33,637, respectively.

(13) Share-based payment

1. The Company's 2025 share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Employee stock option plan	May 20, 2024	5,000 thousand shares	6 years	2–4 years of service (Note)

Note: 50% of an employee's stock options will be vested upon 2 years of service; 75% will be vested upon 3 years; 100% will be vested upon 4 years.

The above-mentioned share-based payment arrangement was settled in equity.

- (1) The detailed information of the employee stock option plan is as follows:

	2025	
	Quantity (thousand shares)	Strike price (NTD)
Outstanding stock options, beginning of period	4,774	\$ 80.70
Stock options granted for the current period	-	\$ -
Stock options forfeited in the current period	(45)	\$ 80.20
Outstanding stock options, end of period	4,729	\$ 80.20
Stock options executed, end of period	-	-

Note: Effective from the ex-dividend date for the cash dividend distributed by the Company for fiscal year 2025 (July 4, 2025), the exercise price was adjusted from NTD 80.70 to NTD 80.20 per share.

- (2) As of December 31, 2025, the outstanding warrants of the Company carry an exercise price of NTD 80.20 per share, with a weighted average remaining contractual life of 4.38 years.
- (3) The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit
Employee stock option plan	May 20, 2024	\$ 82.80	\$82.80	Note 1	6 years	-	Note 2	Note 3

Note 1: 52.13% after two years; 53.93% after three years; 51.47% after four years.

Note 2: 1.4444% after two years; 1.4659% after three years; 1.4867% after four years.

Note 3: NTD 34.39 after two years; NTD 37.38 after three years; NTD 37.76 after four years.

(4) The cost incurred in the share-based payment transaction and equity delivery in 2025 was NTD 69,957.

2. The Company's 2024 share-based payment arrangement is as follows:

Type of arrangement	Grant date	Number of shares granted	Contract period	Vesting conditions
Treasury shares transferred to employees	March 6, 2024	1,757 thousand shares	March 11, 2024 – March 15, 2024	Vested immediately
Employee stock option plan	May 20, 2024	5,000 thousand shares	6 years	2–4 years of service (Note)
Cash capital increase reserved for employee subscription	May 24, 2024	1,800 thousand shares	June 17, 2024 – June 21, 2024	Vested immediately

Note: 50% of an employee's stock options will be vested upon 2 years of service; 75% will be vested upon 3 years; 100% will be vested upon 4 years.

The above-mentioned share-based payment arrangement was settled in equity.

(1) Details of the transfer of treasury stocks to employees are as follows:

	<u>2024</u>	
	<u>Quantity (thousand shares)</u>	<u>Strike price (NTD)</u>
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	1,757	\$ 22.51
Stock options executed for the current period	(1,757)	\$ 22.51
Outstanding stock options, end of period	<u>-</u>	-
Stock options executed, end of period	<u>-</u>	-

(2) The detailed information of the employee stock option plan is as follows:

	<u>2024</u>	
	<u>Quantity (thousand shares)</u>	<u>Strike price (NTD)</u>
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	5,000	\$ 82.80
Stock options forfeited in the current period	(226)	\$ 80.70
Outstanding stock options, end of period	<u>4,774</u>	\$ 80.70
Stock options executed, end of period	<u>-</u>	-

Note: Effective from the ex-dividend date for the cash dividend distributed by the Company for fiscal year 2024 (June 8, 2024), the exercise price was adjusted from NTD 82.80 to NTD 80.70 per share.

(3) The details of the cash capital increase reserved for employee subscription are as follows:

	<u>2024</u>	
	<u>Quantity (thousand shares)</u>	<u>Strike price (NTD)</u>
Outstanding stock options, beginning of period	-	-
Stock options granted for the current period	1,800	\$ 72.00
Stock options executed for the current period	(1,800)	\$ 72.00

Outstanding stock options, end of period	-	-
Stock options executed, end of period	-	-

- (4) As of December 31, 2024, the weighted average share prices on the exercise dates of warrants exercised by the Company were NTD 22.51 and NTD 72.00 per share.
- (5) As of December 31, 2024, the outstanding warrants of the Company carry an exercise price of NTD 80.70 per share, with a weighted average remaining contractual life of 5.38 years.
- (6) The Company uses the Black-Scholes options model to estimate the fair value of the stock options for its share-based payment transactions on the grant date. The relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Strike price (NTD)	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit
Treasury shares transferred to employees	March 6, 2024	\$ 54.10	\$22.51	57.51%	0.0137	-	1.0885%	\$31.59
Employee stock option plan	May 20, 2024	\$ 82.80	\$82.80	Note 1	6 years	-	Note 2	Note 3
Cash capital increase reserved for employee subscription	May 24, 2024	\$ 90.03	\$72.00	55.94%	0.0137	0.72%	1.2806%	\$18.03

Note 1: 52.13% after two years; 53.93% after three years; 51.47% after four years.

Note 2: 1.4444% after two years; 1.4659% after three years; 1.4867% after four years.

Note 3: NTD 34.39 after two years; NTD 37.38 after three years; NTD 37.76 after four years.

- (7) The cost incurred in share-based payment transactions and equity delivery in 2024 was NTD 130,126.

(14) Share capital

1. As of December 31, 2025, the Company's registered capital was NTD 3,000,000 thousand, and the paid-in capital was NTD 2,339,586 thousand, with a par value of NTD 10 per share.

On April 9, 2024, the Board of Directors resolved to issue 12,000 thousand ordinary shares through a cash capital increase. The capital increase record date was June 26, 2024, with a subscription price of NTD 72 per share. Total paid-in capital amounted to NTD 864,000 thousand, which has been collected in full, and the amendment registration has been completed.

The number of Company's outstanding ordinary shares (thousand shares) at the beginning and end of period is reconciled as follows:

	<u>2025</u>	<u>2024</u>
January 1	233,959	220,202
Treasury shares repurchased	( 2,000)	-
Capital increase in cash	-	12,000
Treasury shares transferred to employees	-	1,757
December 31	<u>231,959</u>	<u>233,959</u>

## 2. Treasury shares

(1) Reasons for share repurchase and changes in the number (thousand shares):

<u>Reason for repurchase</u>		<u>2025</u>	Increase in the current period	Decrease in the current period	<u>December 31</u>
		January 1			
Shares transferable to employees	Shares	-	2,000	-	2,000
	Carrying amount	\$ -	\$ 154,397	\$ -	\$ 154,397
		<u>2024</u>			
<u>Reason for repurchase</u>		January 1	Increase in the current period	Decrease in the current period	<u>December 31</u>
Shares transferable to employees	Shares	1,757	-	( 1,757)	-
	Carrying amount	\$ 39,538	\$ -	( \$39,538)	\$ -

- (2) According to the Securities and Exchange Act, the Company's proportion of the number of outstanding shares repurchased shall not exceed 10% of the its total issued shares, and the total amount of shares repurchased shall not exceed the amount retained earnings plus the share premium and the realized capital surplus.
- (3) Treasury shares held by the Company shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall be entitled to shareholder rights before being transferred.
- (4) In accordance with the provisions of the Securities and Exchange Act, the shares repurchased for shares transferable to employees shall be transferred within five years from the date of the repurchase. If the transfer is not made within the time limit, the Company shall be deemed to have not issued the shares, and the shares shall be canceled through change registration. For the shares repurchased to maintain the Company's credit and shareholders' rights, the change registration and share cancellation shall be conducted within six months after the repurchase.

## (15) Capital surplus

- Pursuant to the 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 Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above may not exceed 10% of the paid-in capital each year. However, capital surplus shall not be used to compensate accumulated deficits unless the legal reserve is insufficient.
- Changes in capital surplus are as follows:

2025								
	Opening balance	Changes in ownership interests in subsidiaries recognized	Changes in Ownership Interests in Investments Accounted for Under Equity Method	Cost of share-based payment	Exercise of Disgorgement Rights	Distribution of cash dividends		Closing balance
Share premium	\$ 2,570,033	\$ -	\$ -	\$ -	\$ -	(\$ 81,885)		2,488,148
Treasury stock transaction	124,054	-	-	-	-	-		124,054
Employee stock option	42,168	-	-	69,957	-	-		112,125
Difference between the actual acquisition or disposal of the equity of subsidiary and the book value	2,584	-	-	-	-	-		2,584
Changes in ownership interests in subsidiaries recognized	-	108,685	-	-	-	-		108,685
Changes in Net Equity of Affiliated Companies Recognized under the Equity Method	90	-	10,630	-	-	-		10,720
Stock options	37,026	-	-	-	-	-		37,026
Donated assets	64	-	-	-	39	-		103
	<u>\$ 2,776,019</u>	<u>\$ 108,685</u>	<u>\$ 10,630</u>	<u>\$ 69,957</u>	<u>\$ 39</u>	<u>(\$ 81,885)</u>		<u>\$ 2,883,445</u>

2024									
	Opening balance	Disposal of equity in a subsidiary (loss of control)	Changes in Ownership Interests in Investments Accounted for Under Equity Method	Cost of share-based payment	Cash Capital Increase (including Employee Stock Options)	Treasury shares subscribed for by employees	Issuance of Convertible Corporate Bonds	Exercise of Disgorgement Rights	Closing balance
Share premium	\$ 1,793,579	\$ -	\$ -	\$ -	\$ 776,454	\$ -	\$ -	\$ -	2,570,033
Treasury stock transaction	68,656	-	-	-	-	55,398	-	-	124,054
Employee stock option	-	-	-	130,126	( 32,454)	( 55,504)	-	-	42,168
Difference between the actual acquisition or disposal of the equity of subsidiary and the book value	2,197	387	-	-	-	-	-	-	2,584
Changes in Net Equity of Affiliated Companies Recognized under the Equity Method	-	-	90	-	-	-	-	-	90
Stock options	-	-	-	-	-	-	37,026	-	37,026
Donated assets	-	-	-	-	-	-	-	64	64
	<u>\$ 1,864,432</u>	<u>\$ 387</u>	<u>\$ 90</u>	<u>\$ 130,126</u>	<u>\$ 744,000</u>	<u>(\$ 106)</u>	<u>\$ 37,026</u>	<u>\$ 64</u>	<u>\$ 2,776,019</u>

(16) Retained earnings

1. According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay income taxes first and then compensate any accumulated deficits, before appropriating 10% of the balance for the legal reserve. For the remaining amount, a special reserve shall be set aside or reversed according to the laws or regulations of the competent authorities. Subsequently, if there is still a remaining amount, it is to be combined with the undistributed earnings from the beginning of the same period to form the accumulated distributable earnings to shareholders. The Board of Directors shall draft an earnings distribution proposal, and when it is distributed through the issuance of new shares, it shall be submitted to the shareholders' meeting for resolution before distribution.

The Company, in accordance with Paragraph 5 of Article 240 of the Company Act, authorizes the Board of Directors to pay, in whole or in part, distributable dividends and bonuses or the legal reserve and the capital reserve, as described in Paragraph 1 of Article 241 of the Company, in cash, after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and, in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

The Company is in the technology industry and the industry environment changes rapidly. With consideration of the future capital demand and sound financial planning for the sustainable development of the Company, it is preferable to adopt a stable dividend policy. The dividend rate is expected to be above 20%, with cash dividends accounting for more than 20% of the total dividends distributed to shareholders. Nevertheless, when the price per share for the cash dividend is lower than NTD 0.1 (inclusive), no cash dividends are to be issued, but stock dividends are issued instead.

2. Except for covering accumulated deficits or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
3. (1) In accordance with the regulations, the Company shall set aside a 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.  
(2) Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed.
4. On March 10, 2026, the Board of Directors resolved on the appropriation and distribution of earnings for fiscal year 2025 as follows:

	<u>2025</u>	<u>Dividends per share</u>
	Amount	(NTD)
Legal reserve	\$ 5,302	
Cash dividend	57,990	\$ 0.25
	<u>\$ 63,292</u>	

- (1) On March 10, 2026, the Board of Directors resolved to distribute cash in the amount of \$57,990 from the capital surplus, arising from the issuance of shares at a premium above par value, at a rate of NTD 0.25 per share, to shareholders of record as of the distribution record date.
  - (2) On March 10, 2026, the Company's Board of Directors proposed to reverse a special reserve of NTD 8,099 in accordance with the reversal of other equity deduction items.
5. On March 4, 2025 and May 26, 2025, the Board of Directors' and shareholders' meetings, respectively, resolved on the appropriation and distribution of earnings for fiscal year 2024 as follows:

	<u>2024</u>	Dividends per share (NTD)
	Amount	
Legal reserve	\$ 2,241	
Cash dividend	35,094	\$ 0.15
	<u>\$ 37,335</u>	

- (1) On March 4, 2025, the Board of Directors resolved to distribute cash in the amount of \$81,885 from the capital surplus arising from the issuance of shares at a premium above par value, at a rate of NTD 0.35 per share to shareholders of record as of the distribution record date.
  - (2) On May 26, 2025, the shareholders' meeting resolved to reverse a special reserve of \$11,219 in accordance with the reversal of other equity deductions.
6. The 2023 earnings distribution proposal resolved by the Company's shareholders' meeting on May 30, 2024 was as follows:

	<u>2023</u>	Dividends per share (NTD)
	Amount	
Legal reserve	\$ 19,718	
Special reserve	33,167	
Cash dividend	144,273	\$ 0.65
	<u>\$ 197,158</u>	

7. For information regarding earnings distribution and related matters, please refer to the Market Observation Post System (MOPS).

(17) Operating revenue

1. The Company's revenue is all from customer contracts, which are for goods transferred at a certain point in time. Please refer to the Operating Revenue Statement for the breakdown of its revenue.
2. The contract liabilities related to revenue from customer contracts recognized by the Company are as follows:

<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
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Contract liabilities – advance sales receipts	\$ <u>4,308</u>	\$ <u>10,065</u>	\$ <u>-</u>
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3. The opening balance of contract liabilities is recognized in income in the current period

	2025	2024
The opening balance of contract liabilities was recognized as income in the current period	\$ <u>10,065</u>	\$ <u>-</u>

(18) Other revenue

	2025	2024
Dividend revenue	\$ 308	\$ 1,080
Rental income	396	288
Government grant revenue	9,103	148
Other revenue	9,792	3,443
	\$ <u>19,599</u>	\$ <u>4,959</u>

(19) Other gains and losses

	2025	2024
Net foreign currency exchange (losses) gains	(\$ 15,346)	\$ 76,678
Gains (losses) on disposal of property, plant and equipment	2,956	( 53,025)
Gains arising from lease changes	-	24,766
Gains from disposal of investments	1,657	-
Net gains on financial assets and liabilities at fair value through profit and loss	31,531	22,223
Other expenditures	( 28,586)	( 4,432)
	(\$ <u>7,788</u> )	\$ <u>66,210</u>

(20) Finance costs

	2025	2024
Interest expenses:		
Borrowings from banks	\$ 75,166	\$ 24,302
Lease liabilities	489	10,256
Amortization of discount on corporate bonds payable	11,765	5,808
	\$ <u>87,420</u>	\$ <u>40,366</u>

(21) Expenses by nature

By function	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Wages and salaries	\$ 488,745	\$ 116,732	\$ 605,477	\$ 412,100	\$ 98,717	\$ 510,817
Employee stock option expenses	-	69,957	69,957	-	130,126	130,126
Labor and health insurance expenses	50,346	10,647	60,993	44,227	9,235	53,462
Pension expenses	17,192	6,100	23,292	16,709	5,258	21,967
Remuneration to Directors	-	2,052	2,052	-	1,824	1,824
Other personnel expenses	30,949	4,757	35,706	23,635	3,829	27,464
Depreciation expenses	172,086	20,557	192,643	165,185	18,965	184,150
Amortization expenses	3,526	3,003	6,529	4,268	1,309	5,577

Note: (1) The monthly average number of employees for fiscal years 2025 and 2024 was 873 and 803, respectively, of which the number of directors who did not concurrently serve as employees was 7 for both years.

(2) Information on average employee benefit expenses and salaries and wages:

	2025	2024
Average employee benefit expenses	\$ 919	\$ 934
Average salaries and wages	\$ 699	\$ 642

A. The average employee benefits expense is calculated as: “Total employee benefit expenses – Total remuneration of directors” / “Number of employees for this year – Number of directors who did not serve as employees concurrently”.

B. The average employee salaries and wages are calculated as: Total employee salary expenses / “Number of employees for this year – Number of directors who did not serve as employees concurrently”.

(3) The average salaries and wages of employees for 2025 increased by 9% compared with the adjustment in 2024.

(4) The Company has set up an audit committee rather than engaging supervisors. Therefore, the remuneration of supervisors for 2025 and 2024 was both NTD 0.

- (5) The Company's salary and remuneration policy: When the directors of the Company perform their duties, regardless of its operating profit or loss, the Company is to pay remuneration to directors. The board of directors is authorized to determine such remuneration based on their degree of participation in the Company's operations and the value of their contribution, with reference to the standards of the industry, and while ensuring such remuneration does not exceed the amount paid to the highest job level as per the Company's management regulations. In addition, the appointment, dismissal, and remuneration of the President and Vice Presidents of the Company shall be handled in accordance with the provisions of the Company Act. If the Company has a surplus, it shall be allocated for employee remuneration in accordance with Article 17 of the Company's Articles of Incorporation.
1. Pursuant to the Company's amended Articles of Incorporation, after offsetting any accumulated deficit against the pre-tax profit for the year before deducting employee compensation and directors' remuneration, any remaining balance shall be appropriated at a rate of no less than ten percent for employee compensation, of which no less than 4.5 percent shall be allocated as compensation distributed to entry-level employees, and no more than three percent shall be appropriated as directors' remuneration. Where the distribution of the employee remuneration is executed in stock or cash, it shall be implemented with the consent of a majority of the attending Directors at a Board of Directors' meeting attended by more than two-thirds of all directors. In addition, a report to the shareholders' meeting shall also be made. Where the distribution of the employee remuneration is executed in stock, the employees of the Company's subsidiaries who meet certain specific requirements may be included.
  2. The estimated amounts of employee compensation for the years ended December 31, 2025 and 2024 were \$3,739 and \$2,245, respectively, and the estimated amounts of directors' and supervisors' remuneration were \$1,122 and \$674, respectively. These amounts are recorded under salaries and wages expense.  
  
The amounts for fiscal year 2025 were estimated based on profitability through the end of the year, applying the rates prescribed in the Articles of Incorporation. The amounts of employee compensation and directors' remuneration resolved by the Board of Directors for fiscal year 2025 are \$3,739 and \$1,122, respectively, both of which will be distributed in cash.  
  
The estimated amounts of employee compensation and directors' remuneration for fiscal years 2024 and 2023 were \$2,245 and \$674, and \$26,874 and \$8,062, respectively, consistent with the amounts recognized in the financial statements for those respective years. As of December 31, 2025, all amounts have been distributed in cash.
  3. The relevant information on employee remuneration and remuneration of directors approved by the board of directors of the Company is available on MOPS.

(22) Income Taxes

1. Income tax (gains) expenses

(1) Income tax (gain) expense components:

	<u>2025</u>	<u>2024</u>
Current income tax:		
Current income tax payable on income for the year	\$ -	\$ 2,451
Prior years' income tax over(under)estimation	( 2,453)	599
Total of current income tax	( 2,453)	3,050
Deferred income tax:		
Initial recognition and reversal of temporary differences	( 15,630)	( 2,323)
Income tax (gains) expenses	<u>(\$ 18,083)</u>	<u>\$ 727</u>

(2) Income tax relating to components of other comprehensive income is as follows:

	<u>2025</u>	<u>2024</u>
Differences on translation of foreign operations	\$ 2,025	\$ 17,002
Remeasurement of defined benefit obligations	582	918
	<u>\$ 2,607</u>	<u>\$ 17,920</u>

2. Reconciliation between income tax expense (benefit) and accounting profit

	<u>2025</u>	<u>2024</u>
Income tax calculated based on profit before tax and statutory tax rate	\$ 6,507	\$ 3,907
Effect of income tax adjusted according to tax law	9,193	( 7,221)
Income tax underestimates for prior years	-	-
Unrecognized deferred income tax as a result of temporary differences	( 36,722)	991
Prior years' income tax over(under)estimation	( 2,453)	599
Change in assessment of recoverability of deferred income tax assets	5,392	-
Impact of income tax under the Minimum Tax System	-	2,451
Income tax (gains) expenses	<u>(\$ 18,083)</u>	<u>\$ 727</u>



4. Maturity of unused tax loss carryforwards and amounts of unrecognized deferred income tax assets are as follows:

December 31, 2025

<u>Year incurred</u>	<u>Declared/Approved amount</u>	<u>Unused amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Maturity year</u>
2024	\$ 81,224	\$ 81,224	\$ -	2023
2025	230,906	230,906	-	2035
	<u>\$ 312,130</u>	<u>\$ 312,130</u>	<u>\$ -</u>	

December 31, 2024

<u>Year incurred</u>	<u>Declared/Approved amount</u>	<u>Unused amount</u>	<u>Unrecognized deferred income tax assets amount</u>	<u>Maturity year</u>
2024	<u>\$ 108,184</u>	<u>\$ 108,184</u>	<u>\$ -</u>	2034

5. The Company's income tax filings have been assessed and approved by the tax authorities through fiscal year 2023.

(23) Earnings per share (EPS)

	<u>2025</u>		
	<u>After-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders for current period	<u>\$ 50,618</u>	<u>232,680</u>	<u>\$ 0.22</u>
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders for current period	\$ 50,618	232,680	
Effect of dilutive potential ordinary shares (Note)			
Employee stock option	-	32	
Employees' compensation	-	51	
Net profit attributable to ordinary shareholders for current period Plus the effect of potential ordinary shares	<u>\$ 50,618</u>	<u>232,763</u>	<u>\$ 0.22</u>

	<u>2024</u>	Weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NTD)
	After-tax amount		
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders for current period	\$ 18,807	227,742	\$ 0.08
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders for current period	\$ 18,807	227,742	
Effect of dilutive potential ordinary shares (Note)			
Employee stock option	-	17	
Employees' compensation	-	114	
Net profit attributable to ordinary shareholders for current period Plus the effect of potential ordinary shares	\$ 18,807	227,873	\$ 0.08

Note: When calculating diluted earnings per share, the convertible corporate bonds have an anti-dilutive effect; therefore, they are not included in the calculation of the effect of potentially dilutive common shares.

(24) Additional information on cash flow

1. Operating activities only with partial cash payments:

	<u>2025</u>	<u>2024</u>
Interest expenses	\$ 75,655	\$ 34,558
Add: Interest payable, beginning of period	1,364	1,075
Less: Interest payable, end of period	(2,083)	(1,364)
Cash paid during the current period	\$ 74,936	\$ 34,269

2. Investing activities only with partial cash payments:  
Cash paid for purchase of property, plant and equipment

	2025	2024
Purchase of property, plant and equipment	\$ 1,405,631	\$ 3,078,137
Add: Opening balance of payable on equipment	25,919	9,273
Add: Ending balance of prepayments for equipment (Note)	150,010	284,078
Less: Opening balance of prepayments for equipment (Note)	( 284,078)	( 11,562)
Less: Ending balance of payable on equipment	( 60,253)	( 25,919)
Cash paid during the current period	<u>\$ 1,237,229</u>	<u>\$ 3,334,007</u>

(Note: Recognized as “other non-current assets”)

(25) Changes in liabilities from financing activities

	Short-term borrowings	Corporate Bonds Payable	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2025	\$ 410,000	\$ 570,149	\$ 2,540,000	\$ 5,811	\$ 3,525,960
Changes in cash flow from financing activities	580,000	-	636,000	( 9,645)	1,206,355
Non-cash changes	-	11,765	-	48,336	60,101
December 31, 2025	<u>\$ 990,000</u>	<u>\$ 581,914</u>	<u>\$ 3,176,000</u>	<u>\$ 44,502</u>	<u>\$ 4,792,416</u>

	Short-term borrowings	Corporate Bonds Payable	Long-term borrowings (including current portion)	Lease liabilities	Total liabilities from financing activities
January 1, 2024	\$ 240,000	\$ -	\$ 960,000	\$ 315,085	\$ 1,515,085
Changes in cash flow from financing activities	170,000	603,167	1,580,000	( 41,540)	2,311,627
Non-cash changes	-	( 33,018)	-	( 267,734)	( 300,752)
December 31, 2024	<u>\$ 410,000</u>	<u>\$ 570,149</u>	<u>\$ 2,540,000</u>	<u>\$ 5,811</u>	<u>\$ 3,525,960</u>

## 7. Related Party Transactions

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

Names of related parties	Relationship with the Company
ECOCERA OPTRONICS CO., LTD. (Ecocera Optronics)	Subsidiary of the Company
Advance Venture Corporation (Advance Venture )	Subsidiary of the Company (Note 1)
I-Chiun Precision Electric Industry (China) Co., Ltd.	Third-tier subsidiary of the Company
I-Chiun Technology (China) Co., Ltd. (I-Chiun Technology)	Third-tier subsidiary of the Company
Mylight Technology Co., Ltd.	Second-degree Relative of the Company's Director Serving as Its Responsible Person
Zhuo Chuan Enterprise Co., Ltd.	Second-degree Relative of the Company's Director Serving as Its Responsible Person
CMTEK Co., Ltd. (CMTEK)	The Company's associates (Note 2)

Note 1: Advance Venture was approved for dissolution by the competent authority on November 3, 2025.

Note 2: Effective April 1, 2024, CMTEK's relationship with the Company has been adjusted from a subsidiary to an associate. Please refer to Note 6(5) for detail

### (2) Significant related party transactions are as follows

#### 1. Operating revenue

	2025	2024
Sales of finished goods:		
I-Chiun Technology	\$ 179,858	\$ 44,429
Subsidiary	-	30
	<u>\$ 179,858</u>	<u>\$ 44,459</u>

There is no significant difference in the transaction price of the Company's sales between related parties and non-related parties. The payment terms vary from O/A with net 90 days to 120 days depending on transaction counterparties.

## 2. Purchases

	<u>2025</u>	<u>2024</u>
Purchases of goods:		
I-Chiun Technology	\$ 443,603	\$ 497,399
Subsidiary	1,285	1,494
Third-tier subsidiary of the Company	-	197
Other related parties	4,483	6,371
	<u>\$ 449,371</u>	<u>\$ 505,461</u>

The transaction price and payment terms in the Company's purchase of goods from related parties are not significantly different from those of general suppliers.

## 3. Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable:		
I-Chiun Technology	\$ 130,952	\$ 13,288
Subsidiary	-	31
Loss allowance	( 39)	( 4)
	130,913	13,315
Other receivables:		
I-Chiun Technology	23,483	-
	<u>\$ 154,396</u>	<u>\$ 13,315</u>

Receivables from related parties arise primarily from sales transactions and disposals of equipment and controlled assets. The terms of sales transaction vary from O/A with net 90 days to 120 days depending on transaction counterparties. The receivables are unsecured in nature and bear no interest.

## 4. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
I-Chiun Technology	\$ 110,042	\$ 44,259
Subsidiary	-	85
Other related parties	1,532	1,909
	<u>\$ 111,574</u>	<u>\$ 46,253</u>

Payables to related parties arise primarily from purchase transactions, with payment terms of net 30 to 90 days following acceptance. The payable does not bear interest.

## 5. Asset transactions

(1) Disposal of property, plant and equipment:

	2025		2024	
	Disposal Proceeds	Gain on disposal	Disposal Proceeds	Gain on disposal
I-Chiun Technology	\$ 13,153	\$ 7,141	\$ 637	\$ 2

(2) Disposal of controlled assets:

	2025		2024	
	Disposal Proceeds	Gain on disposal	Disposal Proceeds	Gain on disposal
I-Chiun Technology	\$ 21,230	\$ 2,247	\$ -	\$ -

(3) Financial assets acquired

	Account	Number of shares traded	Asset traded	2025
				Consideration received - Cash capital increase
The Company	Investments accounted for under equity method	240,000	Ecocera Optronics	\$ 21,105
				2024
				Consideration received - Cash capital increase
The Company	Investments accounted for under equity method (Note)	3,087,288	CMTEK Co., Ltd.	\$ 34,767

Note: Note: Effective April 1, 2024, CMTEK's relationship with the Company has been adjusted from a subsidiary to an associate. Please refer to Note 6(5) for detail

6. Loans to related parties

(1) Closing balance (recognized in "Other receivables – related parties")

	December 31, 2025	December 31, 2024
Advance Venture	\$ 22,000	\$ 30,000
Loss allowance	( 22,000)	-
	\$ -	\$ 30,000

As Advance Venture was approved for dissolution by the competent authority on November 3, 2025, an allowance for credit losses has been recognized against the outstanding loan extended to Advance Venture.

(2) Interest revenue

	2025	2024
Subsidiary	\$ -	\$ 527

7. Cash dividends from investees accounted for using the equity method

Cash dividends received from the subsidiary Ecocera Optronics for the years ended December 31, 2025 and 2024 amounted to \$48,943 and \$27,549, respectively.

8. For the endorsements/guarantees provided by the Company to related parties, please refer to Note 9(2) for details.

(3) Information on key management compensation

	2025	2024
Short-term employee benefits	\$ 12,831	\$ 10,726
Share-based payment	2,711	14,625
Post-employment benefits	478	361
	<u>\$ 16,020</u>	<u>\$ 25,712</u>

8. Pledged Assets

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

Asset Items	Book value		Purpose of collateral
	December 31, 2025	December 31, 2024	
Land	\$ 2,987,142	\$ 2,132,009	Collateral for long-term borrowings
Buildings and structures	1,146,580	1,146,766	Collateral for long-term borrowings
Financial assets at amortized cost – current	4,147	-	Performance Bond Deposit
	<u>\$ 4,137,869</u>	<u>\$ 3,278,775</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

1. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	\$ 135,016	\$ 786,473

2. For subsidiaries to obtain borrowing facilities from banks, the amount of the endorsements/guarantees provided by the Company is detailed in the Note 13 to Table 2.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 10, 2026, the Board of Directors resolved on the earnings distribution plan and cash distribution from capital surplus for fiscal year 2025. Refer to Note 6(16) for further details.

12. Others

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(2) Financial Instruments

1. Categories of financial instruments

<u>Financial asset</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets at fair value through profit and loss	\$ 57,062	\$ 158,714
Financial assets at amortized cost		
Cash and cash equivalents	\$ 377,962	\$ 343,365
Financial assets at amortized cost	4,147	-
Notes receivable	-	42
Accounts receivable (including related parties)	1,206,791	1,080,201
Other receivables – (including related parties)	48,709	100,062
Refundable deposit (recognized as “other non-current assets”)	32,706	39,889
	<u>\$ 1,670,315</u>	<u>\$ 1,563,559</u>

	December 31, 2025	December 31, 2024
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 990,000	\$ 410,000
Accounts payable (including related parties)	407,716	276,912
Other payables	243,717	207,920
Corporate Bonds Payable	581,914	570,149
Long-term borrowings (including current portion)	3,176,000	2,540,000
Guarantee deposits received (recognized in other non-current liabilities)	244	152
	<u>\$ 5,399,591</u>	<u>\$ 4,005,133</u>
Lease liabilities	<u>\$ 44,502</u>	<u>\$ 5,811</u>

## 2. Risk management policy

- (1) The Company's activities have exposed it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) Risk management is carried out by the Company's finance department in line with the policies approved by the board of directors. The finance department identifies, evaluates, and hedges financial risks in close cooperation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the remaining circulating capital investment.

## 3. Significant financial risks and degrees of financial risks

### (1) Market risk

#### Exchange rate risk

- A. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD and RMB) used by the Company. The exchange rate risk arises from future business transactions and assets and liabilities recognized.
- B. The management of the Company has established policies to regulate the exchange rate risk of each company within the Group in relation to its functional currency. The companies shall hedge against the overall exchange rate risk through the Group's finance department. The exchange rate risk is measured by expected transactions with USD and RMB expenditures that are highly likely to occur. The Company achieves natural hedging through the positions of foreign currency assets and liabilities held and the arrangement of the recovery period.
- C. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

<u>December 31, 2025</u>			
	<u>Foreign currency amount (in thousand)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 27,595	31.430	\$ 867,311
RMB : NTD	49,517	4.496	222,628
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,333	31.430	\$ 167,616
JPY : NTD	60,480	0.201	12,144

<u>December 31, 2024</u>			
	<u>Foreign currency amount (in thousand)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 28,226	32.785	\$ 925,389
RMB : NTD	8,570	4.478	38,376
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,950	32.785	\$ 96,716
JPY : NTD	67,258	0.210	14,124

D. The aggregate foreign currency exchange (losses) gains recognized for the years ended December 31, 2025 and 2024, including both realized and unrealized amounts, attributable to exchange rate fluctuations on monetary items that have a material impact on the Company, amounted to (\$15,346) and \$76,678, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

		<u>2025</u>		
		<u>Sensitivity analysis</u>		
		<u>Exchange</u>	<u>Effect on</u>	<u>Effect on other</u>
		<u>rate band</u>	<u>profit or loss</u>	<u>comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD : NTD	1%		\$ 8,673	\$ -
RMB : NTD	1%		2,226	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		\$ 1,676	\$ -
JPY : NTD	1%		121	-
		<u>2024</u>		
		<u>Sensitivity analysis</u>		
		<u>Exchange</u>	<u>Effect on</u>	<u>Effect on other</u>
		<u>rate band</u>	<u>profit or loss</u>	<u>comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD : NTD	1%		\$ 9,254	\$ -
RMB : NTD	1%		384	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		\$ 967	\$ -
JPY : NTD	1%		141	-

Price risk

A. The Company's equity instruments exposed to price risk are financial assets held at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- B. The Company mainly invests in equity instruments issued by domestic companies. The prices of such equity instruments would change due to the change of the future value of the targets in the investments. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the net profit after tax for 2025 and 2024 would have increased or decreased by NTD 571 and NTD 1,587, respectively, due to the gains or losses on equity instruments at fair value through profit and loss.

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk mainly comes from short- and long-term borrowings issued at floating interest rates, exposing the Company to the interest rate risk of cash flow. In 2025 and 2024, the Company's loans taken out at floating interest rates were mainly in New Taiwan dollars.
- B. The Company's loans are measured at amortized cost and the annual interest rate will be repriced every year according to the contracts. Therefore, the Company is exposed to the risk of future market interest rate changes.
- C. When the NTD borrowing interest rate rose or fell by 1%, with all other factors held constant, the net profit after tax would have decreased or increased by NTD 33,328 and NTD 23,600 in 2025 and 2024, respectively, as the interest expenses would change with the floating interest rates for the borrowings.

(2) Credit risk

- A. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle the accounts receivable paid in accordance with the payment terms and the contractual cash flow of financial assets at amortized cost.
- B. The Company has established a management mechanism for credit risk. In accordance with the internal credit policy, the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. When a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default by the Company.
- D. The Company adopts the following conditions and assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:
  - (A) When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.
  - (B) Actual or expected significant changes in the external credit ratings of financial instruments occur.
- E. The indicators adopted by the Company to judge whether there are signs of credit impairment for debt instrument investment are as follows:

- (A) The issuer has encountered major financial difficulties, or has the increasing possibility of going into bankruptcy or undergoing other financial restructuring;
  - (B) The active market for the financial asset disappears due to the issuer's financial difficulties;
  - (C) The issuer's delay or non-payment of interest or principal;
  - (D) Unfavorable changes in national or regional economic conditions related to the issuer's breach of contract.
- F. After the recourse procedures, the Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the creditor's rights. Written-off receivables for which collection activities are still ongoing amounted to \$183,479 and \$0 as of December 31, 2025 and 2024, respectively.
- G. The Company conducts individual assessments on notes and accounts receivable that have been in default. For the rest, the notes and accounts receivable according to the Company's credit conditions and historical loss rate, and adopts a simplified approach to estimate expected credit losses based on loss rates. The Company includes the forward-looking information of the Taiwan Institute of Economic Research's business observation report and adjusts the loss rates established based on historical and current information for a specific period to estimate the loss allowance for notes and accounts receivable. According to the individual and loss rate methods as of December 31, 2025 and 2024, the estimated loss allowance for notes and accounts receivable is as follows:

	<u>Individuals</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2025</u>					
Expected loss rate	100%	0.6%	3.15%~71.43%	0.03%	
Total book value	\$ 1,610	\$ 1,017,028	\$ 66,049	\$ 130,952	\$ 1,215,639
Loss allowance	\$ 1,610	\$ 6,102	\$ 1,097	\$ 39	\$ 8,848
<u>December 31, 2024</u>					
Expected loss rate	100%	0.6%	3.04%~28.83%	0.03%	
Total book value	\$ 185,480	\$ 1,007,908	\$ 69,912	\$ 13,319	\$ 1,276,619
Loss allowance	\$ 185,480	\$ 6,047	\$ 4,845	\$ 4	\$ 196,376

Group A: High-quality customers rated by the Company.

Group B: Other customers.

Group C: Related parties

H. The Company's table of changes in simplified loss allowance for account receivable are as follows:

	2025	2024
January 1	\$ 196,376	\$ 190,340
Impairment loss recognized	14,104	8,316
Amounts written off due to being uncollectible	( 183,479)	-
Others	( 18,153)	( 2,280)
December 31	<u>\$ 8,848</u>	<u>\$ 196,376</u>

(3) Liquidity risk

A. Cash flow forecasting is performed by the Company's general management office and compiled by the finance department. The finance department monitors forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

B. When the remaining cash held by the Company exceeds the working capital required, the Company's finance department invests the remaining funds in time deposits, money market deposits, and securities. The instruments selected are with an appropriate maturity date or sufficient liquidity to respond to the forecast above and provide adequate liquidity.

C. The Company's non-derivative financial liabilities are analyzed into relevant maturity groupings in the table below; the non-derivative financial liabilities are based on the remaining period from the balance sheet date to the date of contractual maturity. The contractual cash flow amounts disclosed in the table below are undiscounted.

Non-derivative financial liabilities:

	December 31, 2025		December 31, 2024	
	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year
Short-term borrowings	\$ 992,204	\$ -	\$ 411,659	\$ -
Accounts payable	407,716	-	276,912	-
Other payables	243,717	-	207,920	-
Corporate Bonds Payable	-	600,000	-	600,000
Long-term borrowings (including current portion)	64,179	3,739,180	49,530	3,107,870
Lease liabilities	10,458	35,985	5,236	636
Guarantee deposits received (recognized in other non-current liabilities)	-	244	-	152

(3) Fair value information

1. The different levels of the valuation techniques used to measure fair value of financial and non-financial instruments have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. A market is regarded as active where transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the Company's investments in listed, OTC-listed, and emerging market stocks are classified within this category.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The convertible bonds issued by the Company fall into this category.
- Level 3: Unobservable inputs for the asset or liability. The fair values of the Company's investments in non-listed/OTC stocks, venture capital private equity fund investments, and certain derivative instruments are included in this category.

2. Financial instruments not measured at fair value

- (1) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), financial assets measured at amortized cost, short-term borrowings, accounts payable, other payables, and long-term borrowings (including the portion due within one year) are reasonable approximations of their fair values.

		December 31, 2025		
		Fair value		
		Level 1	Level 2	Level 3
	Carrying amount			
Financial liabilities:				
Corporate Bonds Payable	\$ 581,914	\$ -	\$ 585,300	\$ -
		December 31, 2024		
		Fair value		
		Level 1	Level 2	Level 3
	Carrying amount			
Financial liabilities:				
Corporate Bonds Payable	\$ 570,149	\$ -	\$ 572,340	\$ -

- (2) The methods and assumptions used to estimate fair value are as follows:  
 Corporate bonds payable: Measured at the present value of expected cash flows discounted using market interest rates as of the balance sheet date.
3. For financial and non-financial instruments measured at fair value, the Company classifies them based on the nature, characteristics, and risks of the assets and their fair value hierarchy levels. The relevant information is as follows:
- (1) The Company has classified assets according to their nature, and the relevant information is as follows:

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit and loss				
Equity securities	<u>\$ 57,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,062</u>
Liability				
<u>Fair value on a recurring basis</u>				
Financial liabilities at fair value through profit and loss:				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,160</u>	<u>\$ 2,160</u>
December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit and loss				
Equity securities	<u>\$ 136,516</u>	<u>\$ -</u>	<u>\$ 22,198</u>	<u>\$ 158,714</u>
Liability				
<u>Fair value on a recurring basis</u>				
Financial liabilities at fair value through profit and loss:				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,220</u>	<u>\$ 2,220</u>

- (2) The methods and assumptions used by the Company to measure fair value are explained as follows:
- A. For the Company's shares of listed companies, OTC-listed companies, and emerging market companies, closing prices and the last weighted average transaction prices are used as fair value inputs, respectively (i.e., Level 1).

B. Except for the abovementioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or by referring to the quoted prices offered by counterparties.

4. The Company did not have any transfers between Level 1 and Level 2 fair value in 2025 and 2024.
5. The changes in Level 3 fair value measurements for the years ended December 31, 2025 and 2024 are as follows:

	2025		2024	
	Derivatives (liabilities)	Equity instruments (assets)	Derivatives (liabilities)	Equity instruments (assets)
January 1	(\$ 2,220)	\$ 22,198	\$ -	\$ 20,000
Issuance during the period	-	-	( 1,800)	-
Gains or (losses) recognized in profit or loss	60	1,553	( 420)	2,198
Transfers out of Level 3	-	( 23,751)	-	-
December 31	<u>(\$ 2,160)</u>	<u>\$ -</u>	<u>(\$ 2,220)</u>	<u>\$ 22,198</u>
Changes in unrealized gains or losses included in profit or loss for assets and liabilities held at the end of the period (Note 1)	<u>\$ 60</u>	<u>\$ 1,553</u>	<u>(\$ 420)</u>	<u>\$ 2,198</u>

Note 1: Recorded under other gains and losses.

6. As certain investees began trading publicly in active markets during 2025, sufficient observable market information became available. Accordingly, the Company transferred the applicable fair value measurements from Level 3 to Level 1 at the end of the month in which such events occurred.
7. The Company conducts independent fair value verification for financial instruments with their fair value classified as Level 3, through which data from independent sources is used to make the evaluation results close to the market level, so as to confirm that the data sources are independent, reliable, consistent with other resources, and representative of executable prices. The Company also regularly calibrates the valuation model, conducts back-testing, updates inputs, data, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

8. The quantitative information about the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input changes are described below:

	December 31, 2025		Significant unobserva ble input	Range (Weighted Average)	Relationship between input and fair value
	Fair value	Valuation technique			
Derivative equity instruments:					
Convertible corporate bonds, call options and put options	\$ 2,160	Binomial tree convertible bond valuation model	Stock price volatility	49.84%	Higher stock price volatility leads to greater changes in fair value
	December 31, 2024		Significant unobserva ble Input	range (Weighted Average)	Relationship between input and fair value
	Fair value	Valuation technique			
Non-derivative equity instruments:					
Investments in stocks and private funds of venture capital companies	\$ 22,198	Net asset value method	Not applicable	Not applicable	Not applicable
Derivative equity instruments:					
Convertible corporate bonds, call options and put options	(\$ 2,220)	Binomial tree convertible bond valuation model	Stock price volatility	62.22%	Higher stock price volatility leads to greater changes in fair value

9. The valuation model and valuation parameters are selected by the Company after prudent evaluation, but the use of different valuation models or valuation parameters may result in different valuation results. For financial assets classified as Level 3 fair value, in the case of a change in valuation parameters, the effect on the current profit and loss will be as follows:

				December 31, 2025	
				Recognized in profit or loss	
	Input	Change	Favorable change	Unfavorable change	
Financial liabilities					
Derivatives	Volatility	± 1%	\$ 90	(\$ 90)	
				December 31, 2024	
				Recognized in profit or loss	
	Input	Change	Favorable change	Unfavorable change	
Financial asset					
Equity instrument	Discount for lack of market liquidity	± 1%	\$ 222	(\$ 222)	
Financial liabilities					
Derivatives	Volatility	± 1%	\$ 120	(\$ 360)	

13. Supplementary Disclosures

(1) Information on significant transactions

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Significant securities held at period-end (excluding investments in subsidiaries and associates): Not applicable. (Holdings with a period-end balance below NTD 100 million are not required to be disclosed.)
4. Purchases or sales of goods from or to related parties reaching at least NTD 100 million or 20% of the paid-in capital: Please refer to Table 3.
5. Receivables from related parties reaching at least NTD 100 million or 20% of the paid-in capital: Please refer to Table 4.
6. Business relationships and material transactions between the parent company and subsidiaries: Please refer to Table 5.

(2) Information related to reinvested enterprises

Information on investees (name, location, etc.) (not including investees in mainland China): Please refer to Table 6.

(3) Information on Investments in Mainland China

1. Basic information: Please refer to Table 7.
2. Significant transactions with investees in mainland China, either directly or indirectly, through third-region businesses: Please refer to Note 13(1).

14. Segment Information

Not applicable.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Loans to Others  
For the Year Ended December 31, 2025

Table 1

Unit: NTD thousand  
(except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party status	Maximum amount of the current period	Closing balance (Note 3)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with borrower (Note 2)	Reason for necessity of short-term financing	Allowance for bad debt	Collateral		Limit on loan granted to a single party (Note 1)	Total limit on loans granted (Note 1)	Remarks
													Name	Value			
0	I-CHIUN PRECISION INDUSTRY CO., LTD.	Advance Venture Corporation	Other receivables - related parties	Y	\$ 30,000	\$ 30,000	\$ 22,000	2.5~2.7%	Short-term financing	-	Working capital	\$ 22,000	-	-	\$ 259,370	\$ 2,074,965	Note 4
1	I-Chiun Precision Electric Industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	Other receivables - related parties	Y	61,298	-	-	-	Short-term financing	-	Working capital	-	-	-	315,979	631,959	-

Note 1: The Operating Procedures for Loaning of Funds to Others of the Company and I-CHIUN CAYMAN PRECISION INDUSTRY CO. LTD. stipulates that the total amount of funds loaned to others is limited to 40% of the net worth of the Company as stated in the most recent financial statements. Meanwhile, the cumulative amount of loans lent due to business transactions shall not exceed 30% of the net worth of the Company as stated in the most recent financial statements, and the amount of a loan lent due to a business transactions shall not exceed the amount of the business transactions(Note 2). The cumulative amount of loans lent for short-term financing shall not exceed 10% of the net worth of the Company as stated in the most recent financial statements; the amount of loans to individual companies shall not exceed 5% of the net worth of the Company.

I-Chiun Precision Electric Industry (China) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulates that the cumulative amount of short-term financing shall not exceed 20% of the net worth of the company as stated in the most recent financial statements; the amount of loans to individual companies shall not exceed 10% of the company's net worth; the total amount of loans to foreign subsidiaries, in which the parent company holds 100% of the voting shares directly or indirectly, shall not exceed 40% of the company's net worth, and the amount of loans to any of said companies shall not exceed 20% of the company's net worth.

I-Zou Hi-Tech (SZN) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulates that the cumulative amount of short-term financing and loans shall not exceed 10% of the net worth of the company as stated in the most recent financial statements; the amount of loans to individual companies shall not exceed 8% of the net worth of the company. The amount of a loan lent because of business transactions shall not exceed the amount of the business transactions (Note 2). For loans to foreign subsidiaries whose parent company directly or indirectly holds 100% of their voting shares, the total amount of loans to them shall not exceed 40% of the Company's net worth, and the amount of loans to any of said subsidiaries shall not exceed 20% of the Company's net worth.

I-Chiun Technology (China) Co., Ltd.'s Operating Procedures for Loaning of Funds to Others stipulates that the cumulative amount of short-term financing shall not exceed 20% of the net worth of the company as stated in the most recent financial statements; the amount of loans to individual companies shall not exceed 10% of the company's net worth; the total amount of loans to foreign subsidiaries, in which the parent company holds 100% of the voting shares, directly or indirectly, shall not exceed 40% of the company's net worth, and the amount of loans to any of said companies shall not exceed 20% of the company's net worth.

"Most recent financial statements" refers to the most recent financial statements that have been audited (attested) by CPAs.

Note 2: "Amount of business transactions" refers to the amount of purchases, sales, or trades of fixed assets between both parties; if there are purchases, sales, or trades of fixed assets at the same time, the higher of the statistical amount of the purchases, sales, or trades of the assets in the previous year shall prevail.

Note 3: "Closing balance" refers to the amount of loans approved by the board of directors.

Note 4: Advance Venture Corporation was approved for dissolution by the competent authority on November 3, 2025.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Provision of endorsements and guarantees to others  
For the Year Ended December 31, 2025

Table 2

Unit: NTD thousand  
(except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Company name	Relationship (Note 2)	Limit on endorsements/ guarantees provided to a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the current period (Note 4)	Outstanding endorsement/ guarantee amount at the end of period (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/guarant ees secured with assets as collateral	Ratio of cumulative endorsement/ guarantee amount to net asset value of the endorser/guarantor	Upper limit on endorsements/guarant ees provided	Parent company to subsidiary	Subsidiary to parent company (Note 7)	To party in Mainland China (Note 7)	Remarks
0	I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	2	\$ 1,037,482	\$ 198,969	\$ 97,433	\$ -	\$ -	2%	\$ 2,593,707	Y	N	Y	-
1	I-Chiun Precision Electric industry (China) Co., Ltd.	I-Chiun Technology (China) Co., Ltd.	4	315,979	137,190	134,880	22,480	-	9%	789,949	N	N	Y	-

Note 1: The information shall be indicated in the No. column as follows:

(1). The Issuer is coded "0."

(2). The investees are coded sequentially beginning from "1" according to company type.

Note 2: The relationship between the endorser/guarantor and the party endorsed/guaranteed is classified into the following 7 categories; just enter the code:

(1). A company with which it does business.

(2). A company in which the Company directly or indirectly holds more than 50% of the voting shares.

(3). A company that directly or indirectly holds more than 50% of the voting shares in the Company.

(4). Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.

(5). Companies that provide mutual guarantees between contractors or joint applicants as required by contractual terms.

(6). Companies that are endorsed and guaranteed by all shareholders based on their shareholding ratios because of a joint investment relationship.

(7). The joint guarantee for the performance of a pre-sale property sales contract between entities in the same industry in accordance with the Consumer Protection Act.

Note 3: For the Company, I-Chiun Technology (China) Co., Ltd., I-Chiun Precision Electric Industry (China) Co., Ltd., the guarantee provided to other companies shall not exceed 50% of the net worth as per the most recent financial statement; the guarantee provided to a single enterprise shall not exceed 20% of the net worth of the Company as per the most recent financial statements.

"Most recent financial statements" refers to the most recent financial statements that have been audited (attested) by CPAs.

Note 4: The highest balance of the endorsements/guarantees provided to others in the current year.

Note 5: The amount approved by the board of directors shall be entered. However, where the Board of Directors authorizes the Chairman to make a decision in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount as determined by the Chairman.

Note 6: The actual amount drawn by the company endorsed within the limit of the balance of endorsement/guarantee shall be entered.

Note 7: "Y" shall be entered only for the endorsement/guarantee provided by the publicly listed parent company to subsidiary, by subsidiary to the publicly listed parent company, and to entities in mainland China.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Purchases or Sales of Goods from or to Related Parties Reaching at Least NTD 100 million or 20% of the Paid-in Capital  
For the Year Ended December 31, 2025

Table 3

Unit: NTD thousand  
(except as otherwise indicated)

Purchase (sale) Company	Transaction counterparty	Relationship	Transaction				Situation and reason that transaction conditions are different from general ones		Notes/Accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Proportion to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Proportion to notes/accounts receivable (payable)	
I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	Third-tier subsidiary of the Company	Sales	\$ 179,858	6%	O/A with net 120 days	Not applicable	-	\$ 130,952	11%	
I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	Ultimate parent company	Sales	443,603	27%	O/A with net 30 days	Not applicable	-	110,042	19%	

I-CHIUN PRECISION INDUSTRY CO., LTD.

Receivables from Related Parties Reaching at Least NTD 100 million or 20% of the Paid-in Capital

December 31, 2025

Table 4

Unit: NTD thousand  
(except as otherwise  
indicated)

Company under accounts receivable	Transaction counterparty	Relationship	Balance of trade receivable from related parties	Turnover rate	Overdue receivables from related parties		Recovered amount from related party after balance sheet date	Allowance for bad debt
					Amount	Response method		
I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	Third-tier subsidiary of the Company	\$ 130,952	2.49	\$ -	-	\$ 39,603	\$ -
I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	Ultimate parent company	110,042	5.57	-	-	92,798	-

Note 1: Please itemize separately for related-party accounts receivable, notes receivable, other receivables, etc.

Note 2: "Paid-in capital" refers to the paid-in capital of the parent company. For issuers with no par value shares or shares with a par value other than NTD 10 per share, the transaction amount provision of 20% of paid-in capital shall be calculated as 10% of equity attributable to owners of the parent company on the balance sheet.

Note 3: Represents amounts collected subsequent to the reporting period through February 28, 2026.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
For the Year Ended December 31, 2025

Table 5

Unit: NTD thousand  
(except as otherwise indicated)

No. (Note 1)	Company name	Transaction counterparty	Relationship (Note 2)	General ledger account	Transactions		Proportion to consolidated total operating revenues or total assets (%) (Note 3)
					Amount	Transaction terms	
0	I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	1	Sales revenue	\$ 179,858	O/A with net 120 days	3%
0	I-CHIUN PRECISION INDUSTRY CO., LTD.	I-Chiun Technology (China) Co., Ltd.	1	Accounts receivable	130,952	O/A with net 120 days	1%
1	I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	2	Sales revenue	443,603	O/A with net 30 days	7%
1	I-Chiun Technology (China) Co., Ltd.	I-CHIUN PRECISION INDUSTRY CO., LTD.	2	Accounts receivable	110,042	O/A with net 30 days	1%

Note 1: The information on such transactions between the parent company and its subsidiaries and inter-company transactions shall be indicated in the No. column as follows:

(1) Parent company is coded "0."

(2) The subsidiaries are coded sequentially beginning from "1", according to company type.

Note 2: There are three types of trading relationships. Simply enter the code:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding the proportion of transaction amount to consolidated total operating revenues or total assets, it is calculated based on the closing balance of transactions to consolidated total assets if it is recognized on the balance sheet; it is calculated based on the closing balance of the cumulative transaction amount to consolidated total operating revenues if it is recognized in the profit or loss account.

Note 4: The criteria for said disclosure is a transaction reaching at least NTD 100 million or 20% of the paid-in capital. However, the abovementioned related party transactions were eliminated when the consolidated statements were prepared.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Information on Investees (Name, Location, etc.) (excluding Investees in Mainland China)  
For the Year Ended December 31, 2025

Table 6

Name of Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of period			Net profit (loss) on investee of the current period (Note 1)	Unit: NTD thousand (except as otherwise indicated)		Remarks
				End of current period	Balance as the end of last year	Shares	Ratio	Carrying amount		Investment gains (loss) recognized for current period (Note 2)		
I-CHIUN PRECISION INDUSTRY CO., LTD.	MORE FORTUNE PROFITS LIMITED	British Virgin Islands	General investment	\$ 1,155,595	\$ 1,155,595	36,179,299	100%	\$ 2,587,997	\$ 129,200	\$ 129,200	-	
I-CHIUN PRECISION INDUSTRY CO., LTD.	ECOCERA Optronics Co., Ltd.	Taiwan	Manufacturing and trading of LED ceramic bases	281,602	260,497	18,605,773	63.713%	517,721	71,333	47,026	-	
I-CHIUN PRECISION INDUSTRY CO., LTD.	Advance Venture Corporation	Taiwan	Electronics Components Manufacturing and Trading	-	125,000	-	-	-	( 10,469)	( 5,816)	Note 4	
I-CHIUN PRECISION INDUSTRY CO., LTD.	CMTEK Co., Ltd.	Taiwan	Other Metal Products Manufacturing	54,767	54,767	5,087,288	28.253%	37,315	( 68,713)	( 19,904)	-	
MORE FORTUNE PROFITS LIMITED	I-CHIUN(CAYMAN) PRECISION INDUSTRY CO., LTD.	Cayman Islands	General investment	453,632 (Note 3)	453,632 (Note 3)	14,433,075	100%	1,698,057	110,496	-	-	
MORE FORTUNE PROFITS LIMITED	I-CHIUN TECHNOLOGY CO., LTD.	Republic of Seychelles	General investment	942,900 (Note 3)	942,900 (Note 3)	30,000,000	100%	914,430	18,666	-	-	

Note 1: The above-mentioned information on the investees is prepared based on the financial statements audited the CPAs.

Note 2: Only the profit and loss on each investee directly invested by the Company and each investee measured under the equity method recognized by the Company shall be entered; the rest of the investees are exempt.

Note 3: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 31.43 and RMB 1 to NTD 4.496 at the end of period.

Note 4: Advance Venture Corporation was approved for dissolution by the competent authority on November 3, 2025.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Information on Investments in Mainland China – Basic Information  
For the Year Ended December 31, 2025

Table 7

Unit: NTD thousand  
(except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method	Cumulative amount of remittance from Taiwan, beginning of current period (Note 2)	Amount remitted from Taiwan to mainland China/Amount remitted back to Taiwan for the current period		Cumulative amount of remittance from Taiwan, end of current period	Net profit (loss) on investee of the current period	Ownership held by the Company (direct or indirect)	Investment gains (loss) recognized for current period (Note 1)	Book value of investments at the end of period	Cumulative amount of investment income remitted back to Taiwan as of the current period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
I-Zou Hi-Tech (SZN) Co., Ltd.	Trading and manufacturing of LED lead frames	\$ 33,720	Other methods: Investment by I-Chiun Precision Electric Industry (China) Co., Ltd.	\$ 80,147	\$ -	\$ -	\$ 80,147	(\$ 176)	100.00	(\$ 176)	\$ 4,416	\$ -	-
I-Chiun Precision Electric Industry (China) Co., Ltd.	Manufacturing and trading of direct back-lit module components, as well as investment property leasing	774,254	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN (CAYMAN))	518,595	-	-	518,595	110,255	100.00	110,255	1,579,898	-	-
I-Chiun Precision Electric (Nanjing) Co., Ltd.	Investment property leases	252,736	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN (CAYMAN))	157,150	-	-	157,150	( 3,326)	100.00	( 3,326)	23,414	-	-
I-Chiun Technology (China) Co., Ltd.	Trading and manufacturing of LED lead frames and investment property leasing	1,293,157	Investment in the companies in mainland China through investment in the existing company in the third region (I-CHIUN TECH and I-Chiun Precision Electric Industry (China) Co., Ltd.)	628,600	-	-	628,600	28,616	100.00	28,616	1,401,862	-	-
Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd.	Manufacturing, processing, and trading of hardware products	-	Investment in the companies in mainland China through investment in the existing company in the third region (MORE FORTUNE)	31,083	-	-	31,083	-	-	-	-	-	Note 3

Note 1: The abovementioned information on the investees is prepared based on the financial statements audited by the CPAs.

Note 2: It is based on the initial investment amount of each investee, at the exchange rate of USD 1 to NTD 31.43 and RMB 1 to NTD 4.496 at the end of period.

Note 3: Yong-Xu-Sheng Technology (Shenzhen) Co., Ltd. completed liquidation and deregistration in 2020, and there was no remaining property after liquidation. As of December 31, 2025, the Group has not applied for the deduction of the investment amount in mainland China to the Investment Commission.

Company name	Cumulative amount of remittance from Taiwan to mainland China, end of current period	Investment amount approved by the Investment Commission of MOEA	Limit on investments in mainland China imposed by the Investment Commission of MOEA
I-CHIUN PRECISION INDUSTRY CO., LTD.	\$ 1,415,575	\$ 1,415,575	\$ 3,289,366

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Cash and Cash Equivalents  
December 31, 2025

Unit: NTD thousand

Statement 1	Items	Summary	Amount
	Cash on hand and petty cash		\$ 56
	Checking account deposits		3,780
	Demand deposits		
	-NTD currency deposits		183,531
	-Foreign currency deposits	USD 4,049 thousand    Exchange rate at NTD 31.430	127,254
		RMB 14,088 thousand    Exchange rate at NTD 4.496	<u>63,341</u>
			<u>\$ 377,962</u>

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Accounts Receivable (including related parties)  
December 31, 2025

Statement 2

Unit: NTD thousand

Name of Customer	Summary	Amount	Remarks
Non-related party:			
Company C-1		\$ 245,446	
Company D		138,509	
Company C-2		118,932	
Company F		82,413	
Company C-3		60,393	
Company E		59,544	
Others		<u>379,450</u>	No individual customer's balance exceeded 5% of the general ledger amount
		1,084,687	
Less: Loss allowance		<u>( 8,809)</u>	
		<u>1,075,878</u>	
Related party:			
I-Chiun Technology (China) Co., Ltd.		130,952	
Less: Loss allowance		<u>( 39)</u>	
		<u>130,913</u>	
		<u>\$ 1,206,791</u>	

I-CHIUN PRECISION INDUSTRY CO., LTD.

Inventory Statement

December 31, 2025

Statement 3

Unit: NTD thousand

Items	Amount		Remarks
	Cost	Net realizable value	
Raw materials	\$ 476,804	\$ 475,520	
Supplies	37,770	37,703	
Semi-finished goods	198,665	224,314	
Finished good	261,729	561,393	
Merchandise inventory	67,389	76,846	
	1,042,357	\$ 1,375,776	
Less: Allowance for impairment losses	( 123,043)		
	\$ 919,314		

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Investments Accounted for Under Equity Method  
For the year ended December 31, 2025

Statement 4	Unit: NTD thousand													
Name	Opening balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Closing balance			Net equity		Valuation basis	Security or pledge	Remarks
	Number of shares (shares in thousand)	Amount	Number of shares (shares in thousand)	Amount	Number of shares (shares in thousand)	Amount	Number of shares (shares in thousand)	Shareholding ratio	Amount	Unit price (NTD)	Total			
MORE FORTUNE PROFITS LIMITED	36,179	\$ 2,467,815	-	\$ 120,182	-	\$ -	36,179	100.000%	\$ 2,587,997	71.53	\$ 2,587,997	Equity method	None	
ECOCERA OPTRONICS CO., LTD.	18,366	389,773	240	176,891	-	( 48,943)	18,606	63.713%	517,721	27.83	517,721	"	"	
CMTEK Co., Ltd.	5,087	46,589	-	-	-	( 9,274)	5,087	28.253%	37,315	7.34	37,315	"	"	
Advance Venture Corporation	12,500	<u>4,159</u>	-	<u>-</u>	12,500	<u>( 4,159)</u>	-	-	-	-	-	"	"	Note 3
		<u>\$ 2,908,336</u>		<u>\$ 297,073</u>		<u>(\$ 62,376)</u>			<u>\$ 3,143,033</u>					

Note 1: Increases during the period include new investments in associates, investment income, cumulative translation adjustments, unrealized gains and losses, and changes in the net asset value of investees.

Note 2: Decreases during the period include investment losses and dividends distributed by investees.

Note 3: Advance Venture Corporation was approved for dissolution by the competent authority on November 3, 2025.

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Short-Term Borrowings  
December 31, 2025

Statement 5	Unit: NTD thousand					
Type of borrowings	Closing balance	Contract period	Interest rate range	Financing limit	Secured or guaranteed	Remarks
Borrowings from financial institutions						
Credit loan	\$ 100,000	August 22, 2025 – February 18, 2026	1.98%	\$ 300,000	None	-
Credit loan	60,000	December 26, 2025 – March 31, 2026	2.00%	60,000	None	-
Credit loan	30,000	December 26, 2025 – April 24, 2026	1.95%	150,000	None	-
Credit loan	50,000	December 19, 2025 – March 19, 2026	1.95%	50,000	None	-
Credit loan	200,000	October 8, 2025 – February 25, 2026	1.95%	200,000	None	-
Credit loan	50,000	December 26, 2025 – March 26, 2026	1.96%	50,000	None	-
Credit loan	<u>500,000</u>	December 7, 2025 – March 26, 2026	1.90%	<u>700,000</u>	None	-
	<u>\$ 990,000</u>			<u>\$ 1,510,000</u>		

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Accounts Payable  
December 31, 2025

Statement 6

Unit: NTD thousand

Items	Summary	Amount	Remarks
Non-related party			
Company A		\$ 37,862	
Company B		35,543	
Others		<u>222,737</u>	Each supplier's balance did not exceed 5% of the general ledger amount
		<u>296,142</u>	
Related party			
I-Chiun Technology (China) Co., Ltd.		110,042	
Others		<u>1,532</u>	
		<u>111,574</u>	
		<u>\$ 407,716</u>	

I-CHIUN PRECISION INDUSTRY CO., LTD.

Operating Revenue Statement

2025

Statement 7

Unit: NTD thousand

Items	Quantity	Amount	Remarks
Total sales revenue			
Heat spreader	80,921 thousand pcs	\$ 1,601,380	
LED	5,354 thousand K	951,357	
SMD	2,343 thousand K	430,406	
Water-cooling radiator	2 thousand units (Taiwan)	108,244	
Others		<u>161,427</u>	
		3,252,814	
Less: Sales returns		( 20,147)	
Sales discounts and allowances		<u>( 87,774)</u>	
Net sales revenue		<u>\$ 3,144,893</u>	

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Operating Cost Statement  
2025

Statement 8	Unit: NTD thousand
Items	Amount
Merchandise	
Inventories, beginning of period	\$ 74,205
Add: Purchase in the current period	457,331
Semi-finished goods transferred in	3,341
Less: Inventories, end of period	( 67,389)
Transferred to semi-finished goods	( 3,562)
Scrapped merchandise	( 22)
Transferred to production overheads and operating expense	( 31)
Total cost of sales and purchases	463,873
Direct raw material	
Raw materials, beginning of period	450,766
Add: materials of the current period	1,206,194
Semi-finished goods transferred in	209,296
Less: Raw materials, end of period	( 476,804)
Raw material scraps	( 3,114)
Transferred to production overheads and operating expense	( 2,439)
Raw materials consumed for current period	1,383,899
Supplies, beginning of period	40,005
Add: materials of the current period	218,793
Semi-finished goods transferred in	144,466
Less: Supplies, end of period	( 37,770)
Transferred to operating expense	( 193,678)
Supplies consumed for current period	171,816
Direct labor	392,452
Production overheads	903,642
Manufacturing cost	2,851,809

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Operating Cost Statement (Continued)  
2025

Statement 8

Unit: NTD thousand

Items	Amount
Add: Semi-finished goods, beginning of period	\$ 162,419
Merchandise transferred in	3,562
Finished goods transferred in	40,886
Less: Semi-finished goods, end of period	( 198,665)
Transferred to merchandise	( 3,341)
Transferred to supplies	( 144,466)
Transferred to raw materials	( 209,296)
Scrapped semi-finished goods	( 1,235)
Cost of finished goods	<u>2,501,673</u>
Add: Finished goods, beginning of period	265,830
Materials received during the period	7,337
Less: Finished goods, end of period	( 261,729)
Transferred to semi-finished goods	( 40,886)
Scrapped finished goods	( 14,921)
Transferred to production overheads and operating expense	( 64,761)
Manufacturing, production and sales costs	<u>2,392,543</u>
Inventory scrap loss	19,292
Inventory valuation losses	19,258
Revenue from tailings	( 77,531)
Export tax rebate income	( 2,980)
Operating costs	<u>\$ 2,814,455</u>

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Production Overheads  
2025

Statement 9

Unit: NTD thousand

Items	Summary	Amount	Remarks
Depreciation expenses		\$ 172,086	
Salaries and retirement benefit expenses.		113,484	
Repair and maintenance		48,113	
Utility fees		118,155	
Consumables		104,544	
Processing fee		98,506	
Social insurance		50,346	
Others		<u>198,408</u>	The balance of each item did not exceed 5% of the balance of this account
		<u>\$ 903,642</u>	

I-CHIUN PRECISION INDUSTRY CO., LTD.  
Statement of Selling Expenses, Administrative Expenses, and R&D Expenses  
2025

Statement 10	Unit: NTD thousand			
Items	Selling expenses	Administrative expenses	R&D expenses	
Salaries and retirement benefit expenses.	\$ 26,359	\$ 67,423	\$	29,050
Export fees	19,886	-	-	-
Freight charge	6,352	920	94	-
Commission expenses	9,939	-	-	-
Depreciation expenses	1,498	13,330	5,729	-
Employee stock option expenses	-	69,957	-	-
Advertising expense	5,931	232	-	-
Other expenses (Note)	<u>19,242</u>	<u>58,042</u>	<u>26,896</u>	<u>61,769</u>
	<u>\$ 89,207</u>	<u>\$ 209,904</u>	<u>\$</u>	<u>61,769</u>

Note: The amount of each item did not exceed 5% of the total amount of this account.