

**PHOENIX SILICON INTERNATIONAL
CORPORATION
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024**

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

PHOENIX SILICON INTERNATIONAL CORPORATION
DECEMBER 31, 2025 AND 2024 FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25003528

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Opinion

We have audited the accompanying balance sheets of Phoenix Silicon International Corporation and subsidiaries (the "Company") as at December 31, 2025 and 2024, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2025 financial statements. These matters were addressed in the context of our audit of the 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 2025 financial statements are stated as follows:

Accuracy of revenue recognition

Description

Please refer to Note 4(28) for accounting policies on revenue recognition and Note 6(19) for details of operating revenue account.

The Company is primarily engaged in the professional processing of semiconductor wafer, such as reclaiming, thinning and other services. Service revenue was derived from the transfer of services over time and satisfied performance obligation. The Company measured the completion degree of performance obligation based on the invested cost which is for satisfying the performance obligation relative to the expected total cost for satisfying the performance obligation as the basic determination. Considering that the estimates of expected total cost were uncertain and will affect the accuracy of revenue recognition based on the completion degree of performance obligation of unfinished orders, thus, we consider the accuracy of revenue recognition as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included :

Obtained an understanding and assessed the accounting policy of revenue recognition and tested the effectiveness of related internal control's design and execution. Checked the related evidence and calculation of the completion degree measurement of performance obligation.

Audit of capitalisation of property, plant and equipment

Description

Please refer to Note 4(13) for accounting policies on property, plant and equipment and Note 6(6) for details of property, plant and equipment.

The Company is primarily engaged in the professional processing of semiconductor wafer, such as reclaiming, thinning and other services. In order to continuously develop advanced technical capacity to satisfy customers' demand, the Company has to increase its capital expenditure. Considering the amount of capital expenditure of current year was material, thus, we consider the capitalisation of property, plant and equipment as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included :

Evaluated and tested the effectiveness of related internal control of the timing of additions and recognition of depreciation of property, plant and equipment. Sampled and verified related purchase orders, invoices and others to confirm that the transaction has been adequately approved and the accuracy of accounted amount is correct. Sampled the acceptance report to confirm that the assets have reached usable state and whether the timing of listing into general inventory and recognising depreciation were accurate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 conducted in accordance with Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Liu, Chien-Yu

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

February 10, 2026

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

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

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,000,272	8	\$ 1,287,357	13
1110	Current financial assets at fair value	6(2)				
	through profit or loss		11,762	-	-	-
1140	Current contract assets	6(19)	919,910	8	429,376	5
1170	Accounts receivable, net	6(4)	493,100	4	481,619	5
1200	Other receivables		5,484	-	2,909	-
130X	Inventories	6(5)	167,316	1	176,532	2
1410	Prepayments		55,918	1	34,881	-
1470	Other current assets		895	-	270	-
11XX	Current Assets		<u>2,654,657</u>	<u>22</u>	<u>2,412,944</u>	<u>25</u>
Non-current assets						
1535	Non-current financial assets at	6(3) and 8				
	amortised cost		15,055	-	13,555	-
1600	Property, plant and equipment	6(6) and 9	8,677,663	71	6,517,118	68
1755	Right-of-use assets	6(7)	293,870	3	319,587	4
1780	Intangible assets		16,634	-	20,269	-
1840	Deferred income tax assets		44,946	-	32,681	-
1900	Other non-current assets	6(9)	466,109	4	243,106	3
15XX	Non-current assets		<u>9,514,277</u>	<u>78</u>	<u>7,146,316</u>	<u>75</u>
1XXX	Total assets		<u>\$ 12,168,934</u>	<u>100</u>	<u>\$ 9,559,260</u>	<u>100</u>

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2120	Financial liabilities at fair value	6(10)			
	through profit or loss - current		\$ 200	-	\$ -
2170	Accounts payable		197,503	2	160,807
2200	Other payables	6(11)	877,292	7	629,597
2230	Current income tax liabilities		104,998	1	66,511
2280	Current lease liabilities		18,303	-	18,143
2320	Long-term liabilities, current portion	6(13) and 8	637,472	5	1,039,576
2399	Other current liabilities, others		460	-	139
21XX	Current Liabilities		<u>1,836,228</u>	<u>15</u>	<u>1,914,773</u>
Non-current liabilities					
2530	Bonds payable	6(12)	1,498,430	13	-
2540	Long-term borrowings	6(13) and 8	3,400,938	28	3,175,410
2550	Provisions for liabilities - non-current	6(15)	25,126	-	23,227
2570	Deferred tax liabilities		5,570	-	4,662
2580	Non-current lease liabilities		274,485	2	300,857
2600	Other non-current liabilities	6(14)	20,289	-	23,725
25XX	Non-current liabilities		<u>5,224,838</u>	<u>43</u>	<u>3,527,881</u>
2XXX	Total Liabilities		<u>7,061,066</u>	<u>58</u>	<u>5,442,654</u>
Equity					
	Share capital	6(16)			
3110	Share capital - common stock		1,752,831	14	1,726,280
	Capital surplus	6(17)			
3200	Capital surplus		1,969,058	17	1,380,185
	Retained earnings	6(18)			
3310	Legal reserve		278,330	2	229,140
3350	Unappropriated retained earnings		1,107,649	9	781,001
3XXX	Total equity		<u>5,107,868</u>	<u>42</u>	<u>4,116,606</u>
	Significant Contingent Liabilities and	9			
	Unrecognised Contract Commitments				
3X2X	Total liabilities and equity		<u>\$ 12,168,934</u>	<u>100</u>	<u>\$ 9,559,260</u>

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19)	\$ 4,509,587	100	\$ 3,551,607	100
5000	Operating costs	6(5)(24)(25)	(2,974,768)	(66)	(2,528,305)	(71)
5950	Gross profit from operations		<u>1,534,819</u>	<u>34</u>	<u>1,023,302</u>	<u>29</u>
	Operating expenses	6(24)(25)				
6100	Selling expenses		(67,929)	(1)	(40,965)	(1)
6200	Administrative expenses		(399,784)	(9)	(378,578)	(11)
6300	Research and development expenses		(97,288)	(2)	(69,086)	(2)
6000	Total operating expenses		(565,001)	(12)	(488,629)	(14)
6900	Operating profit		<u>969,818</u>	<u>22</u>	<u>534,673</u>	<u>15</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	15,821	-	23,365	1
7010	Other income	6(21)	10,315	-	6,837	-
7020	Other gains and losses	6(22)	(55,401)	(1)	53,587	2
7050	Finance costs	6(23)	(58,854)	(1)	(59,517)	(2)
7000	Total non-operating income and expenses		(88,119)	(2)	24,272	1
7900	Profit before income tax		<u>881,699</u>	<u>20</u>	<u>558,945</u>	<u>16</u>
7950	Income tax expense	6(26)	(125,121)	(3)	(67,043)	(2)
8200	Profit for the year		<u>\$ 756,578</u>	<u>17</u>	<u>\$ 491,902</u>	<u>14</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans	6(14)	(\$ 1,197)	-	\$ -	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	<u>239</u>	-	<u>-</u>	<u>-</u>
8300	Total other comprehensive loss for the year		<u>(\$ 958)</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 755,620</u>	<u>17</u>	<u>\$ 491,902</u>	<u>14</u>
	Basic earnings per share	6(27)				
9750	Total basic earnings per share		<u>\$ 4.37</u>		<u>\$ 2.85</u>	
	Diluted earnings per share	6(27)				
9850	Total diluted earnings per share		<u>\$ 4.19</u>		<u>\$ 2.84</u>	

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings		Total equity
				Legal reserve	Unappropriated retained earnings	
Year 2024						
Balance at January 1, 2024		\$ 1,726,280	\$ 1,449,236	\$ 197,755	\$ 562,163	\$ 3,935,434
Profit for the year		-	-	-	491,902	491,902
Total comprehensive income		-	-	-	491,902	491,902
Distribution of 2023 earnings:	6(18)					
Legal reserve		-	-	31,385	(31,385)	-
Cash dividends		-	-	-	(241,679)	(241,679)
Cash dividends from capital surplus	6(17)	-	(69,051)	-	-	(69,051)
Balance at December 31, 2024		\$ 1,726,280	\$ 1,380,185	\$ 229,140	\$ 781,001	\$ 4,116,606
Year 2025						
Balance at January 1, 2025		\$ 1,726,280	\$ 1,380,185	\$ 229,140	\$ 781,001	\$ 4,116,606
Profit for the year		-	-	-	756,578	756,578
Other comprehensive loss for the year		-	-	-	(958)	(958)
Total comprehensive income		-	-	-	755,620	755,620
Distribution of 2024 earnings:	6(18)					
Legal reserve		-	-	49,190	(49,190)	-
Cash dividends		-	-	-	(379,782)	(379,782)
Issuance of convertible bonds	6(12)(17)	-	276,864	-	-	276,864
Convertible bonds	6(12)(16)(17)	26,551	305,225	-	-	331,776
Reversal of expired unclaimed cash dividends	6(17)	-	6,730	-	-	6,730
Other changes in capital surplus	6(17)	-	54	-	-	54
Balance at December 31, 2025		\$ 1,752,831	\$ 1,969,058	\$ 278,330	\$ 1,107,649	\$ 5,107,868

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 881,699	\$ 558,945
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	944,682	843,484
Amortization	6(24)	10,010	14,458
Net (gain) loss on financial assets at fair value through profit or loss		(8,809)	461
Interest expense	6(23)	58,854	59,517
Interest income	6(20)	(15,821)	(23,365)
Gain on disposals of property, plant and equipment	6(22)	(20)	(19,888)
Gain on disposals of non-current assets held for sale	6(10)(22)	-	(20,872)
Impairment loss on non-financial assets	6(10)(22)	-	24,634
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset at fair value through profit or loss, mandatorily measured at fair value - current		2,609	2,256
Contract assets - current		(490,534)	68,306
Accounts receivable		(11,481)	(102,256)
Other receivables		(2,919)	323
Inventories		9,216	35,056
Prepayments		(21,037)	(15,622)
Other current assets		(40)	1,402
Other non-current assets		(532)	(8)
Changes in operating liabilities			
Financial liabilities held for trading		(2,061)	(1,396)
Contract liabilities		-	(79)
Accounts payable		36,696	21,282
Other payables		118,477	105,886
Other current liabilities		321	(27)
Net defined benefit liability		(5,499)	(850)
Long-term payables		1,078	(60)
Cash inflow generated from operations		1,504,889	1,551,587
Interest received		16,165	23,138
Interest paid		(21,930)	(56,121)
Income taxes paid		(97,991)	(27,272)
Net cash flows from operating activities		1,401,133	1,491,332

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		(\$ 12,000)	\$ -
Proceeds from disposal of financial assets at amortized cost		10,500	-
Acquisition of property, plant and equipment	6(28)	(3,142,607)	(1,344,140)
Proceeds from disposal of property, plant and equipment		82	20,128
Proceeds from disposal of non-current assets held for sale	6(10)	-	49,343
Acquisition of intangible assets	6(28)	(6,375)	(2,639)
Capitalisation of interest paid	6(6)	(38,000)	(20,774)
Increase in refundable deposits		(585)	(1,187)
Decrease in refundable deposits		2	1,435
Net cash flows used in investing activities		(3,188,983)	(1,297,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of convertible bonds	6(29)	2,069,002	-
Increase in long-term borrowings	6(29)	2,479,154	837,553
Repayment of long-term borrowings	6(29)	(2,656,587)	(966,133)
Increase in guarantee deposits received	6(29)	129	79
Decrease in guarantee deposits received	6(29)	(102)	(96)
Repayment of principal portion of lease liabilities	6(29)	(17,833)	(17,940)
Cash dividends paid(including those paid from capital surplus)	6(17)(18)	(379,782)	(310,730)
Reversal of expired unclaimed cash dividends		6,730	-
Other financing activities		54	-
Net cash flows from (used in) financing activities		1,500,765	(457,267)
Net decrease in cash and cash equivalents		(287,085)	(263,769)
Cash and cash equivalents at beginning of year	6(1)	1,287,357	1,551,126
Cash and cash equivalents at end of year	6(1)	\$ 1,000,272	\$ 1,287,357

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

PHOENIX SILICON INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. History and Organisation

Phoenix Silicon International Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) in March 1997 and has begun operations in June 1998. The Company is primarily engaged in the research, development, manufacture and sale of regenerative wafers, test wafers, product wafers and the import and export trade related to the Company’s business.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 10, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

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

The above standards and interpretations have no significant impact to the Company’s financial condition 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 by the Company

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

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

The following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027

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

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which

apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency.

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognised in profit or loss.
- C. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

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

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

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

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

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

The Company classifies all liabilities that do not meet the above-mentioned criteria 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 or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(9) Impairment of financial assets

For debt instruments measured at fair value through financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling

expenses.

(13) Property, plant and equipment

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

Buildings and structures	3 ~ 51 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	5 years
Office equipment	5 ~ 7 years
Other equipment	3 ~ 10 years

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

- A. Leases are recognised 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 recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments consists of fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there

are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any initial direct costs incurred by the lessee; and
- (c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and ‘capital surplus—share options’.

(21) Derecognition of financial liabilities

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

(22) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(23) Provisions

- A. Provisions—decommissioning liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.
- B. Under the Climate Change Response Act and its regulations in the ROC, carbon fees levied are not applicable under IFRIC 21, ‘Levies’ but are recognised and measured in accordance with IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’. If the estimated annual emissions are probable to exceed the threshold for levying, liabilities in relation to emission fees

are estimated and accrued based on the proportion of emissions already incurred to the estimated annual emissions in the interim financial statements.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised 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 independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

(25) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

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

(28) Revenue recognition

A. Sales revenue

- (a) The Company provides manufacturing and sales of semiconductor wafers. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Company provides semiconductor subcontracting services and other related businesses. In the process of providing subcontracting services, the Company considers that :

- (a) Customers control the raw materials they provided and the Company accepts instructions from customers for subcontracting services for the formerly disclosed assets.
- (b) The Company may only use assets provided by customers and controlled by customers for subcontracting services to create or enhance such assets and may not convert such assets to other uses.

Since the customer owns the asset, assumes the significant risks and rewards of ownership and has the right to decide the disposal of the asset, the Company recognises revenue for subcontracting services based on the degree of completion of performance obligations during the service period.

The degree of completion of the Company's subcontracting services is determined based on the service costs actually incurred as a percentage of the estimated total service costs. The Company provides subcontracting services according to the specifications required by the customers and therefore the service costs incurred are not averaged over the period of service provision. The Company believes that the aforementioned approach is appropriate to measure the degree of completion of performance obligations to customers. The customer pays the price of the subcontracting service according to the agreed payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Financing components

As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(29) Government grants

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

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

None.

(2) Critical accounting estimates and assumptions

The Company is primarily engaged in the professional processing of semiconductor wafer, such as reclaiming, thinning and other services and recognises revenue by measuring the completion degree of performance obligation in the period in which the services are rendered. For the completion degree of semiconductor wafers professional processing services, the management recognises revenue on the basis of the invested cost which is for satisfying the performance obligation relative to the expected total cost for satisfying the performance obligation. As the estimates of total expected cost were uncertain and require the management to apply critical estimates in making the determination, there might be material changes to the estimates. As of December 31, 2025, the contract assets recognised for the Company's unfinished orders according to the completion degree of performance obligation amounted to \$919,910.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and petty cash	\$ 70	\$ 70
Demand deposits	1,000,202	1,004,507
Time deposits	<u>-</u>	<u>282,780</u>
Total	<u>\$ 1,000,272</u>	<u>\$ 1,287,357</u>

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

B. The Company has no cash and cash equivalents pledged to others. For pledged time deposits that were accounted as financial assets at amortised cost, please refer to Notes 6(3) and 8.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ -	\$ -
Call options of convertible bonds	4,901	-
Valuation adjustment	<u>6,861</u>	<u>-</u>
Total	<u>\$ 11,762</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 2,609	\$ 935
Call options of convertible bonds	<u>8,461</u>	<u>-</u>
Total	<u>\$ 11,070</u>	<u>\$ 935</u>

B. The Company entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Non-current items :		
Pledged time deposits	\$ 15,055	\$ 13,555

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2025	2024
Interest income	\$ 172	\$ 147

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 493,100	\$ 481,619
Less: Allowance for uncollectible accounts	-	-
	\$ 493,100	\$ 481,619

A. The ageing analysis of accounts receivable that was past due but not impaired is as follows:

	December 31, 2025	December 31, 2024
	Accounts receivable	Accounts receivable
Not past due	\$ 491,217	\$ 481,018
Up to 30 days	1,883	582
31 to 90 days	-	19
	\$ 493,100	\$ 481,619

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable was all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$379,363.

C. The Company has no accounts receivable pledged to others as collateral.

D. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$493,100 and \$481,619, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 278,004	(\$ 120,145)	\$ 157,859
Work in progress	1,758	(551)	1,207
Finished goods	9,467	(1,217)	8,250
Total	<u>\$ 289,229</u>	<u>(\$ 121,913)</u>	<u>\$ 167,316</u>

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 269,210	(\$ 93,778)	\$ 175,432
Work in progress	970	(10)	960
Finished goods	253	(113)	140
Total	<u>\$ 270,433</u>	<u>(\$ 93,901)</u>	<u>\$ 176,532</u>

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2025	2024
Cost of goods sold	\$ 2,956,030	\$ 2,534,398
Loss on decline in market value	28,012	8,408
Revenue from sales of scraps	(105)	(121)
Others	(9,169)	(14,380)
	<u>\$ 2,974,768</u>	<u>\$ 2,528,305</u>

(6) Property, plant and equipment

2025

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
At January 1							
Cost	\$ 2,630,084	\$ 6,918,737	\$ 5,908	\$ 36,615	\$ 78,092	\$ 903,732	\$ 10,573,168
Accumulated depreciation	(825,908)	(3,164,257)	(4,650)	(13,700)	(47,535)	-	(4,056,050)
	<u>\$ 1,804,176</u>	<u>\$ 3,754,480</u>	<u>\$ 1,258</u>	<u>\$ 22,915</u>	<u>\$ 30,557</u>	<u>\$ 903,732</u>	<u>\$ 6,517,118</u>
At January 1	\$ 1,804,176	\$ 3,754,480	\$ 1,258	\$ 22,915	\$ 30,557	\$ 903,732	\$ 6,517,118
Additions	213,116	1,000,063	690	6,304	2,212	1,865,566	3,087,951
Disposals	-	(62)	-	-	-	-	(62)
Reclassifications (transfers)	344,550	396,474	-	-	-	(741,024)	-
Depreciation charge	(252,996)	(657,758)	(591)	(7,093)	(8,906)	-	(927,344)
At December 31	<u>\$ 2,108,846</u>	<u>\$ 4,493,197</u>	<u>\$ 1,357</u>	<u>\$ 22,126</u>	<u>\$ 23,863</u>	<u>\$ 2,028,274</u>	<u>\$ 8,677,663</u>
At December 31							
Cost	\$ 3,185,390	\$ 8,295,116	\$ 6,598	\$ 42,919	\$ 79,664	\$ 2,028,274	\$ 13,637,961
Accumulated depreciation and impairment	(1,076,544)	(3,801,919)	(5,241)	(20,793)	(55,801)	-	(4,960,298)
	<u>\$ 2,108,846</u>	<u>\$ 4,493,197</u>	<u>\$ 1,357</u>	<u>\$ 22,126</u>	<u>\$ 23,863</u>	<u>\$ 2,028,274</u>	<u>\$ 8,677,663</u>

2024

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1							
Cost	\$ 2,519,688	\$ 5,966,522	\$ 6,363	\$ 37,274	\$ 68,523	\$ 766,203	\$ 9,364,573
Accumulated depreciation	(727,730)	(2,730,956)	(4,091)	(11,794)	(40,257)	-	(3,514,828)
	<u>\$ 1,791,958</u>	<u>\$ 3,235,566</u>	<u>\$ 2,272</u>	<u>\$ 25,480</u>	<u>\$ 28,266</u>	<u>\$ 766,203</u>	<u>\$ 5,849,745</u>
At January 1	\$ 1,791,958	\$ 3,235,566	\$ 2,272	\$ 25,480	\$ 28,266	\$ 766,203	\$ 5,849,745
Additions	90,330	758,114	-	4,355	6,485	608,795	1,468,079
Disposals	-	(240)	-	-	-	-	(240)
Reclassifications (transfers)(Note)	157,430	330,256	-	-	8,685	(471,266)	25,105
Depreciation charge	(235,542)	(569,216)	(1,014)	(6,920)	(12,879)	-	(825,571)
At December 31	<u>\$ 1,804,176</u>	<u>\$ 3,754,480</u>	<u>\$ 1,258</u>	<u>\$ 22,915</u>	<u>\$ 30,557</u>	<u>\$ 903,732</u>	<u>\$ 6,517,118</u>
At December 31							
Cost	\$ 2,630,084	\$ 6,918,737	\$ 5,908	\$ 36,615	\$ 78,092	\$ 903,732	\$ 10,573,168
Accumulated depreciation and impairment	(825,908)	(3,164,257)	(4,650)	(13,700)	(47,535)	-	(4,056,050)
	<u>\$ 1,804,176</u>	<u>\$ 3,754,480</u>	<u>\$ 1,258</u>	<u>\$ 22,915</u>	<u>\$ 30,557</u>	<u>\$ 903,732</u>	<u>\$ 6,517,118</u>

Note: It pertained to the reclassification of the assets held for sale to machinery and equipment of \$57,360. An impairment loss of \$7,643 and unfinished construction transferred to prepayments for business facilities of \$24,612 were recognized.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2025	2024
Amount capitalised	\$ 38,000	\$ 20,774
Range of the interest rates for capitalisation	1.67%~2.06%	1.65%~2.02%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements – lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise employees' dorms, parking lots and warehouse. Low-value assets comprise of furniture and fixtures and other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 285,534	\$ 305,050
Buildings	8,336	14,537
Transportation equipment (Business vehicles)	-	-
	<u>\$ 293,870</u>	<u>\$ 319,587</u>

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 11,137	\$ 11,493
Buildings	6,201	6,201
Transportation equipment (Business vehicles)	-	219
	<u>\$ 17,338</u>	<u>\$ 17,913</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$0 and \$11,806, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 3,935</u>	<u>\$ 4,307</u>
Expense on short-term lease contracts	<u>\$ 3,803</u>	<u>\$ 1,812</u>
Expense on leases of low-value assets	<u>\$ 789</u>	<u>\$ 788</u>

- F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$26,360 and \$24,847, respectively.
- G. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements – lessor

- A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. For the years ended December 31, 2025 and 2024, the Company recognised rent income in the amounts of \$1,471 and \$1,568, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
2026	\$	1,134	2025	\$ 611
2027		1,127	2026	150
2028		1,127	2027	150
2029		1,127	2028	150
After 2030		1,992	After 2029	2,025
Total	\$	<u>6,507</u>	Total	\$ <u>3,086</u>

(9) Other non-current assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments for equipment	\$ 462,145	\$ 239,672
Refundable deposits	3,371	3,372
Others	593	62
Total	\$ <u>466,109</u>	\$ <u>243,106</u>

(10) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial liabilities held for trading		
Derivative instruments	\$ <u>200</u>	\$ <u>-</u>

- A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below :

	<u>Years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Net losses recognised in profit or loss :		
Financial liabilities held for trading		
Derivative instruments	(\$ <u>2,261</u>)	(\$ <u>1,396</u>)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows :

<u>Non-hedging derivative financial liabilities</u>	<u>December 31, 2025</u>	
	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	<u>USD 2,000</u>	2025.12.15-2026.01.02

There were no such transactions as of December 31, 2024.

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(11) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payable on machinery and equipment	\$ 365,049	\$ 235,232
Employees' compensation and directors' remuneration payable	206,838	128,185
Wages and salaries payable	164,263	134,626
Payable on repair expenses	53,894	41,869
Other accrued expenses	<u>87,248</u>	<u>89,685</u>
Total	<u>\$ 877,292</u>	<u>\$ 629,597</u>

(12) Bonds payable

	<u>December 31, 2025</u>
Second domestic unsecured convertible bonds	\$ 1,633,600
Less: Discount on bonds payable	(135,170)
	<u>\$ 1,498,430</u>

A. The issuance of the second domestic convertible bonds

(a) The terms of the second domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$2,000,000, 0% second domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature five years from the issue date (January 22, 2025 ~ January 22, 2030) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on January 22, 2025.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
 - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% (including 30%) for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of December 31, 2025, the convertible bonds of \$366,400 was converted into common shares amounting to 2,655,053 shares.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$276,864 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32.
- The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 0.18%.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 119,150
Mid-term secured syndicated loan (Note 1)	2022.11.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	629,388
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	715,595
Medium-term unsecured syndicated loan (Note 1)	2024.12.16~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	None	97,959
Unsecured borrowings	2025.06.03~2032.11.15 Repayment by installments and installments over the agreed period	Floating rate	None	1,487,154
Unsecured borrowings	2025.06.12~2030.12.31 Repayment by installments and installments over the agreed period	Floating rate	None	900,000
Unsecured borrowings	2025.12.29~2030.12.05 Repayment by installments and installments over the agreed period	Floating rate	None	92,000
				<hr/> 4,041,246
Less: Current portion				(637,472)
Less: Arrangement fee for the syndicated loan				(2,836)
				<hr/> \$ 3,400,938
Annual interest rate range				<hr/> <hr/> 1.43%~2.21%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	137,975
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,082,148
Medium-term unsecured syndicated loan (Note 1)	2024.12.16~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	None	120,000
Unsecured borrowings	2022.08.23~2026.12.04 Repayment by installments and installments over the agreed period	Floating rate	None	550,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	55,556
				4,218,679
Less: Current portion				(1,039,576)
Less: Arrangement fee for the syndicated loan				(3,693)
				\$ 3,175,410
Annual interest rate range				1.43%~2.34%

A. Taking into consideration financial planning, the medium-term and long-term borrowing agreements maturing on April 15, 2029, February 7, 2026 and December 4, 2026 have been subsequently repaid in advance for the year ended December 31, 2025.

B. As of December 31, 2025, the Company's unamortised arrangement fee for the syndicated loan amounting to \$2,836 was recorded as a deduction amount of initial measurement of long-term secured borrowings and amortised as interest expense over the borrowing period.

C. Details of the collateral for long-term borrowings are provided in Note 8.

Note 1: According to the agreement, the Company should maintain a specific current ratio, debt ratio, interest coverage ratio and shareholders' equity amount every year during the loan period.

(14) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, 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. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would 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 be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ 26,799	\$ 24,689
Fair value of plan assets	(22,587)	(15,936)
Net defined benefit liability	<u>\$ 4,212</u>	<u>\$ 8,753</u>

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

	<u>2025</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	\$ 24,689	(\$ 15,936)	\$ 8,753
Current service cost	-	-	-
Interest (expense) income	370	(294)	76
	<u>25,059</u>	<u>(16,230)</u>	<u>8,829</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,226)	(1,226)
Change in demographic assumptions	-	-	-
Change in financial assumptions	427	-	427
Experience adjustments	1,996	-	1,996
	<u>2,423</u>	<u>(1,226)</u>	<u>1,197</u>
Pension fund contribution	-	(5,814)	(5,814)
Paid pension	(683)	683	-
At December 31	<u>\$ 26,799</u>	<u>(\$ 22,587)</u>	<u>\$ 4,212</u>

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 31,643	(\$ 22,040)	\$ 9,603
Current service cost	85	-	85
Interest (expense) income	435	(311)	124
	<u>32,163</u>	<u>(22,351)</u>	<u>9,812</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,978)	(1,978)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(403)	-	(403)
Experience adjustments	2,381	-	2,381
	<u>1,978</u>	<u>(1,978)</u>	<u>-</u>
Pension fund contribution	-	(1,059)	(1,059)
Paid pension	(9,452)	9,452	-
At December 31	<u>\$ 24,689</u>	<u>(\$ 15,936)</u>	<u>\$ 8,753</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit 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 securitisation products, etc.). With regard to the utilisation 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 make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2025	2024
Discount rate	1.375%	1.5%
Future salary increases	3.5%	3.5%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase</u> <u>0.25%</u>	<u>Decrease</u> <u>0.25%</u>	<u>Increase</u> <u>0.25%</u>	<u>Decrease</u> <u>0.25%</u>
December 31, 2025				
Effect on present value of defined benefit obligation	<u>(\$ 847)</u>	<u>\$ 882</u>	<u>\$ 850</u>	<u>(\$ 820)</u>
December 31, 2024				
Effect on present value of defined benefit obligation	<u>(\$ 782)</u>	<u>\$ 815</u>	<u>\$ 785</u>	<u>(\$ 757)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysis 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.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to \$1,035.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 14.1 years. The analysis of timing of the future pension payment over the next 10 years was as follows:

Within 1 year	\$ 742
1-2 year(s)	567
2-5 years	1,941
Over 5 years	<u>3,151</u>
	<u>\$ 6,401</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company 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.

(b) The pension costs under defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024, were \$29,204 and \$26,886, respectively.

(15) Provisions

	<u>Decommissioning liabilities</u>
2025	
At January 1	\$ 23,227
Unwinding of discount	<u>1,899</u>
At December 31	<u>\$ 25,126</u>
	<u>Decommissioning liabilities</u>
2024	
At January 1	\$ 21,472
Unwinding of discount	<u>1,755</u>
At December 31	<u>\$ 23,227</u>

Analysis of total provisions:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current	<u>\$ 25,126</u>	<u>\$ 23,227</u>

Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment and right-of-use assets in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used within the next 23 to 37 years.

(16) Share capital

- A. As of December 31, 2025, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,752,831 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. The Company applied for the registration for changes in capital with the competent authority on a quarterly basis, based on the situation that the shareholders convert convertible bonds. The shareholders converted 2,655 thousand convertible bond shares for the year ended December 31, 2025, of which 2 thousand shares and 1,444 thousand shares had their effective date set as August 15, 2025 and November 10, 2025, for the capital increase, and the registration for the capital increase was completed on September 2, 2025 and November 26, 2025, respectively. Additionally, the remaining 1,209 thousand shares have not yet completed the registration for changes in capital as of February 10, 2026.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2025	Unit: share 2024
At January 1	172,628,033	172,628,033
Conversion of convertible bonds	2,655,053	-
At December 31	<u>175,283,086</u>	<u>172,628,033</u>

(17) Capital surplus

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

	2025				
	Changes in ownership interests				
	Share premium	in subsidiaries	Options	Other	Total
At January 1	\$ 1,378,443	\$ 1,742	\$ -	\$ -	\$ 1,380,185
Issuance of convertible bonds	-	-	276,864	-	276,864
Conversion of convertible bonds	355,946	-	(50,721)	-	305,225
Return of expired unclaimed cash dividends	-	-	-	6,730	6,730
Other changes in capital surplus	-	-	-	54	54
At December 31	<u>\$ 1,734,389</u>	<u>\$ 1,742</u>	<u>\$ 226,143</u>	<u>\$ 6,784</u>	<u>\$ 1,969,058</u>

	2024		
	Changes in ownership interests		
	Share premium	in subsidiaries	Total
At January 1	\$ 1,378,443	\$ 70,793	\$ 1,449,236
Cash dividends from capital surplus	-	(69,051)	(69,051)
At December 31	<u>\$ 1,378,443</u>	<u>\$ 1,742</u>	<u>\$ 1,380,185</u>

B. On April 16, 2024, the Company's Board of Directors resolved the cash dividends from capital surplus amounting to \$69,051 at \$0.4 (in dollars) per share and reported to the shareholders' annual meeting in 2024.

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve, the remainder along with the beginning unappropriated earnings shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.

Dividends and bonuses or legal reserve and capital surplus distributed in the form of cash shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by at least two-thirds of the total number of directors and reported to the shareholders' meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

B. The Company's dividend distribution policy aligns with the current and future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, at least 10% of the Company's distributable earnings shall be appropriated as dividends and bonuses, and cash dividends and bonuses shall account for at least 50% of the total dividends and bonuses distributed.

C. Except for covering accumulated deficit 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.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2024 and 2023 earnings as resolved by shareholders on May 26, 2025 and May 28, 2024, respectively, were as follows:

	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 49,190		\$ 31,385	
Cash dividends	379,782	\$ 2.20	241,679	\$ 1.40
Total	<u>\$ 428,972</u>		<u>\$ 273,064</u>	

F. The appropriation of 2025 earnings as proposed by the Board of Directors on February 10, 2026 was as follows. The appropriation is yet to be resolved by the shareholders and the distribution of cash dividends shall be reported to the shareholders during their meeting:

	2025	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 75,562	
Cash dividends	490,793	\$ 2.80
Total	<u>\$ 566,355</u>	

(19) Operating revenue

	Years ended December 31,	
	2025	2024
Revenue from contracts with customers	<u>\$ 4,509,587</u>	<u>\$ 3,551,607</u>

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2025	2024
Timing of revenue recognition		
At a point in time	\$ 36,979	\$ 41,217
Over time	4,472,608	3,510,390
	<u>\$ 4,509,587</u>	<u>\$ 3,551,607</u>

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract assets	<u>\$ 919,910</u>	<u>\$ 429,376</u>	<u>\$ 497,682</u>
Contract liabilities			
- advance sales receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79</u>

	Years ended December 31,	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ -</u>	<u>\$ 79</u>

(20) Interest income

	Years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 15,326	\$ 23,215
Interest income from financial assets measured at amortised cost	172	147
Other interest income	323	3
	<u>\$ 15,821</u>	<u>\$ 23,365</u>

(21) Other income

	Years ended December 31,	
	2025	2024
Rent income	\$ 1,471	\$ 1,568
Other income, others	8,844	5,269
	<u>\$ 10,315</u>	<u>\$ 6,837</u>

(22) Other gains and losses

	Years ended December 31,	
	2025	2024
Gains on disposals of property, plant and equipment	\$ 20	\$ 19,888
Impairment loss recognised in profit or loss, property, plant and equipment	- (7,643)
Impairment loss recognised in profit or loss, non- current asset or disposal groups held for sale	- (16,991)
Gains on disposals of non-current assets held for sale	-	20,872
Net foreign exchange (losses) gains	(59,800)	37,922
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	8,809 (461)
Other expenses and losses	(4,430)	-
	<u>(\$ 55,401)</u>	<u>\$ 53,587</u>

(23) Finance costs

	Years ended December 31,	
	2025	2024
Borrowings from financial institutions	\$ 18,251	\$ 53,452
Bonds payable	34,767	-
Lease liabilities	3,936	4,307
Provisions - unwinding of discount	1,899	1,755
Other financial cost	1	3
	<u>\$ 58,854</u>	<u>\$ 59,517</u>

(24) Expenses by nature

	Years ended December 31,	
	2025	2024
Employee benefit expense	\$ 1,050,343	\$ 888,153
Depreciation charges	\$ 944,682	\$ 843,484
Amortisation charges on intangible assets	\$ 10,010	\$ 14,458

(25) Employee benefit expense

	Years ended December 31,	
	2025	2024
Wages and salaries	\$ 886,592	\$ 745,979
Labour and health insurance fees	73,199	64,363
Pension costs	29,280	27,095
Other personnel expenses	61,272	50,716
	\$ 1,050,343	\$ 888,153

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2025 and 2024, employees' compensation were accrued at \$159,313 and \$101,014, respectively; while directors' remuneration were accrued at \$21,242 and \$13,469, respectively. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2025, the employees' compensation and directors' remuneration were estimated and accrued based on 15% and 2% of distributable profit of current year as of the end of reporting period.
- Employees' compensation and directors' remuneration of 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 128,032	\$ 68,559
Prior year income tax under estimation	8,207	212
Total current tax	<u>136,239</u>	<u>68,771</u>
Deferred tax:		
Origination and reversal of temporary differences	(11,118)	(1,728)
Total deferred tax	<u>(11,118)</u>	<u>(1,728)</u>
Income tax expense	<u>\$ 125,121</u>	<u>\$ 67,043</u>

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

	Years ended December 31,	
	2025	2024
Remeasurement of defined benefit obligations	<u>(\$ 239)</u>	<u>\$ -</u>

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 176,340	\$ 111,789
Expenses disallowed by tax regulation	100	54
Tax exempt income by tax regulation	(220)	815
Change in assessment of realisation of deferred tax assets	(356)	-
Prior year income tax underestimation	8,207	212
Effect from investment tax credits	(58,950)	(57,194)
Effect from Alternative Minimum Tax	-	11,367
Income tax expense	<u>\$ 125,121</u>	<u>\$ 67,043</u>

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

	2025			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
- Temporary differences:				
Loss on slow-moving inventories and valuation loss	\$ 18,780	\$ 5,602	\$ -	\$ 24,382
Discount on bonds payable	-	6,954	-	6,954
Seniority bonus	2,798	216	-	3,014
Decommissioning liabilities	3,996	189	-	4,185
Pensions	1,751	(1,148)	239	842
Impairment loss	4,927	(156)	-	4,771
Other	429	369	-	798
Subtotal	<u>\$ 32,681</u>	<u>\$ 12,026</u>	<u>\$ 239</u>	<u>\$ 44,946</u>
Deferred tax liabilities:				
- Temporary differences:				
Depreciation on non-current assets held for sale	(\$ 3,061)	(\$ 396)	\$ -	(\$ 3,457)
Unrealised exchange gain	(1,601)	1,140	-	(461)
Unrealised gain on valuation of financial assets	-	(1,652)	-	(1,652)
Subtotal	<u>(\$ 4,662)</u>	<u>(\$ 908)</u>	<u>\$ -</u>	<u>(\$ 5,570)</u>
Total	<u>\$ 28,019</u>	<u>\$ 11,118</u>	<u>\$ 239</u>	<u>\$ 39,376</u>

	2024			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
- Temporary differences:				
Loss on slow-moving inventories and valuation loss	\$ 17,098	\$ 1,682	\$ -	\$ 18,780
Seniority bonus	2,810	(12)	-	2,798
Decommissioning liabilities	3,645	351	-	3,996
Pensions	1,921	(170)	-	1,751
Impairment loss	-	4,927	-	4,927
Unrealised exchange loss	1,522	(1,522)	-	-
Other	572	(143)	-	429
Subtotal	<u>\$ 27,568</u>	<u>\$ 5,113</u>	<u>\$ -</u>	<u>\$ 32,681</u>
Deferred tax liabilities:				
- Temporary differences:				
Depreciation on non-current assets held for sale	(\$ 1,014)	(\$ 2,047)	\$ -	(\$ 3,061)
Unrealised exchange gain	-	(1,601)	-	(1,601)
Unrealised gain on valuation of financial assets	(264)	264	-	-
Subtotal	<u>(\$ 1,278)</u>	<u>(\$ 3,384)</u>	<u>\$ -</u>	<u>(\$ 4,662)</u>
Total	<u>\$ 26,290</u>	<u>\$ 1,729</u>	<u>\$ -</u>	<u>\$ 28,019</u>

D. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2025		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 756,578</u>	<u>173,237</u>	<u>\$ 4.37</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 756,578	173,237	
Assumed conversion of all dilutive potential ordinary shares			
Bonds payable	21,045	11,157	
Employees' compensation	-	982	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 777,623</u>	<u>185,376</u>	<u>\$ 4.19</u>

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 491,902	172,628	\$ 2.85
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 491,902	172,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	861	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 491,902	173,489	\$ 2.84

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	\$ 3,087,951	\$ 1,468,079
Add: Opening balance of payable on machinery and equipment	235,232	80,847
Add: Ending balance of prepayments for equipment	462,145	239,672
Less: Ending balance of payable on machinery and equipment	(365,049)	(235,232)
Less: Opening balance of prepayments for equipment	(239,672)	(163,840)
Less: Unfinished construction reclassified to prepayments for business facilities	-	(24,612)
Less: Capitalisation of interest	(38,000)	(20,774)
Cash paid during the period	\$ 3,142,607	\$ 1,344,140

	Years ended December 31,	
	2025	2024
Purchase of intangible assets	\$ 6,375	\$ 4,259
Less: Opening balance of prepayments	-	(1,620)
Cash paid during the period	\$ 6,375	\$ 2,639

B. Financing activities with no cash flow effects

	Years ended December 31,	
	2025	2024
Convertible bonds being converted to capital stocks	\$ 382,496	\$ -

(29) Changes in liabilities from financing activities

	2025				
	Long-term borrowings	Bonds payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 4,214,986	\$ -	\$ 319,000	\$ 982	\$ 4,534,968
Changes in cash flow from financing activities	(177,433)	2,069,002	(17,833)	27	1,873,763
Interest paid on lease liabilities	-	-	(3,936)	-	(3,936)
Changes non-cash items	857	(570,572)	(4,443)	-	(574,158)
At December 31	<u>\$ 4,038,410</u>	<u>\$ 1,498,430</u>	<u>\$ 292,788</u>	<u>\$ 1,009</u>	<u>\$ 5,830,637</u>

	2024			
	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 4,342,709	\$ 325,134	\$ 999	\$ 4,668,842
Changes in cash flow from financing activities	(128,580)	(17,940)	(17)	(146,537)
Interest paid on lease liabilities	-	(4,307)	-	(4,307)
Changes non-cash items	857	16,113	-	16,970
At December 31	<u>\$ 4,214,986</u>	<u>\$ 319,000</u>	<u>\$ 982</u>	<u>\$ 4,534,968</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, president, vice presidents	Key management

(2) Significant related party transactions

None.

(3) Key management compensation

	Years ended December 31,	
	2025	2024
Short-term employee benefits	\$ 76,305	\$ 49,657
Post-employment benefits	1,180	866
Total	<u>\$ 77,485</u>	<u>\$ 50,523</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Time deposits (shown as 'non-current financial assets at amortised cost')	\$ 4,500	\$ 3,000	Guarantee for duty paid after customs release
Time deposits (shown as 'non-current financial assets at amortised cost')	10,555	10,555	Guarantee for land lease in science park
Buildings and structures	1,640,731	1,312,492	Long-term borrowings
Machinery and equipment (including equipment pending acceptance)	2,586,745	1,862,207	Long-term borrowings
	<u>\$ 4,242,531</u>	<u>\$ 3,188,254</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

To protect the shareholders' equity, the Company filed a lawsuit against an employee, with the surname Li, and Integrated Service Technology Inc., "INTEGRATED" who reproduced products and used the manufacturing process without obtaining authorization with the Hsinchu District Prosecutors Office in 2021 in accordance with Article 13-1, Paragraph 1, Subparagraph 2 and Article 13-4 of the Trade Secrets Act. After more than four years of trial, on June 30, 2025, the Hsinchu District Court rendered a criminal judgment and an ancillary civil judgment in the case prosecuted by the Hsinchu District Prosecutors Office against an employee with the surname Li and INTEGRATED for violating the Trade Secrets Act.

The Company is the complainant in the criminal litigation and the plaintiff in the ancillary civil litigation. This judgment is in favor of the Company in the case; however, the opposing party has filed an appeal, and the case is still pending judgment at the Hsinchu District Court.

(2) Commitments

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	<u>\$ 3,775,804</u>	<u>\$ 1,289,719</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information about the appropriation of 2025 earnings of the Company is provided in Note 6(18).

12. Others

(1) Capital 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 for 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. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the year ended December 31, 2025, the Company's strategy, which was unchanged from 2024, was to maintain the gearing ratio at a reasonable level of risks and to adjust according to the future operating strategy. The gearing ratios at December 31, 2025 and 2024 were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total borrowings	\$ 5,536,840	\$ 4,214,986
Less: Cash and cash equivalents	(1,000,272)	(1,287,357)
Net debt	4,536,568	2,927,629
Total equity	5,107,868	4,116,606
Total capital	<u>\$ 9,644,436</u>	<u>\$ 7,044,235</u>
Gearing ratio	<u>47.04%</u>	<u>41.56%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 11,762</u>	<u>\$ -</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,000,272	\$ 1,287,357
Financial assets at amortised cost	15,055	13,555
Accounts receivable	493,100	481,619
Other receivables	5,484	2,909
Refundable deposits (including current portion)	<u>4,223</u>	<u>3,640</u>
	<u>\$ 1,518,134</u>	<u>\$ 1,789,080</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 200	\$ -
Financial liabilities at amortised cost		
Accounts payable	\$ 197,503	\$ 160,807
Bonds payable	1,498,430	-
Other payables	877,292	629,597
Long-term borrowings (including current portion)	4,038,410	4,214,986
Guarantee deposits received	1,009	982
	<u>\$ 6,612,644</u>	<u>\$ 5,006,372</u>
Lease liabilities (including current portion)	<u>\$ 292,788</u>	<u>\$ 319,000</u>

B. Financial risk managements policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Management has set up a policy to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures.
Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(10).

- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 29,711	31.42	\$ 933,519
JPY:NTD	65,955	0.2009	13,247
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,384	31.42	\$ 106,325
JPY:NTD	62,246	0.2009	12,502
<u>Non-monetary items</u> : None			

December 31, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 36,320	32.78	\$ 1,190,578
JPY:NTD	15,101	0.2101	3,172
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,019	32.78	\$ 361,203
JPY:NTD	122,238	0.2101	25,676
EUR:NTD	1,000	34.15	34,150
<u>Non-monetary items</u> : None			

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to (\$59,800) and \$37,922, respectively.

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

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	10%	\$ 93,352	\$ -
JPY:NTD	10%	1,325	-
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10%	(\$ 10,633)	\$ -
JPY:NTD	10%	(1,250)	-
<u>Non-monetary items</u> : None			

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	10%	\$ 119,058	\$ -
JPY:NTD	10%	317	-
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10%	(\$ 36,120)	\$ -
JPY:NTD	10%	(2,568)	-
EUR:NTD	10%	(3,415)	-
<u>Non-monetary items</u> : None			

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2025 and 2024, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars. Fixed-rate long-term bonds issued by the Company are not subject to interest rate risk or fair value interest rate risk.

- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2025 and 2024 would have increased/decreased by \$10,096 and \$10,537, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients and other counterparties on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.
- ii. The Company regularly monitors and reviews its credit limits based on market conditions and the credit status of its counterparties and makes timely adjustments to manage credit risk. The Company only transacts with banks and financial institutions with high credit quality, so it does not expect to be exposed to credit risk.
- iii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit risk on trade. The Company applies the modified approach using loss rate methodology to estimate the expected credit loss.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments.
- viii. The Company used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2025 and 2024, the loss rate methodology is as follows:

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
<u>December 31, 2025</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 1,413,010	\$ -	\$ -	\$ -	\$ -	\$ 1,413,010
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
<u>December 31, 2024</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 910,995	\$ -	\$ -	\$ -	\$ -	\$ 910,995
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and contract assets due from related parties and contract assets are as follows:

	<u>2025</u>	<u>2024</u>
	Accounts receivable	Accounts receivable
At January 1 / December 31	\$ -	\$ -

- x. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	12 months	12 months
Financial assets at amortised cost	\$ 15,055	\$ 13,555

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling 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 (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

- ii. Company treasury invests surplus cash held by the Company over and above balance required for working capital management in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2025 and 2024, the Company held money market position of \$1,000,202 and \$1,287,287, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii The Company has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	\$ 400,000	\$ 1,037,044
Expiring beyond one year	1,420,846	400,000
Fixed rate:		
Expiring within one year	-	-
Expiring beyond one year	-	-
	<u>\$ 1,820,846</u>	<u>\$ 1,437,044</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2025</u>	<u>Less than 6</u>	<u>Between 6</u>	<u>Between 1</u>	<u>Over 2</u>
	<u>months</u>	<u>months</u>	<u>and</u>	<u>years</u>
		<u>and 1 year</u>	<u>2 years</u>	<u>years</u>
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 197,503	\$ -	\$ -	\$ -
Other payables	503,597	2,593	-	-
Lease liability	10,982	10,982	17,592	302,715
Bonds payable	-	-	-	1,633,600
Long-term borrowings (including current portion)	319,433	391,583	1,030,684	2,508,173
Guarantee deposits received	-	-	733	276
<u>Derivative financial liabilities:</u> None				

<u>December 31, 2024</u>	<u>Less than 6 months</u>	<u>Between 6 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 160,807	\$ -	\$ -	\$ -
Other payables	365,102	1,684	-	-
Lease liability	11,089	11,089	22,372	392,118
Long-term borrowings (including current portion)	504,174	605,310	1,364,370	1,902,007
Guarantee deposits received	-	-	741	242
<u>Derivative financial liabilities:</u> None				

(3) Fair value information

A. The different levels that the inputs to valuation techniques are 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 the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instrument is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity instrument without active market is included in Level 3.

B. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, guarantee deposits paid, accounts payable, other payables, long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 and 2024 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options of convertible bonds	\$ -	\$ -	\$ 11,762	\$ 11,762
Liabilities				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 200	\$ -	\$ 200

There was no such transactions on December 31, 2024.

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the years ended December 31, 2025 and 2024, there were no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the year ended December 31, 2025 and 2024:

	<u>2025</u>
	<u>Convertible bonds</u>
At January 1	\$ -
Gains recognised in profit or loss	
Recorded as non-operating income and expenses	8,461
Issued in the period	6,000
Converted in the period	(2,699)
At December 31	<u>\$ 11,762</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2025 (Note)	<u>\$ 8,461</u>

Note: Recorded as non-operating income and expenses.

For the year ended December 31, 2024 : None.

- F. Company treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 by the external valuer, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Call options of convertible bonds	\$ 11,762	Binary tree model	Risk-free interest rate	1.2825%	The higher the risk-free interest rate, the lower the fair value
			Stock price	178	The higher the stock price, the higher the fair value
			Volatility	53.98%	The higher the stock price volatility, the higher the fair value

There were no such transactions on December 31, 2024.

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2025					
		Recognised in profit or loss			Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Call options of convertible bonds	Risk-free interest rate	±20bp	\$ -	\$ -	\$ -	\$ -	
	Stock price	±10%	140 (290)	-	-	
	Volatility	±5%	50 (140)	-	-	

There were no such transactions on December 31, 2024.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

None.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company was identified as the single reportable segment.

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

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

	Years ended December 31,	
	2025	2024
Total segment revenue	\$ 4,509,587	\$ 3,551,607
Segment income	\$ 756,578	\$ 491,902
Segment assets	\$ 12,168,934	\$ 9,559,260

(3) Information on products and services

Please refer to Note 6(19) for the related information.

(4) Geographical information

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

	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 3,921,171	\$ 9,450,905	\$ 3,016,433	\$ 7,096,708
Others	588,416	-	535,174	-
	<u>\$ 4,509,587</u>	<u>\$ 9,450,905</u>	<u>\$ 3,551,607</u>	<u>\$ 7,096,708</u>

(5) Major customer information

Revenue of the Company for the year ended December 31, 2025 amounted to \$4,509,587, of which \$3,249,437 was derived from the Company's largest customer, customer A. Apart from this, there was no other revenue from a single customer that accounts for more than 10% of the Company's total revenue.

Revenue of the Company for the year ended December 31, 2024 amounted to \$3,551,607, of which \$2,486,982 was derived from the Company's largest customer, customer A. Apart from this, there was no other revenue from a single customer that accounts for more than 10% of the Company's total revenue.

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and petty - NTD		\$ <u>70</u>
Cash in banks		
Demand deposits - NTD		540,600
- Foreign	USD 14,206,051 , Exchange Rate 31.42	446,354
Currency	JPY 65,955,379 , Exchange Rate 0.2009	13,247
	EUR 21.76 , Exchange Rate 36.90	<u>1</u>
		<u>\$ 1,000,272</u>

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 2

Customer name	Description	Amount	Note
General customers:			
A		\$ 321,530	
D		50,625	
Others		<u>120,945</u>	Balance of each client has not exceeded 5% of total account balance.
		493,100	Amount of account overdue one year is zero.
Less: Allowance for uncollectible accounts		<u>-</u>	
		<u>\$ 493,100</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount		Note
		Cost	Market value	
Raw materials		\$ 278,004	\$ 278,933	Use net realizable value as market price
Work in process		1,758	1,376	"
Finished goods		9,467	21,196	"
		289,229	<u>\$ 301,505</u>	
Less: Allowance for valuation loss		(121,913)		
			<u>\$ 167,316</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Balance at January 1, 2025	Additions	Disposals	Transfers	Balance at December 31, 2025	Collateral
Buildings and structures	\$ 2,630,084	\$ 213,116	(\$ 2,360)	\$ 344,550	\$ 3,185,390	Collateral for long-term loan.
Machinery and equipment	6,918,737	1,000,063	(23,971)	400,287	8,295,116	"
Transportation equipment	5,908	690	-	-	6,598	None
Office equipment	36,615	6,304	-	-	42,919	"
Other equipment	78,092	2,212	(640)	-	79,664	"
Unfinished construction and equipment pending acceptance	903,732	1,865,566	-	(741,024)	2,028,274	"
	<u>\$ 10,573,168</u>	<u>\$ 3,087,951</u>	<u>(\$ 26,971)</u>	<u>\$ 3,813</u>	<u>\$ 13,637,961</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF CHANGES IN DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Balance at January 1, 2025	Additions	Disposals	Transfers	Balance at December 31, 2025	Note
Buildings and structures	\$ 825,908	\$ 252,996	(\$ 2,360)	\$ -	\$ 1,076,544	
Machinery and equipment	3,164,257	657,758	(23,909)	3,813	3,801,919	
Transportation equipment	4,650	591	-	-	5,241	
Office equipment	13,700	7,093	-	-	20,793	
Other equipment	47,535	8,906	(640)	-	55,801	
	<u>\$ 4,056,050</u>	<u>\$ 927,344</u>	<u>(\$ 26,909)</u>	<u>\$ 3,813</u>	<u>\$ 4,960,298</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 6

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
General vendor:			
Company M		\$ 29,480	
Company H		21,914	
Company A		15,190	
Company E		12,159	
Company B		11,542	
Other		<u>107,218</u>	None of balances of each remaining items is greater than 5% of this account.
		<u>\$ 197,503</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Volume	Amount	Note
Net amount of sales revenue			
Silicon wafer	37 (thousand pieces)	\$ 36,979	
Net amount of labor income			
Silicon wafer	9,801 (thousand pieces)	<u>4,472,608</u>	
Net amount of operating revenue		<u>\$ 4,509,587</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 8

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Beginning raw materials		\$ 269,210
Add: Materials purchased		844,871
Less: Ending raw materials		(278,004)
Transfers to expenses		(267,356)
Cost to sell raw materials		(509)
Cost of consumption raw materials		568,212
Direct labor		432,841
Manufacturing expense		1,971,225
Manufacturing cost		2,972,278
Add: Beginning work in progress		970
Less: Ending work in progress		(1,758)
Cost of finished goods		2,971,490
Add: Beginning finished goods		253
Less: Ending finished goods		(9,467)
Transfers to expenses		(6,755)
Total cost of goods manufactured		2,955,521
Cost to sell work in progress		509
Loss on decline in market value		28,012
Revenue from sales of scraps		(105)
Other		(9,169)
Total operating cost		<u>\$ 2,974,768</u>

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 9

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Depreciation expense		\$ 850,003	
Wages and salaries		298,678	
Utility expenses		226,773	
Repairs and maintenance expense		213,039	
Used spare parts - supplies		157,012	
Other expenditure		<u>225,720</u>	None of balances of each remaining items is greater than 5% of this account.
		<u>\$ 1,971,225</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Description	Amount	Note
Freight		\$ 40,322	
Wages and salaries		22,687	
Other expenditure		<u>4,920</u>	None of balances of each remaining items is greater than 5% of this account.
		<u>\$ 67,929</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 11

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 205,045	
Depreciation expense		35,595	
Insurance expense		22,579	
Other expenditure		<u>136,565</u>	None of balances of each remaining items is greater than 5% of this account.
		<u>\$ 399,784</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Statement 12

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Depreciation expense		\$ 59,084	
Wages and salaries		16,330	
Other expenditure		<u>21,874</u>	None of balances of each remaining items is greater than 5% of this account.
		<u>\$ 97,288</u>	

PHOENIX SILICON INTERNATIONAL CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Statement 13

By nature \ By function	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 642,530	\$ 219,534	\$ 862,064	\$ 544,424	\$ 185,207	\$ 729,631
Labour and health insurance fees	58,780	14,419	73,199	51,793	12,570	64,363
Pension costs	21,952	7,328	29,280	20,567	6,528	27,095
Directors' remuneration	-	24,528	24,528	-	16,348	16,348
Other personnel expenses	53,843	7,429	61,272	44,398	6,318	50,716
Depreciation	850,003	94,679	944,682	769,441	74,043	843,484
Amortisation	1,316	8,694	10,010	1,266	13,192	14,458

- Notes:
- A: For the years ended December 31, 2025 and 2024, the Company had 888 and 835 employees, excluding 9 and 9 non-employee directors, respectively.
- B.(a) The Company has average employee benefit expenses of \$1,166 and \$1,055 for the years ended December 31, 2025 and 2024, respectively.
- (b) The Company has average employee salary expenses of \$981 and \$883 for the years ended December 31, 2025 and 2024, respectively.
- (c) For the year ended December 31, 2025, adjustments of average employees salary expenses increased 11.1%.
- (d) The Company has no supervisors' emolument as it set up the audit committee.
- (e) The Company has set up the remuneration committee to support the Board of Directors to determine the remuneration of the Company's directors and managers and the Company's salary policies. According to the Company's Articles of Incorporation, operating of the remuneration committee and the Board of Directors, the Company examines the remuneration of directors and managers in adequate time based on their participation degree of operation and contribution value to the Company, and minimise the possibility and relativeness of risk in the future for the going concern and balance of risk management of the Company. Employees' salary and compensation are based on their education background, professional knowledge and skill, professional experience and individual performance, and will not differ from age, gender, race, religion, political affiliation and marital status. With reference to market of salary, price index and organisation structure to determine the salary payment standard and pays reward according to the profit situation of the Company's operation and employees' individual performance.