DURA TEK, INC.

FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

Independent Auditors' Report Translated from Chinese

To DURA TEK, INC.

Opinion

We have audited the accompanying balance sheets of DURA TEK, INC. (the "Company") as of 31 December 2025 and 2024, and the related statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the financial statements, including the summary of material accounting policies (together "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2025 and 2024, and the financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate 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 on Taiwan (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 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, and we do not provide a separate opinion on these matters.

Sales revenue recognition

Operating revenue recognized by the Company amounted to NT$609,522 thousand for the year ended 31 December 2025. Its subsidiaries are mainly engaged in manufacturing and sales of critical, consumable components of the semiconductor processing equipment. The sales revenue is the main indicator of financial and business performance evaluated by investors and the management. Therefore, the accuracy of both the amounts and periods of recognition has significant impact on financial statements. Consequently, we considered sales revenue recognition to be a key audit matter in our audit.

Our audit procedures therefore include, but not limited to, evaluating and testing the internal control design and implementation effectiveness of the sales cycle that are relevant to the timing of revenue recognition; selecting samples to perform detailed testing of sales revenue transactions, and reviewing major terms in customer orders and conditions, and check the relevant transaction certificates to check the timing of revenue recognition; perform a cut-off point test for a period before and after the balance sheet date to confirm that the company recognizes revenue in the correct period; and review whether there is any significant turnaround in operating income after the balance sheet date.

We also assessed the adequacy of disclosures of operating income. Please refer to Notes 4 and 6 to the financial statements.

Valuation for slow-moving inventories

As of 31 December 2025, the Company's net inventories amounted to NT$123,175 thousand, and constitutes 10% of total asset. Considering the significant amount of inventories and that the identification of slow-moving inventories as well as the assessment of the amount of inventory write-downs required significant management judgment, we determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's provisioning policy of allowance of obsolescence loss, including sample testing the accuracy of inventory aging time period; performing and evaluating the changes in value of the slow-moving inventories reserve ratio and inventory aging and recalculating allowance to reduce inventory to market, to ensure that the valuation for slow-moving inventories followed accounting policies; evaluating management's inventory count plan and important inventory locations to observe physical inventory count for confiming inventory quantity and status.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China on Taiwan 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 ability to continue as a going concern of the Company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

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

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

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 internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the accompanying notes, 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 2025 financial statements 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.

Yao,Shih-Chieh

Hung, Kuo-Sen

Ernst & Young, Taiwan
9 March 2026

Notice to Readers
The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.
Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China on Taiwan, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Financial Statements Originally Issued in Chinese

DURA TEK, INC.

BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2025		31 Dec. 2024	
Current assets		Amount	%	Amount	%
Cash and cash equivalents	IV/VI.1	$291,643	23	$550,046	46
Financial assets measured at fair value through profit or loss - current	IV/VI.2	2,359	-	-	-
Current financial assets at amortized cost	IV/VI.4.13/VIII	336,441	27	35,448	3
Trade receivables,net	IV/VI.5.13	86,500	7	87,245	8
Inventories,net	IV/VI.6/VIII	123,175	10	119,554	10
Other current assets	IV	13,467	1	25,758	2
Total current assets		853,585	68	818,051	69
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	IV/VI.3	784	-	919	-
Property, plant and equipment	IV/VI.7/VIII	333,534	27	315,193	27
Right-of-use assets	IV/VI.14	65,616	5	34,951	3
Intangible assets	IV/VI.8	772	-	867	-
Deferred tax assets	IV/VI.18	3,538	-	3,176	-
Other non-current assets	IV	3,136	-	14,305	1
Total non-current assets		407,380	32	369,411	31
Total assets		$1,260,965	100	$1,187,462	100

(The accompanying notes are an integral part of the financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

DURA TEK, INC.

BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2025		31 Dec. 2024	
Current liabilities		Amount	%	Amount	%
Short-term borrowings	IV/VI.9/VIII	$15,000	1	$50,000	4
Trade payables	IV	13,812	1	5,713	-
Other payables	IV	43,874	4	49,521	4
Current tax liabilities	IV/VI.18	27,560	2	33,669	3
Lease liabilities,current	IV/VI.14	4,033	-	3,097	-
Other current liabilities	IV/VI.12	4,967	1	7,880	1
Total current liabilities		109,246	9	149,880	12
Non-current liabilities					
Deferred tax liabilities	IV/VI.18	1,295	-	820	-
Lease liabilities,non-current	IV/VI.14	62,651	5	32,482	3
Total non-current liabilities		63,946	5	33,302	3
Total liabilities		173,192	14	183,182	15
Equity attributable to the parent company					
Capital	IV/VI.11				
Common stock		126,531	10	114,095	10
Capital surplus	IV/VI.11	27,358	2	27,609	2
Retained earnings	IV/VI.11				
Legal reserve		119,153	10	99,051	9
Special reserve		8,376	1	7,957	1
Unappropriated earnings		814,866	64	763,944	64
Subtotal		942,395	75	870,952	74
Other equity	IV/VI.11	(8,511)	(1)	(8,376)	(1)
Total equity		1,087,773	86	1,004,280	85
Total liabilities and equity		$1,260,965	100	$1,187,462	100

(The accompanying notes are an integral part of the financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

DURA TEK, INC.

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	NOTE	2025.1.1~ 2025.12.31		2024.1.1~ 2024.12.31	
		Amount	%	Amount	%
Operating revenues	IV/VI.12	$609,522	100	$501,197	100
Operating costs	IV/VI.6.14.15	(311,199)	(51)	(231,385)	(46)
Gross profit		298,323	49	269,812	54
Operating expenses	IV/VI.13.14.15				
Sales and marketing expenses		(7,068)	(1)	(6,369)	(1)
General and administrative expenses		(32,524)	(5)	(28,316)	(6)
Research and development expenses		(21,479)	(4)	(18,790)	(4)
Expected credit (losses)		(5,459)	(1)	(243)	-
Total operating expenses		(66,530)	(11)	(53,718)	(11)
Operating income		231,793	38	216,094	43
Non-operating income and expenses					
Other revenue	IV/VI.16	12,029	2	11,075	2
Other gains and losses	IV/VI.16	(3,318)	(1)	23,500	5
Financial costs	IV/VI.16	(1,485)	-	(1,243)	-
Total non-operating income and expenses		7,226	1	33,332	7
Net income before tax		239,019	39	249,426	50
Income tax expense	IV/VI.18	(52,454)	(9)	(48,406)	(10)
Net income for the year		$186,565	30	$201,020	40
Other comprehensive income					
Not to be reclassified subsequently to profit or loss					
Unrealized gains or losses from equity instruments measured at fair value through other comprehensive income	IV/VI.17	(135)	-	(419)	-
Total other comprehensive income (loss), net of tax		(135)	-	(419)	-
Total comprehensive income		$186,430	30	$200,601	40
Earnings per share (NTD)					
Earnings per share-basic	IV/VI.19	$14.74		$15.89	
Earnings per share-diluted	IV/VI.19	$14.73		$15.86	

(The accompanying notes are an integral part of the financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

DURA TEK, INC.

STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity	
Items	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	Total Equity
Balance as of 1 January 2024	$98,020	$27,756	$88,709	$-	$646,308	$(7,957)	$852,836
Appropriation and distribution of 2023 retained earnings							
Legal reserve	-	-	10,342	-	(10,342)	-	-
Special reserve	-	-	-	7,957	(7,957)	-	-
Cash dividends	-	-	-	-	(49,010)	-	(49,010)
Stock dividends	16,075	-	-	-	(16,075)	-	-
Other changes in additional paid-in capital	-	(147)	-	-	-	-	(147)
Net income for the year ended 31 December 2024	-	-	-	-	201,020	-	201,020
Other comprehensive income (loss) for the year ended 31 December 2024	-	-	-	-	-	(419)	(419)
Total comprehensive income (loss)	-	-	-	-	201,020	(419)	200,601
Balance as of 31 December 2024	$114,095	$27,609	$99,051	$7,957	$763,944	$(8,376)	$1,004,280
Balance as of 1 January 2025	$114,095	$27,609	$99,051	$7,957	$763,944	$(8,376)	$1,004,280
Appropriation and distribution of 2024 retained earnings							
Legal reserve	-	-	20,102	-	(20,102)	-	-
Special reserve	-	-	-	419	(419)	-	-
Cash dividends	-	-	-	-	(102,686)	-	(102,686)
Stock dividends	12,436	-	-	-	(12,436)	-	-
Other changes in additional paid-in capital	-	(251)	-	-	-	-	(251)
Net income for the year ended 31 December 2025	-	-	-	-	186,565	-	186,565
Other comprehensive income (loss) for the year ended 31 December 2025	-	-	-	-	-	(135)	(135)
Total comprehensive income (loss)	-	-	-	-	186,565	(135)	186,430
Balance as of 31 December 2025	$126,531	$27,358	$119,153	$8,376	$814,866	$(8,511)	$1,087,773

(The accompanying notes are an integral part of the financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

DURA TEK, INC.

STATEMENTS OF CASH FLOWS

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2025.1.1~ 2025.12.31	2024.1.1~ 2024.12.31	ITEMS	2025.1.1~ 2025.12.31	2024.1.1~ 2024.12.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$239,019	$249,426	Acquisition of disposal of financial assets at amortized cost	(300,993)	-
Adjustments for:			Proceeds from disposal of financial assets at amortized cost	-	14,753
Income and expense adjustments:			Acquisition of disposal of financial assets at fair value through profit or loss	(22,888)	-
Depreciation	29,860	26,674	Proceeds from disposal of financial assets at fair value through profit or loss	22,956	-
Amortization	95	83	Acquisition of property, plant and equipment	(31,937)	(40,787)
Expected credit losses	5,459	243	Proceeds from disposal of property, plant and equipment	24	1,160
Net losses of financial assets and liabilities at fair value through profit or loss	(2,427)	-	Acquisition of intangible assets	-	(525)
Interest expense	1,485	1,243	Decrease in other non-current assets	1,049	-
Interest income	(8,422)	(9,771)	Dividend received	224	-
Dividend income	(224)	-	Net cash (used in) investing activities	(331,565)	(25,399)
(Gain) on disposal of property, plant and equipment	(17)	(1,109)	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term loans	30,000	90,000
Trade receivable,net	(4,714)	(39,502)	Decrease in short-term loans	(65,000)	(115,000)
Inventories	(3,621)	(19,775)	Repayments of long-term loans	-	(5,000)
Other current assets	12,326	(17,829)	Repayments of lease liabilities	(4,537)	(5,808)
Trade payables	8,099	(4,922)	Cash dividends	(102,686)	(49,010)
Other payables	(7,067)	15,416	Net cash (used in) financing activities	(142,223)	(84,818)
Other current liabilites	(2,913)	497			
Cash generated from operations	266,938	200,674	Net (decrease) increase in cash and cash equivalents	(258,403)	49,103
Interest received	8,387	10,110	Cash and cash equivalents at beginning of year	550,046	500,943
Interest paid	(1,490)	(1,278)	Cash and cash equivalents at end of year	$291,643	$550,046
Income tax paid	(58,450)	(50,186)			
Net cash provided by operating activities	215,385	159,320			

(The accompanying notes are an integral part of the financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

DURA TEK, INC.

NOTES TO FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

1. DURA TEK, INC. (the "Company") was incorporated under the laws of the Republic of China (the "ROC") in January 1994. The Company's principal activities consist of the research, development, manufacture and sale of parts, components of front-end semiconductor processing equipment, subsystem equipment, monocrystalline silicon product above 8 inches and the refurbishment of semiconductor equipment, The Company's registered office and the main business location is at No.320, Sec. 1, Huandong Rd, Tainan Science-Based Industrial Park Tainan, Taiwan, R.O.C.

2. The Company's common shares were publicly listed on the Taipei Exchange (TPEx) on 2 January 2024.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the year ended 31 December 2025 and 2024 were authorized for issue by the Board of Directors on 9 March 2026.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 17 "Insurance Contracts"	1 January 2023
2	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
3	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
4	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(1) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(2) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

(a) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
(b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
(c) Clarify the treatment of non-recourse assets and contractually linked instruments.
(d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(3) Annual Improvements to IFRS Accounting Standards – Volume 11

(a) Amendments to IFRS 1
(b) Amendments to IFRS 7
(c) Amendments to Guidance on implementing IFRS 7
(d) Amendments to IFRS 9
(e) Amendments to IFRS 10
(f) Amendments to IAS 7

(4) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

(a) Clarify the application of the ‘own-use’ requirements.
(b) Permit hedge accounting if these contracts are used as hedging instruments.
(c) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The above newly issued and amended standards are applicable to accounting periods beginning on or after January 1, 2026. The Company has assessed and determined that there is no material impact.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027 (Note)
3	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
4	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

(1) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” － Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(2) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(a) Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(b) Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(c) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(3) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(4) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

(a) Clarify that when the entity’s functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.

(b) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.

(c) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The above standards or interpretations issued by the IASB but not yet endorsed by the FSC will be adopted on such date as otherwise determined by the FSC. The Company has been continuously assessing the potential impact of new or amended standards or interpretations in (2). Except that it is unlikely to reasonably assess the impact of the said standards or interpretations on the Company, the remaining new or amended standards or interpretations have no significant impact on the Company.

IV. SUMMARY OF MATERIAL ACCOUNTING POLICIES

1. Statement of Compliance

The Company's financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

2. Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars("NT$") unless otherwise stated.

3. Foreign currency transactions

The Company's financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Current and non-current distinction

An asset is classified as current when:
(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(a) The Company expects to settle the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

5. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Company's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; and
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability, or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

8. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted-average cost.
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

9. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～50 years
Machinery and equipment	2～10 years
Transportation equipment	2～ 5 years
Office equipment	3～10 years
Miscellaneous equipment	2～10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

10. Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) 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.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

<u>Company as a lessor</u>

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

11. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3~10 years).

The Company's intangible assets accounting policies are as follows:

	Software
Useful life	Finite
Amortization methods	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

12. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

13. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (i.e. when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods). The main product of the Company is semiconductor processing equipment parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables ,the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

14. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

15. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Company recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(2) Trade receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(3) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	31 Dec. 2025	31 Dec. 2024
Cash on hand	$121	$128
Savings accounts	291,522	249,918
Time deposits	-	300,000
Total	$291,643	$550,046

2. Financial assets measured at fair value through profit or loss

	31 Dec. 2025	31 Dec. 2024
Designated as measured at fair value through profit or loss:		
Stocks	$2,359	$-
Current	$2,359	$-

Financial assets measured at fair value through profit or loss were not pledged.

3. Financial assets at fair value through other comprehensive income

	31 Dec. 2025	31 Dec. 2024
Equity instrument investments measured at fair value through other comprehensive income		
Shares	$784	$919
Non-current	$784	$919

(1) Financial assets at fair value through other comprehensive income were not pledged.

(2) The Company lent its financial assets at fair value through other comprehensive income to KGI Securities Co., Ltd. for the purpose of earning the consideration income collected by the brokerage company according to the lending rate during the borrowing period, during which the Company still has the right to participate in the ex-rights but cannot exercise voting rights. The income from lending securities for the years ended 31 December 2025 and 2024 amounted to NT$4 thousand and NT$10, respectively. For the years ended 31 December 2025 and 2024, the carrying value of financial assets amounted to NT$779 thousand and NT$914 thousand, respectively.

(3) For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends in the amount of NT$224 thousand and NT$0 thousand for the year ended 31 December 2025 and 2024, the full amount is related to investments held at the end of the reporting period.

4. Financial assets measured at amortized cost

	31 Dec. 2025	31 Dec. 2024
Time deposits	$336,441	$35,448
Current	$336,441	$35,448

The Company classified certain financial assets as financial assets measured at amortized cost.

Please refer to Note 6.(13) for more details on accumulated impairment and Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

5. Trade receivables

	31 Dec. 2025	31 Dec. 2024
Trade receivables	$92,202	$87,488
Less: loss allowance	(5,702)	(243)
Total	$86,500	$87,245

(1) Trade receivables were not pledged.

(2) Trade receivables are generally on 30-150 day terms. The total carrying amount as of 31 December 2025 and 2024 were NT$92,202 thousand and NT$87,488 thousand, respectively. Please refer to Note 6.(13) for more details on impairment of trade receivables for the year ended 31 December 2025 and 2024 and Note 12 for more details on credit risk management.

6. Inventories

	31 Dec. 2025	31 Dec. 2024
Raw materials	$29,070	$34,321
Work in progress	72,567	67,405
Finished goods	21,538	17,828
Total	$123,175	$119,554

(1) The cost of inventories recognized in expenses amounted to NT$311,199 thousand and NT$231,385 thousand for the year ended 31 December 2025 and 2024, respectively, including the inventory valuation losses of NT$1,813 thousand and NT$1,919 thousand for the year ended 31 December 2025 and 2024.

(2) No Inventories were pledged.

7. Property, plant and equipment

	Buildings	Machinery and	Transportation	Office	Leasehold	Other facilities	Construction in	Total
Cost:								
1 Jan. 2024	$299,446	$213,947	$1,260	$4,689	$100	$10,957	$769	$531,168
Additions	4,948	12,417	3,200	133	-	4,111	5,501	30,310
Disposals	-	(14,145)	(1,020)	-	-	-	-	(15,165)
Transfers	769	-	-	-	-	-	(769)	-
31 Dec. 2024	$305,163	$212,219	$3,440	$4,822	$100	$15,068	$5,501	$546,313
Additions	5,576	34,779	1,340	186	-	837	513	43,231
Disposals	-	(796)	(240)	-	-	-	-	(1,036)
Transfers	5,501	-	-	-	-	-	(5,501)	-
31 Dec. 2025	$316,240	$246,202	$4,540	$5,008	$100	$15,905	$513	$588,508
Depreciation:								
1 Jan. 2024	$90,553	$120,611	$1,253	$4,402	$100	$8,525	$-	$225,444
Depreciation	7,270	12,213	320	148	-	839	-	20,790
Disposals	-	(14,094)	(1,020)	-	-	-	-	(15,114)
31 Dec. 2024	$97,823	$118,730	$553	$4,550	$100	$9,364	$-	$231,120
Depreciation	7,854	15,177	752	136	-	964	-	24,883
Disposals	-	(796)	(233)	-	-	-	-	(1,029)
31 Dec. 2025	$105,677	$133,111	$1,072	$4,686	$100	$10,328	$-	$254,974
Net carrying amount as								
31 Dec. 2025	$210,563	$113,091	$3,468	$322	$-	$5,577	$513	$333,534
31 Dec. 2024	$207,340	$93,489	$2,887	$272	$-	$5,704	$5,501	$315,193

Please refer to Note 8 for more details on property, plant and equipment under pledge.

8. Intangible assets

	Computer software	Total
Cost:		
1 Jan. 2025	$5,005	$5,005
Additions	-	-
31 Dec. 2025	$5,005	$5,005
1 Jan. 2024	$4,055	$4,055
Additions	950	950
31 Dec. 2024	$5,005	$5,005
Amortization and impairment:		
1 Jan. 2025	$4,138	$4,138
Amortization	95	95
31 Dec. 2025	$4,233	$4,233
1 Jan. 2024	$4,055	$4,055
Amortization	83	83
31 Dec. 2024	$4,138	$4,138
Net carrying amount as of:		
31 Dec. 2025	$772	$772
31 Dec. 2024	$867	$867

Amortization of intangible assets for years ended 31 December are as follows:

	1 Jan. 2025~ 31 Dec. 2025	1 Jan. 2024~ 31 Dec. 2024
Operating costs	$95	$83
Operating expenses	$-	$-

9. Short-term borrowings

	31 Dec. 2025	31 Dec. 2024
Secured bank loans	$15,000	$50,000
Interest Rates Range	2.03%	2.03%～2.22%

(1) The Company's unused short-term lines of credit amount to NT$35,000 thousand and NT$55,000 thousand as at 31 December 2025 and 2024, respectively.

(2) Please refer to Note 8 for more detail pledged as security for short-term borrowings.

10. Post-employment benefits

<u>Defined contribution plan</u>

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were NT$2,228 thousand and NT$1,870 thousand, respectively.

11. Equities

(1) Common stock

As of 31 December 2025 and 2024, the Company's registered capital was all NT$450,000 thousand, shares issued was NT$126,531 thousand and NT$114,095 thousand with par value at NT$10 per share, and had 12,653 thousand and 11,410 thousand common shares, the common shares authorized to be issued, respectively. Each share has the right to vote and receive dividends.

Stock dividends of NT$12,436 thousand at par value of NT$10 per share was approved for distribution and 1,243 thousand common shares were authorized for issue at the shareholders' meeting held on 29 May 2025. The common shares issued increased to 12,653 thousand shares.

(2) Capital surplus

	As at	
	31 Dec. 2025	31 Dec. 2024
Treasury share transactions	$26,623	$26,623
Other	735	986
Total	$27,358	$27,609

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues;
B. Offset prior years' operation losses;
C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
D. Set aside or reverse special reserve in accordance with law and regulations; and
E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

According to the R.O.C. Company Act, the Company's net income, after deducting previous years' losses, if any, is appropriated as legal reserve prior to any distribution until such reserve is equal to the Company's paid-in capital. The Company Act provides that where legal reserve may be distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

The appropriations of earnings for 2025 were resolved at the board of directors' meeting on 9 March 2026. The appropriations of earning for 2024 were resolved at the general shareholders' meeting on 29 May 2025. The plans were as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2025	2024	2025	2024
Legal reserve	$18,656	$20,102		
Special reserve	136	419		
Common stock -cash dividend (Note)	113,878	102,685	$9.00	$9.00
Common stock -stock dividend	5,820	12,436	0.46	1.09

Please refer to Note 6.(15) for details on employees' compensation and to directors.

Note: The Board of Directors was authorized by the Articles of Incorporation and passed a special resolution at the Board of Directors' meetings held on 9 March 2026 to distribute common stock dividends in cash for the years ended December 31, 2025.

12. Operating Revenue

	2025	2024
Sale of goods	$609,522	$501,197

Analysis of revenue from contracts with customers for the years are ended 31 December 2025 and 2024 are as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2025 and 2024 the revenue from the parts and components of the equipment of semiconductor is as follows:

	2025	2024
Sales of goods	$609,522	$501,197
Timing of revenue recognition:		
At a point in time	$609,522	$501,197

(2) Contract balances

Contract liabilities – current(Accounting for other current liabilities - other items)

	31 Dec. 2025	31 Dec. 2024	1 Jan. 2024
Sales of goods	$4,396	$7,336	$7,046

The significant changes in the Company's balances of contract liabilities for the year ended 31 December 2025 and 2024 are as follows:

	2025	2024
The opening balance transferred to revenue	$(7,336)	$(7,046)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	4,396	7,336

13. Expected credit losses

	2025	2024
Operating expense- Expected credit losses		
Trade Receivables	$5,459	$243

Please refer to Note 12 for more details on credit risk.

The credit risk for measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Company transacts with financial institutions with good credit, no allowance for losses has been provided in this period.

The Company measures the loss allowance of its Contract assets and Trade receivables at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2025 and 2024 is as follows:

The Company considers that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follow:

As at 31 December 2025

		Overdue					
	Not yet due (Note)	<=30 days	31-90 days	91-180days	181-360 days	>=361 days	Total
Gross carrying amount	$60,180	$31,558	$464	$-	$-	$-	$92,202
Loss rate	2.39%	12.87%	43.64%	-%	-%	-%	
Lifetime expected credit losses	(1,437)	(4,062)	(203)	-	-	-	(5,702)
Carrying amount	$58,743	$27,496	$261	$-	$-	$-	$86,500

As at 31 December 2024

		Overdue					
	Not yet due (Note)	<=30 days	31-90 days	91-180days	181-360 days	>=361 days	Total
Gross carrying amount	$87,379	$109	$-	$-	$-	$-	$87,488
Loss rate	0.26%	16.67%	-%	-%	-%	-%	
Lifetime expected credit losses	(225)	(18)	-	-	-	-	(243)
Carrying amount	$87,154	$91	$-	$-	$-	$-	$87,245

The movement in the provision for impairment of trade receivables during the year ended 31 December 2025 and 2024 is as follows:

	Trade receivables
1 Jan. 2025	$243
Addition for the current period	5,459
31 Dec. 2025	$5,702
1 Jan. 2024	$-
Addition for the current period	243
31 Dec. 2024	$243

14. Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land and transportation. The lease terms range from 3 to 20 years, there is no restriction on the Company in this contract.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2025	31 Dec. 2024
Land	$65,616	$34,400
Transportation equipment	-	551
Total	$65,616	$34,951

For the years ended 31 December 2025 and 2024 the Company's additions to right-of-use assets amounting to NT$35,642 and NT$2,587 thousand, respectively.

(b) Lease liabilities

	As at	
	31 Dec. 2025	31 Dec. 2024
Lease liabilities	$66,684	$35,579
Current	4,033	3,097
Non-current	62,651	32,482
Total	$66,684	$35,579

Please refer to Note 6.(16) for the interest on lease liabilities recognized for the years ended 31 December 2025 and 2024 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2025	2024
Land	$4,426	$4,780
Transportation equipment	551	1,104
Total	$4,977	$5,884

C. The lessee's cash outflows relating to leasing activities

	2025	2024
Expenses for leases of low-value assets (excluding expenses for short-term leases of low-value assets)	$5	$-

D. The lessee's cash outflows relating to leasing activities

For the years ended 31 December 2025 and 2024 the Company’s total cash outflows for leases amounting to NT$5,630 thousand and NT$6,188 thousand, respectively.

15. Employee benefits, depreciation and amortization expenses by function are summarized as follows:

	For the years ended 31 December					
	2025			2024		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$39,971	$30,585	$70,556	$35,293	$25,209	$60,502
Directors' remuneration	-	2,445	2,445	-	2,585	2,585
Labor and health insurance	3,073	2,812	5,885	2,606	2,245	4,851
Pension	1,147	1,081	2,228	1,123	747	1,870
Other employee benefits expense	1,367	937	2,304	1,276	723	1,999
Depreciation	18,780	11,080	29,860	16,904	9,770	26,674
Amortization	95	-	95	83	-	83

The number of the Company's employees was 74, including 4 non-employee directors as of 31 December 2025 and 2024 respectively.

At the annual general shareholders' meeting on May 29, 2025, the Company approved an amendment to the Articles of Incorporation. According to the amended Articles, if the Company has profits in a given year, 1% shall be allocated as employees' remuneration, of which not less than 50% shall be distributed to entry-level employees, and no more than 4% shall be allocated as directors' remuneration. However, an amount shall be retained to make up accumulated losses, if any. The said employees' remuneration shall be paid in stock or cash, subject to approval by more than half of the attending directors at the meeting of the board of directors attended by more than two-thirds of the directors, and reported to the shareholders' meeting. For information related to employees', directors' and supervisors' remuneration approved by the Board of Directors, please refer to the Taiwan Stock Exchange "MOPS."

Based on the profit of the year ended 31 December 2025 and 2024, the Company estimated NT$2,445 thousand and NT$2,585 thousand employees' compensation and NT$2,445 thousand and NT$2,585 thousand remuneration to directors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 9 March 2026 to distribute NT$2,445 thousand and NT$2,445 thousand in cash as employee's compensation and remuneration to directors, respectively.

On March 10, 2025, the Board of Directors resolved to distribute cash remuneration for 2024 in the amounts of NT$ 2,585 thousand for employees' remuneration and NT$ 2,585 thousand for directors' remuneration, which did not differ significantly from the amounts recorded as expenses in the 2024 financial statements.

16. Non-operating income and expenses

(1) Other income

	2025	2024
Interest income	$8,422	$9,771
Rental income	664	709
Dividend income	224	-
Others	2,719	595
Total	$12,029	$11,075

(2) Other gains and losses

	2025	2024
Gains on disposal of property, plant and equipment	$17	$1,109
Net foreign currency exchange (loss) gain	(5,761)	22,392
Gains on financial assets at fair value through profit or loss	2,427	-
Other losses	(1)	(1)
Total	$(3,318)	$23,500

(3) Finance costs

	2025	2024
Interest on borrowings from bank	$387	$846
Interest on lease liabilities	1,088	380
Other interest expenses	10	17
Total	$1,485	$1,243

17. Components of other comprehensive income

For the Year ended 31 December 2025:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, net of tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	$(135)	$-	$(135)	$-	$(135)

For the Year ended 31 December 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, net of tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	$(419)	$-	$(419)	$-	$(419)

18. Income Tax

The major components of income tax expense (income) are as follows:

<u>Income tax expense recognized in profit or loss</u>

	For the Year ended 31 Dec.	
	2025	2024
Current income tax expense:		
Current income tax charge	$52,341	$49,703
Adjustments in respect of current income tax of prior periods	-	(2,481)
Deferred income tax expense:		
Deferred income tax expense related to origination and reversal of temporary differences	113	1,184
Total income tax expense	$52,454	$48,406

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	For the Year ended 31 Dec.	
	2025	2024
Accounting profit before tax from continuing operations	$239,019	$249,426
Tax at the domestic rates applicable to profits in the country concerned	$47,803	$49,885
Corporate income surtax on undistributed retained	3,269	1,002
Tax effect of revenues exempt from taxation	(598)	-
Expenses disallowed for tax purposes	68	-
Adjustments in respect of current income tax of prior periods	-	(2,481)
Tax effect of deferred tax assets/liabilities	1,912	-
Total income tax expenses recorded in profit or loss	$52,454	$48,406

Deferred income tax assets and liabilities are as follows:

For the year ended 31 December 205

	Beginning balance as 1 Jan. 2025	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Ending balance as at 31 Dec. 2025
Temporary differences					
Allowance for inventory valuation losses	$3,176	$362	$-	$-	$3,538
Unrealized exchange (gains)	(682)	354	-	-	(328)
Allowance for doubtful debts	(127)	(829)	-	-	(956)
Net defined benefit asset, non-current	(11)	-	-	-	(11)
Deferred income tax (expenses)		$(113)	$-	$-	
Net deferred tax assets (liabilities)	$2,356				$2,243
Reflected in balance sheet as follows:					
Deferred tax assets	$3,176				$3,538
Deferred tax liabilities	$(820)				$(1,295)

For the year ended 31 December 2024

	Beginning balance as 1 Jan. 2024	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Ending balance as at 31 Dec. 2024
Temporary differences					
Allowance for inventory valuation losses	$2,791	$385	$-	$-	$3,176
Unrealized exchange (gains)	856	(1,538)	-	-	(682)
Allowance for doubtful debts	(96)	(31)	-	-	(127)
Net defined benefit asset, non-current	(11)	-	-	-	(11)
Deferred income tax (expenses)		$(1,184)	$-	$-	
Net deferred tax assets (liabilities)	$3,540				$2,356
Reflected in balance sheet as follows:					
Deferred tax assets	$3,647				$3,176
Deferred tax liabilities	$(107)				$(820)

The assessment of income tax returns

As of 31 December 2025,the assessment of income tax returns of the Company is as follow:

	The assessment of income tax returns
The Company	Assessed and approved up to 2023

19. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2025	2024
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands NT$)	$186,565	$201,020
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	12,653	12,653
Basic earnings per share (NT$)	$14.74	$15.89

	2025	2024
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands NT$)	$186,565	$201,020
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	12,653	12,653
Effect of dilution:		
Employee compensation－stock (in thousands)	11	20
Weighted average number of ordinary shares outstanding after dilution (in thousands)	12,664	12,673
Diluted earnings per share (NT$)	$14.73	$15.86

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

VII. RELATED PARTY TRANSACTIONS

1. Key management personnel compensation

	2025	2024
Short-term employee benefits	$8,209	$6,564

VIII. ASSETS PLEDGED AS COLLATERAL

The following table list asset of the Company are pledged as collaterals:

	Carrying amount as at		
Item	31 Dec. 2025	31 Dec. 2024	Purpose of pledge
Property, plant and equipment-Building	$-	$85,207	Borrowings
Financial assets measured at amortized costs-current	336,441	35,448	Borrowings
Total	$336,441	$120,655	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENT

None.

X. LOSSES DUE TO MAJOR DISASTERS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. OTHER

1. Categories of financial instruments

Financial assets

	As at	
	31 Dec. 2025	31 Dec. 2024
Financial assets measured at fair value through profit or loss	$2,359	$-
Financial assets measured at fair value through other comprehensive income	784	919
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	291,522	549,918
Financial assets measured at amortized cost	336,441	35,448
Trade receivables	86,500	87,245
Refundable deposits	200	1,251
Total	$717,806	$674,781

Financial liabilities

	As at	
	31 Dec. 2025	31 Dec. 2024
Short-term borrowings	$15,000	$50,000
Trade and other payables	57,686	55,234
Lease liabilities	66,684	35,579
Total	$139,370	$140,813

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly affected by USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2025 and 2024 decreases/increases by NT$1,454 thousand and NT$1,591 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments, borrowings with variable interest rates and interest rate swap. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the year ended 31 December 2025 and 2024 to increase/decrease by NT$613 thousand and NT$535 thousand, respectively.

Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

For equity securities of TWSE/TPEx listed companies measured at fair value through profit or loss, if the prices of such equity securities increase or decrease by 1%, the Company's profit or loss for the year ended 31 December 2025 and 2024 to increase/decrease by NT$ 24 thousand and NT$ 0 thousand, respectively.

At the reporting date, a change of 1% of financial assets measured at fair value through other comprehensive income in a reporting period could cause the profit for the year ended 31 December 2025 and 2024 to increase/decrease by NT$8 thousand and NT$9 thousand, respectively.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As of 31 December 2025 and 2024, trade receivables from top ten customers both represented 99% of the total trade receivables of the Company. The credit concentration risk of other trade receivables is insignificant. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

<u>Non-derivative financial instruments</u>

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2025					
Borrowings	$15,119	$-	$-	$-	$15,119
Trade and other payables	57,686	-	-	-	57,686
Lease liabilities	5,062	10,124	10,124	50,858	76,168
As at 31 Dec. 2024					
Borrowings	$50,214	$-	$-	$-	$50,214
Trade and other payables	55,234	-	-	-	55,234
Lease liabilities	3,428	5,731	5,731	22,970	37,860

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2025

	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2025	$50,000	$35,579	$85,579
Cash flows	(35,000)	(4,537)	(39,537)
Non-cash change	-	35,642	35,642
As at 31 Dec. 2025	$15,000	$66,684	$81,684

Reconciliation of liabilities for the year ended 31 December 2024

	Short-term borrowings	Long-term borrowings (current portion included)	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2024	$75,000	$5,000	$38,800	$118,800
Cash flows	(25,000)	(5,000)	(5,808)	(35,808)
Non-cash change	-	-	2,587	2,587
As at 31 Dec. 2024	$50,000	$-	$35,579	$85,579

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
C. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
D. Fair value of debt instruments without market quotations, and bank loans, are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(2) Fair value of financial instruments measured at amortized cost

The book value of financial assets and liabilities measured at amortized cost of the Company approximate the fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company’s assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company’s assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 Dec. 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets measured at fair value through profit or loss				
Stocks	$2,359	$-	$-	$2,359
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	784	-	-	784

As at 31 Dec. 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$919	$-	$-	$919

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

9. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: thousands

	As at 31 Dec. 2025		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$5,095	31.37	$159,830
Financial liabilities			
Monetary items:			
USD	460	31.37	14,430

	As at 31 Dec. 2024		
	Foreign Currency	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$4,888	32.73	$159,984
Financial liabilities			
Monetary items:			
USD	26	32.73	851

The Company has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the year ended 31 December 2025 and 2024, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT$(5,761) thousand and NT$22,392 thousand, respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. OTHER DISCLOSURES

(1) Information at significant transactions:

(a) Financing provided to others: None.
(b) Endorsement/Guarantee provided to others: None.
(c) Major marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): None.
(d) Goods purchased from or sold to related parties amounting to NT$100 million or more than 20% of the paid-in capital: None.
(e) Receivables from related parties with amounts exceeding NT$100 million or 20 percent of paid-in capital: None.

(2) Information on investees: None.

(3) Investments in Mainland China: None.

XIV. SEGMENT INFORMATION

(1) Segment information:

The Company’s principal activities consist of the research, development, manufacture and sale of parts, components of front-end semiconductor processing equipment, subsystem equipment, monocrystalline silicon product above 8 inches and the refurbishment of semiconductor equipment. According to the main decision-maker’s evaluation of the performance and allocation of the resources through the overall financial statements, the Company is identified as a single operating department. Please refer to the parent company only balance sheet as of 31 December 2025 and 2024, and the comprehensive income statement for the years ended 31 December 2025 and 2024 for the measurement basis of the revenue, profit and loss, assets and liabilities of the operating department as of 31 December 2025 and 2024.

(2) Geographic information:

Country	31 Dec. 2025	31 Dec. 2024
Taiwan	$176,972	$207,668
America	4,348	31,421
Asia	428,202	262,108
Total	$609,522	$501,197

(3) Important client information:

Client	31 Dec. 2025	31 Dec. 2024
Client A	$176,024	$188,123
Client B	156,740	94,010
Client C	109,335	58,420
Total	$442,099	$340,553

THE CONTENTS OF STATEMENT OF MAJOR ACCOUNTING ITEMS

DURE TEK, INC.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

AS AT 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Item	Description		Total	Note
Cash			$71	1.The exchange rate
Petty cash			50	of the US dollar to
Subtotal			121	the NTD is1:31.37
				2.The exchange rate
				of the HK dollar to
Bank currency			250,097	the NTD 1:4.009
Bank foreign currency	USD:	1,285,374.73	40,322	3.The exchange rate
deposits	HKD:	93,800.51	376	of the RMB to the
	RMB:	121,911.11	545	NTD is 1:4.471
	SGD:	1,546.13	38	4.The exchange rate
	JPY:	722,910.00	144	of the SGD dollar to
Subtotal			291,522	the NTD is 1:24.36
				5.The exchange rate
				of the JPY to the
Total			$291,643	NTD is 1:0.199

DURE TEK, INC.

2. STATEMENT OF TRADE RECEIVABLE

AS AT 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Client A	USD : 1,016,140.65	$31,876	1.The amount of individual client
Client B	USD : 761,483.00	23,888	in others does not exceed 5%
Client C	USD : 724,416.00	22,725	of the account balance.
Client D	USD : 151,200.00	4,743	2.The exchange rate
Others		8,970	of the US dollar to
			the NTD is1:31.37
Subtotal		92,202	3.Loss allowance
Less: loss allowance		(5,702)	are estimated on the basis
Total		$86,500	of the likelihood of recovery.

DURE TEK, INC.

3. STATEMENT OF INVENTORIES

AS AT 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Fair Value	
Raw materials		$39,308	$38,773	The market price
Work in progress		78,282	154,863	is the net realizable
Finished goods		23,275	46,050	value.
Subtotal		140,865	$239,686	
Less:Allowance for inventory valuation losses		(17,690)		
Net amount		$123,175		

DURE TEK, INC.

4. STATEMENT OF OPERATING REVENUES

FOR THE YEARS ENDED 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Item	Units(pcs)	Amount	Note
Parts and components of Semiconductor	50,672 pcs	$620,972	
		620,972	
Less：Sales returned		(8,325)	
Less：Sales discounts		(3,125)	
Total		$609,522	

DURE TEK, INC.

5.STATEMENT OF OPERATING COSTS

FOR THE YEARS ENDED 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Item	Amount	Note
Direct material		
Beginning of year	$43,138	
Add：Raw material purchased	193,603	
Less：Raw material, end of year	(39,308)	
Sales of raw materials	(299)	
Transferred to expense	(34)	
Direct material used	197,100	
Direct labor	34,051	
Factory overheads	87,579	
Manufacturing cost	318,730	
Work in progress, beginning of year	72,416	
Less：Work in progress, end of year	(78,282)	
Transferred to expense	(880)	
Cost of finished goods	311,984	
Finished goods, beginning of year	19,877	
Add：Finished goods purchased	409	
Less：Finished goods, end of year	(23,275)	
Transferred to expense	(217)	
Others	(41)	
Cost of goods sold of self-made product	308,737	
Sales of raw materials and work in progress	299	
Loss for market price decline and loss on inventory valuation	1,813	
Gain on sales of scrap	(605)	
Others	955	
Total operating costs	$311,199	

DURE TEK, INC.

6.STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEARS ENDED 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Item	Amount	Note
Packing expence	6,807	The amount of individual account title in others does not exceed 5% of the account balance.
Water,electricity and gas expenses	7,125	
Processing fees	6,213	
Depreciation	18,780	
Indirect materials	7,323	
Other expenses	41,331	
Total	$87,579	

DURE TEK, INC.

7.STATEMENT OF OPERATING EXPENSES

FOR THE YEARS ENDED 31 DECEMBER 2025

(Expressed In thousands of New Taiwan Dollars)

Item	Sales and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total	Note
Payroll expenses	$4,050	$21,533	$7,295	$32,878	The amount of individual account title in others does not exceed 5% of the account balance.
Depreciation	623	2,375	8,082	11,080	
Electricity, water and gas bills	-	-	1,257	1,257	
Other expenses	2,395	8,616	4,845	15,856	
Expected credit impairment	5,459	-	-	5,459	
Total	$12,527	$32,524	$21,479	$66,530	