

SCIENTECH CORPORATION

Parent Company Only Financial Statements and Independent Auditors' Report For the years 2025 and 2024

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For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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Independent Auditors' Report

To the Board of Directors and Shareholders:

Audit opinion

SCIENTECH CORPORATION's Parent Company Only Balance Sheets as of 31 December 2025 and 2024, and the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows for the period from 1 January to 31 December 2025 and 2024, and the notes to the parent company only financial statements (including the summary of significant accounting policies), have been audited by our accountants.

In our opinion, the aforementioned parent company only financial statements are prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and they fairly present the financial position of SCIENTECH CORPORATION as of 31 December 2025 and 2024, and its financial performance and cash flows for the periods from 1 January to 31 December 2025 and 2024.

Basis of Audit 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 Parent Company Only Financial Statements section of our report. The personnel of our affiliated firm have adhered to the International Code of Ethics for Professional Accountants (IESBA Code), maintaining impartial independence with SCIENTECH CORPORATION and fulfilling other responsibilities under the code. 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 refer to matters that, in our professional judgment, were of most significance in the audit of the SCIEN TECH CORPORATION parent company only financial statements for the year 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these issues.

The key audit matters of the individual financial statements for the year 2025 are stated as follows:

Revenue recognition

SCIEN TECH CORPORATION in 2025, as Sales revenue from agency and manufacturing machinery is material to the financial statements as a whole (accounting for 71% of total Sales revenue), and Sales revenue of machinery is recognized when performance obligations are satisfied, there is a risk that the Company may recognize Sales revenue before the criteria for revenue recognition of machinery sales are met; therefore, it is identified as a key audit matter.

Our main audit procedures to address the said matter included understanding and testing the effectiveness of the design and implementation of the internal control system Sales revenue and discussing with the management about whether the accounting policy for Sales revenue recognition is appropriate and consistently adopted; we also sampled sales documents to verify the Terms and conditions on the order or sale contract and check the acceptance certificate signed off by customers, so as to assess whether the Sales revenue recognition is appropriate.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists in these parent company only financial statements. Misstatements can arise from fraud or error. Misstatements 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 individual financial statements.

When performing the audit in accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the SCIENTECH CORPORATION's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SCIENTECH CORPORATION's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SCIENTECH CORPORATION to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures and whether or not the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SCIENTECH CORPORATION to express an opinion on the parent company only financial statements. The auditor is responsible for directing, supervising, and executing the audit engagement and for forming the audit opinion of SCIENTECH CORPORATION.

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 determined the key audit matters for the audit of the SCIENTECH CORPORATION 2025 individual financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Accountant HSIU-MING HSU

Accountant YU-CHENG HSIN

Securities and Futures Commission
Approval Document No.
Tai-Tsai-Cheng (6) No. 0920123784

Approval No. from the Financial Supervisory
Commission
Financial-Supervisory-Securities-
Auditing-Order No.1120349008

13 March 2026

SCIENTECH CORPORATION
Parent Company Only Balance Sheets
31 December 2025 and 2024

Unit: NT\$ thousand

Code	Assets	31 December 2025		31 December 2024	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 4,330,798	19	\$ 4,544,695	23
1110	Current financial assets at fair value through profit or loss(Notes 4 and 7)	458	-	2,480	-
1170	Notes receivable and accounts receivable (Notes 4, 9, and 20)	699,778	3	510,990	3
1180	Accounts receivable - related parties (Notes 4, 9, 20, and 27)	-	-	5,312	-
130X	Inventories (Notes 4, 10, 24, and 27)	10,603,673	48	9,246,466	46
1410	Prepayments	423,328	2	666,527	3
1470	Other current assets (Notes 14, 27, and 28)	11,609	-	18,046	-
11XX	Total current assets	<u>16,069,644</u>	<u>72</u>	<u>14,994,516</u>	<u>75</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	708,268	3	279,028	2
1550	Investments accounted for using equity method (Notes 4 and 11)	2,232,913	10	2,350,648	12
1600	Property, plant and equipment (Notes 4, 12, and 24)	2,186,520	10	1,593,816	8
1755	Right-of-use assets (Notes 4 and 13)	75,043	1	77,314	-
1785	Patent right (Note 4)	1,359	-	1,698	-
1840	Deferred income tax assets (Notes 4 and 22)	218,018	1	241,405	1
1915	Prepayments for equipment (Note 12)	706,416	3	455,810	2
1975	Net defined benefit assets (Notes 4 and 18)	2,366	-	1,764	-
1990	Other non-current assets (Note 14)	65,434	-	50,265	-
15XX	Total non-current assets	<u>6,196,337</u>	<u>28</u>	<u>5,051,748</u>	<u>25</u>
1XXX	Total Assets	<u>\$ 22,265,981</u>	<u>100</u>	<u>\$ 20,046,264</u>	<u>100</u>
	Liability and equity				
	Current liabilities				
2100	Short-term borrowings (Note 15)	\$ 306,246	2	\$ 563,221	3
2130	Contract liability (Notes 4, 20 , and 27)	12,074,996	54	10,832,711	54
2170	Notes payable and accounts payable (Note 27)	1,248,163	6	1,206,423	6
2200	Other payables (Notes 12, 17, and 27)	684,146	3	642,326	3
2230	Current income tax liabilities (Notes 4 and 22)	97,549	1	92,387	1
2252	Short-term warranty provision(Note 4)	73,901	-	56,330	-
2280	Lease liabilities (Notes 4, 13, and 27)	13,118	-	14,363	-
2321	Current portion of Bonds payable (Notes 4 and 16)	1,166,768	5	-	-
2399	Other current liabilities	27,830	-	28,231	-
21XX	Total current liabilities	<u>15,692,717</u>	<u>71</u>	<u>13,435,992</u>	<u>67</u>
	Non-current liabilities				
2530	Bonds payable (Notes 4 and 16)	-	-	1,145,654	6
2570	Deferred income tax liabilities (Notes 4 and 22)	367,554	2	315,374	1
2580	Lease liabilities (Notes 4, 13, and 27)	65,739	-	66,333	-
2620	Long-term accounts payable to related parties (Notes 27)	80,928	-	120,906	1
25XX	Total non-current liabilities	<u>514,221</u>	<u>2</u>	<u>1,648,267</u>	<u>8</u>
2XXX	Total liabilities	<u>16,206,938</u>	<u>73</u>	<u>15,084,259</u>	<u>75</u>
	Equity (Notes 4 and 19)				
3110	Ordinary share	803,313	4	803,280	4
3200	Capital surplus	918,806	4	917,777	5
	Retained earnings				
3310	Legal reserve	531,898	2	439,166	2
3350	Unappropriated retained earnings	3,292,552	15	2,641,716	13
3300	Total retained earnings	<u>3,824,450</u>	<u>17</u>	<u>3,080,882</u>	<u>15</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	10,633	-	55,395	-
3420	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	501,841	2	104,671	1
3400	Total other equity interests	<u>512,474</u>	<u>2</u>	<u>160,066</u>	<u>1</u>
3XXX	Total equity	<u>6,059,043</u>	<u>27</u>	<u>4,962,005</u>	<u>25</u>
	Total Liabilities and Equity	<u>\$ 22,265,981</u>	<u>100</u>	<u>\$ 20,046,264</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman of the Board: HUNG-LIANG HSIEH

Manager: HUNG-YI LI

Accounting Manager: SHAO-CHE CHUANG

SCIENTECH CORPORATION
Parent Company Only Statements of Comprehensive Income
1 January to 31 December 2025 and 2024

Unit: NT\$ thousand, except
Earnings per share is dollars

Code		For the Year 2025		For the Year 2024	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 20, and 27)				
4100	Sales revenue	\$ 7,068,850	96	\$ 5,609,341	97
4600	Service revenue	255,258	4	173,936	3
4800	Other operating revenue	<u>26,743</u>	<u>-</u>	<u>10,430</u>	<u>-</u>
4000	Total operating revenue	7,350,851	100	5,793,707	100
5000	Operating costs (Notes 10, 21, and 27)	<u>4,744,754</u>	<u>64</u>	<u>4,204,993</u>	<u>72</u>
5900	Gross profit from operations	2,606,097	36	1,588,714	28
5920	Realized gains on transactions with associates (Notes 4 and 11)	<u>5,472</u>	<u>-</u>	<u>5,154</u>	<u>-</u>
5950	Realized operating gross profit	<u>2,611,569</u>	<u>36</u>	<u>1,593,868</u>	<u>28</u>
	Operating expenses (Notes 4, 9, 21, and 27)				
6100	Selling expenses	984,792	13	817,561	14
6200	Administrative expenses	200,506	3	154,391	3
6300	Commissions expense	422,283	6	376,687	6
6450	Expected credit Reversal of impairment loss recognized in profit or loss	(<u>6,715</u>)	<u>-</u>	(<u>7,559</u>)	<u>-</u>
6000	Total operating expenses	<u>1,600,866</u>	<u>22</u>	<u>1,341,080</u>	<u>23</u>
6900	Operating Income	<u>1,010,703</u>	<u>14</u>	<u>252,788</u>	<u>5</u>

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Code		For the Year 2025		For the Year 2024	
		Amount	%	Amount	%
	Non-operating income and expenses				
7010	Other income (Notes 4, 8, and 27)	13,582	-	14,216	-
7020	Other gains and losses(Notes 4 and 11)	\$ 15,371	-	(\$ 1,238)	-
7050	Financial cost (Notes 4, 21, and 27)	(28,962)	-	(20,347)	-
7070	Share of profit or loss of associates and subsidiaries accounted for using equity method (Notes 4 and 11)	357,122	5	772,773	13
7100	Interest revenue (Notes 4 and 27)	82,276	1	84,121	1
7630	Foreign exchange (losses) gains	(113,107)	(2)	26,286	1
7635	Net gain (loss) on financial assets at fair value through profit or loss	(2,020)	-	2,794	-
7000	Total non-operating income and expenses	<u>324,262</u>	<u>4</u>	<u>878,605</u>	<u>15</u>
7900	Profit before tax	1,334,965	18	1,131,393	20
7950	Income tax expenses (Notes 4 and 22)	<u>225,153</u>	<u>3</u>	<u>204,410</u>	<u>4</u>
8200	Net profit in the current year	<u>1,109,812</u>	<u>15</u>	<u>926,983</u>	<u>16</u>
	Other comprehensive income (Note 4)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Re-measurements of defined benefit plans (Note 18)	949	-	426	-

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Code		For the Year 2025		For the Year 2024	
		Amount	%	Amount	%
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	397,170	6	68,892	1
8349	Income tax related to items that will not be reclassified (Note 22)	(190)	-	(86)	-
8310		<u>397,929</u>	<u>6</u>	<u>69,232</u>	<u>1</u>
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of associates and subsidiaries accounted for using equity method (Note 11)	(\$ 55,953)	(1)	\$ 82,466	1
8399	Income tax related to items that might be reclassified (Note 22)	<u>11,191</u>	<u>-</u>	<u>(16,493)</u>	<u>-</u>
8360		<u>(44,762)</u>	<u>(1)</u>	<u>65,973</u>	<u>1</u>
8300	Other comprehensive income (net after tax)	<u>353,167</u>	<u>5</u>	<u>135,205</u>	<u>2</u>
8500	Total comprehensive income for the year	<u>\$ 1,462,979</u>	<u>20</u>	<u>\$ 1,062,188</u>	<u>18</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 13.82</u>		<u>\$ 11.54</u>	
9810	Diluted	<u>\$ 13.38</u>		<u>\$ 11.36</u>	

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The accompanying notes are an integral part of the parent company only
financial statements.

Chairman of the Board:
HUNG-LIANG HSIEH

Manager:
HUNG-YI LI

Accounting Manager:
SHAO-CHE CHUANG

SCIENTECH CORPORATION
Parent Company Only Statements of Changes in Equity
1 January to 31 December 2025 and 2024

Unit: NT\$ thousand

Code		Ordinary share		Retained earnings			Other equity		Total equity	
		Number of thousand Shares	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income
A1	Balance as of 1 January 2024	80,328	\$ 803,280	\$ 685,901	\$ 375,378	\$ 33,380	\$ 2,066,113	(\$ 10,578)	\$ 35,779	\$ 3,989,253
	2023 Earning appropriation									
B1	Legal reserve	-	-	-	63,788	-	(63,788)	-	-	-
B3	Special reserve appropriated	-	-	-	-	(33,380)	33,380	-	-	-
B5	Cash dividends	-	-	-	-	-	(321,312)	-	-	(321,312)
C5	Issuance of convertible corporate bonds recognized as part of equity item	-	-	231,876	-	-	-	-	-	231,876
D1	Net profit for 2024	-	-	-	-	-	926,983	-	-	926,983
D3	For the year 2024 Other comprehensive income (loss), net of income tax	-	-	-	-	-	340	65,973	68,892	135,205
Z1	Balance as of 31 December 2024	80,328	803,280	917,777	439,166	-	2,641,716	55,395	104,671	4,962,005
	For the year 2024 Earning appropriation									
B1	Legal reserve	-	-	-	92,732	-	(92,732)	-	-	-
B5	Cash dividends	-	-	-	-	-	(361,476)	-	-	(361,476)
M7	Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(5,527)	-	-	(5,527)
I1	Conversion of convertible bonds	3	33	1,029	-	-	-	-	-	1,062
D1	Net profit for 2025	-	-	-	-	-	1,109,812	-	-	1,109,812
D3	For the year 2025 Other comprehensive income (loss), net of income tax	-	-	-	-	-	759	(44,762)	397,170	353,167
Z1	Balance as of 31 December 2025	80,331	\$ 803,313	\$ 918,806	\$ 531,898	\$ -	\$ 3,292,552	\$ 10,633	\$ 501,841	\$ 6,059,043

The accompanying notes are an integral part of the parent company only financial statements.

Chairman of the Board: HUNG-LIANG HSIEH

Manager: HUNG-YI LI

Accounting Manager: SHAO-CHE CHUANG

SCIENTECH CORPORATION
Parent Company Only Statements of Cash Flows
1 January to 31 December 2025 and 2024

Unit: NT\$ thousand

<u>Code</u>		<u>For the Year 2025</u>	<u>For the Year 2024</u>
	Cash flow from operating activities		
A10000	Profit before tax	\$ 1,334,965	\$ 1,131,393
A20010	Reconcile profit item		
A20100	Depreciation expense	179,969	127,347
A20200	Amortization expense	339	338
A20300	Expected credit Reversal of impairment loss recognized in profit or loss	(6,715)	(7,559)
A20900	Finance costs	28,962	20,347
A21200	Interest revenue	(82,276)	(84,121)
A21300	Dividend revenue	(4,000)	(4,045)
A20400	Net loss (gain) of financial assets measured at fair value through profit or loss	2,020	(2,794)
A22300	Share of profit or loss of associates and subsidiaries accounted for using equity method	(357,122)	(772,773)
A22500	Loss on disposal of property, plant and equipment	8,222	8
A23700	Impairment loss on non-financial assets	31,318	436,917
A24000	Realized gains on transactions with associates	(5,472)	(5,154)
A24100	Unrealized foreign exchange (gain) loss	(13,118)	35,383
A24600	Gain on deconsolidation of subsidiaries	(31,941)	-
A29900	Defined benefit cost	572	599
A30000	Net changes in operating assets and liabilities		
A31150	notes and accounts receivable	(181,122)	39,481
A31160	Accounts receivable due from related parties	5,247	7,554
A31200	Inventories	(1,519,417)	(2,395,136)
A31230	Prepayments	243,199	63,972
A31240	Other current assets	5,480	(3,457)
A32125	Contract liabilities	1,242,285	2,588,717

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<u>Code</u>		<u>For the Year 2025</u>	<u>For the Year 2024</u>
A32150	Notes payable and accounts payable	54,698	(168,896)
A32180	Other payables	90,030	145,318
A32200	Short-term warranty provision	17,571	24,220
A32230	Other current liabilities	(401)	12,315
A32240	Net defined benefit liabilities (assets)	(225)	(159)
A33000	Cash flow from operating activities	1,043,068	1,189,815
A33100	Interest received	82,276	84,121
A33300	Interest paid	(\$ 6,532)	(\$ 7,594)
A33500	Income taxes paid	(130,998)	(158,987)
AAAA	Net cash flows from operating activities	<u>987,814</u>	<u>1,107,355</u>
	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(32,070)	-
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	7,385
B01800	Acquisition of long-term equity investments accounted for using the equity method	(28,928)	(215,133)
B01900	Disposal of long-term equity investments accounted for using the equity method.	472,127	3,167
B02800	Proceeds from disposal of property, plant and equipment	2,713	-
B02700	Acquisition of property, plant and equipment	(929,171)	(546,555)
B06700	Increase in other non-current assets	(15,169)	(10,712)
B07600	Dividends received	<u>4,000</u>	<u>4,045</u>
BBBB	Net cash flows used in investing activities	(526,498)	(757,803)
	Cash flows from financing activities		
C00200	Short-term borrowingsNet (decrease) increase	(257,401)	255,847
C01200	Proceeds from issuing bonds	-	1,365,243
C03800	Other payables-Decrease in related parties	(39,816)	(38,943)
C04020	Payments of lease liabilities	(16,520)	(14,415)

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<u>Code</u>		<u>For the Year 2025</u>	<u>For the Year 2024</u>
C04500	Cash dividends paid	(<u>361,476</u>)	(<u>321,312</u>)
CCCC	Net cash flows from financing activities (used in)	(<u>675,213</u>)	<u>1,246,420</u>
EEEE	Cash and cash equivalentsNet (decrease) increase	(213,897)	1,595,972
E00100	Cash and cash equivalents at the beginning of the year	<u>4,544,695</u>	<u>2,948,723</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 4,330,798</u>	<u>\$ 4,544,695</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman of the Board:
HUNG-LIANG HSIEH

Manager:
HUNG-YI LI

Accounting Manager:
SHAO-CHE CHUANG

SCIENTECH CORPORATION

Notes to Parent Company Only Financial Statements

1 January to 31 December 2025 and 2024

(All amounts are in NT\$ thousand unless otherwise specified)

1. Company History

SCIENTECH CORPORATION (the Company) was incorporated in October 1979. Mainly engaged in the research and development, production, sales, and maintenance of process equipment for semiconductors, liquid crystal displays (LCDs), light-emitting diodes (LEDs), and solar power generation; wafer reclaim; and general import and export, the Company was listed on the Taiwan Stock Exchange (TWSE) in March 2013.

The Parent Company Only Financial Statement is stated in the functional currency of the Company, which is New Taiwan Dollars.

2. Date and procedures of approval of the financial statements

These parent company only financial statements were approved by the Board of Directors on March 10, 2026.

3. Application of New Standards, Amendments, and Interpretations

- (1) First-time application of the International Financial Reporting Standards (IFRS) (IFRS), International Accounting Standards (IAS) (IAS), IFRIC interpretations (IFRIC), and Statement on Internal Control (SIC) (SIC) (IFRSs) approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC")

Amendments to IAS 21 "Lack of Exchangeability"

The application of the amendments to IAS 21 "Lack of Exchangeability" will not result in a material change to the accounting policies of the Company.

- (II) IFRSs endorsed by the FSC applicable in 2026

<u>Newly issued / amended / revised standards and interpretations</u>	<u>Effective Date Announced by I A S B</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	1 January 2026

<u>Newly issued / amended / revised standards and interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7, "Contracts Referencing Nature-dependent Electricity"	1 January 2026
"Annual Improvements to IFRS Accounting Standards - Volume 11"	1 January 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments)	1 January 2023

Up to the release date of the Parent Company Only Financial Statement, the Company continues to assess the effects of the amendments on the financial position and performance. The relevant effects will be disclosed after the assessment.

- (III) IFRS Accounting Standards issued by the IASB but not yet approved and promulgated by the FSC

<u>Newly issued / amended / revised standards and interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027 (Note 2)
IFRS 19 "Disclosure of Non-publicly Accountable Subsidiaries: Disclosure" (including 2025 amendments)	1 January 2027
Amendments to IAS 21 "Translation to a Presentation Currency that is the Currency of a Hyperinflationary Economy"	1 January 2027

Note 1: Unless specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date.

Note 2: The FSC announced on September 25, 2025 that enterprises in Taiwan shall apply IFRS 18 starting from January 1, 2028, and may also elect to early adopt after the FSC has endorsed IFRS 18.

IFRS 18 “Presentation and Disclosure in Financial Statements”
and related consequential amendments

IFRS 18 will replace IAS 1, “Presentation of Financial Statements,” with the main changes including:

1. The Company shall assess whether it has specific principal operating activities of investing in specific types of assets and providing financing to customers, based on which the income and expense items in the income statement shall be classified into operating, investing, financing, income tax, and discontinued operations categories.
2. The income statement should report operating profit and loss, pre-tax profit before financing, as well as subtotals and totals of profit and loss.
3. Provide guidance to enhance aggregation and disaggregation requirements: The Company must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics to ensure that each line item reported in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The Company labels these items as "Others" only when no more informative labeling can be identified.
4. Increase disclosure of management-defined performance measures: The Company should disclose information related to management-defined performance measures in a single note to the financial statements when engaging in public communication outside the financial statements and communicating management's perspective on a certain aspect of the Company's overall financial performance to users of the financial statements. This includes a description of the measure, how it is calculated, its reconciliation with subtotals or totals specified by IFRS accounting standards, and the effects

of related reconciliation items on income tax and non-controlling interests.

In addition, the following consequential amendments were made to IAS 7 "Statement of Cash Flows":

- When the Company prepares the Cash flow from operating activities using the indirect method, operating profit or loss shall be used as the starting point for adjustment.
- The Company's Interest received and dividends shall be classified as investing activities, while Interest paid and dividends shall be classified as financing activities. If the Company is assessed to have specific principal operating activities, it must consider the types of Dividend revenue, Interest revenue, and Interest expense presented in the statement of comprehensive income to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows; provided, however, that each of the aforementioned cash flows may only be classified into a single activity in the statement of cash flows.

Except for the aforementioned effects, up to the release date of the Parent Company Only Financial Statement, the Company continues to assess the other effects of the amendments to various standards and interpretations on the financial position and performance. The relevant effects will be disclosed after the assessment.

4. Summary of significant accounting policies

(I) Compliance statement

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

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the plan assets, the parent company only financial statements were prepared on the basis of historical cost.

Fair value measurements are classified into Level 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that is accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. inferred from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

When preparing the parent company only financial statements, the Group accounted for subsidiaries and associates using the equity method. To align the profit or loss, Other comprehensive income, and equity in the parent company only financial statements with those attributable to owners of the Company stated in the parent company only financial statements, any differences resulting from the difference between parent company only basis and parent company only basis are adjusted through “Investments accounted for using equity method” , “Share of profit or loss of associates and subsidiaries” , “ Share of Other comprehensive income of subsidiaries and associates accounted for using equity method” , and other related equity items.

(III) Criteria for classification of assets and liabilities as current or non-current

Current assets include:

1. Assets that are held mainly for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities that are held mainly for trading purposes;

2. Liabilities that will be settled within 12 months after the balance sheet date; and
3. Liabilities for which there is no substantive right to extend the due date to more than 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When preparing the financial statements, the Company translated the transactions denominated in currencies other than its functional currency (i.e., foreign currencies) into its functional currency by applying the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period.

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on the date the fair value was determined. The exchange differences resulting therefrom are recognized in profit or loss of the period, or in other comprehensive income when changes in fair value of such items were designated to be recognized in other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries, associates, or branch companies of which the countries they operate or the currencies they use are different from those of the Company) are translated into NTD at the exchange rate prevailing on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, work-in-progress, finished goods, and products. Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiary

The Company accounted for investment in subsidiaries using the equity method.

A subsidiary refers to an entity controlled by the Company.

Under the equity method, the investment is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on profits distributed and the Company's shares of profit/loss and other comprehensive income in the subsidiaries. In addition, changes in subsidiaries' other equity attributable to the Company are recognized according to the shareholding percentage.

Changes in the Company's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in that subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that, in substance, form part of the Company's net investment in that subsidiary), the Company continues to recognize its share of losses in proportion to its ownership interest.

The amount by which the acquisition cost exceeds the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary constituting a business on the acquisition date is recognized

as Goodwill. Such Goodwill is included in the carrying amount of the investment and shall not be amortized; the amount by which the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary constituting a business on the acquisition date exceeds the acquisition cost is recognized as a gain for the current year.

When assessing impairment, the Company considers cash-generating units on the basis of the financial statements as a whole and compares their recoverable amounts with their carrying amounts. If the recoverable amount of an asset subsequently increases, the reversal of Impairment loss shall be recognized as a gain, provided that the carrying amount of the asset after the reversal of Impairment loss shall not exceed the carrying amount that would have been determined, net of required amortization, had no Impairment loss been recognized for the asset. Impairment loss attributable to Goodwill shall not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at its fair value on the date when control is lost. The difference between the fair value of the remaining investment plus any consideration from disposal and the carrying amount of the investment on the date when control is lost is recognized in profit or loss for the current year. In addition, all amounts recognized in Other comprehensive income related to the subsidiary shall be accounted for on the same basis as the basis for the direct disposal of the relevant assets or liabilities by the Company.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. The profit or loss generated from the upstream and side stream transactions between the Company and the subsidiaries is recognized in the parent company only financial statements only when such profit or loss is irrelevant to the Company's equity in the subsidiaries.

(VII) Investment in associates

An associate refers to a company over which the Company has a significant influence and which is not a subsidiary or joint venture.

The Company accounted for investments in associates using the equity method.

Under the equity method, the investment in associates is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on the profits distributed and the Company's shares of profit/loss and other comprehensive income in the associates and joint ventures. In addition, changes to the Group's equity in the associates are recognized based on our shareholding ratio.

When an associate issues new shares, if the Company does not subscribe in proportion to its shareholding, resulting in a change in the shareholding ratio and thereby causing an increase or decrease in the net equity value of the investment, the amount of such increase or decrease is adjusted to Capital surplus – changes in net equity value of associates accounted for using the equity method and Investments accounted for using equity method. However, if the failure to subscribe or acquire in proportion to the shareholding ratio results in a decrease in the ownership interest in the associate, the amount recognized in Other comprehensive income related to that associate shall be reclassified in proportion to the decrease, on the same basis as would be required if the associate had directly disposed of the related assets or liabilities; if the aforementioned adjustment should be debited to Capital surplus, and the balance of Capital surplus arising from Investments accounted for using equity method is insufficient, the difference shall be debited to Retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes the carrying amount of the investment in the associate under the equity method and any other long-term interests that, in substance, form part of the Company's net investment in that associate), the Company discontinues

recognizing its share of further losses. The Company recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Company made payment on behalf of the associates.

For impairment evaluation, the Company tests the entire investment book value for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is also part of the investment book value. Any reversal of the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

The Company ceases to adopt the equity method from the date its investment ceases to be an affiliate, and its retained interest in the former affiliate is measured at fair value. The difference between the fair value and the price of disposal and the carrying amount of the investment on the date of cessation of the equity method is stated as included in the current year's profit or loss. In addition, all amounts recognized in other comprehensive income related to the affiliated enterprise shall be accounted for on the same basis as the basis for the direct disposal of the relevant assets or liabilities by the affiliated enterprise.

The profit or loss generated from the upstream, downstream, and side stream transactions between the Company and the associates is recognized in the parent company only financial statements only when such profit or loss is irrelevant to the Company's equity in the associates.

(VIII) Property, plant and equipment

Property, plant, and equipment are initially recognized at cost and subsequently at cost net of accumulated depreciation and accumulated impairment.

Except for the self-owned land, which is not depreciated, each significant part of the property, plants, and equipment is separately depreciated on the straight-line basis over their useful life. The Consolidated Company reviews the estimated useful life, residual value, and method of depreciation at least once before the end of each year and

prospectively recognizes the effect from changes in accounting estimates.

When property, plant, and equipment is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(IX) Patent right

Patent rights acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Patent rights are amortized on the straight-line basis over their useful life. The Company reviews the estimated useful life, residual value, and method of amortization at least once before the end of each year and prospectively recognizes the effects of changes in accounting estimates.

(X) Impairments of property, plant, and equipment, right-of-use assets, and intangible assets

The Company assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, or intangible assets might be impaired on each balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are allocated on a reasonable and consistent basis to the smallest group of cash-generating units

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value shall not exceed the book value that would have been determined (net of amortization or

depreciation) had no impairment loss been recognized in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are initially recognized in the parent company only balance sheet when the Company becomes a party to the instrument contract.

Financial assets or financial liabilities other than those measured at fair value through profit or loss are initially recognized at the fair value plus the transaction costs that can be directly attributed to acquisition or issuance of such financial assets or liabilities. Any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Routine transactions of financial assets are recognized and derecognized on the trade date accounting.

(1) Type of measurement

The Company's financial assets include financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and investment in equity instrument measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mandatorily measured at fair. Mandatorily at fair value through profit or loss value financial assets include equity instrument investments not designated as measured at fair value through Other comprehensive income value and debt instrument investments that do not meet the criteria for classification as measured at amortized cost or at fair value through Other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value; the dividends and interest derived therefrom are recognized in Other income and

Interest revenue, respectively. Gains or losses from re-measurement are recognized in Other gains and losses.

B. Financial assets at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

- a. The financial assets are held within a business model whose objective is collecting contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents and receivables [including those due from related party]) are measured at the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any gain or loss from foreign currency translation is recognized in profit or loss.

Interest income is calculated as the effective interest rate times the total book value of financial assets, except under the following two circumstances:

- a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.
- b. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets, in all subsequent periods following the period in which the impairment occurred.

Financial assets are deemed to be credit-impaired upon the occurrence of significant financial difficulties confronting the issuer or debtor; default; or the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization.

Cash equivalents include time deposits that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, and that mature within three months after the acquisition date; cash equivalents are used to meet short-term cash commitments.

C. Investment in equity instruments at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to designate investments in equity instruments that are not held for trading and are not contingent consideration recognized by an acquirer in a business combination, to be measured at fair value through Other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity.

The dividends derived investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive dividends is determined, except under the circumstance that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial assets

The Company assesses impairment losses on the financial assets (including accounts receivable [including those due from related parties]) measured at amortized cost based on the expected credit losses on each balance sheet date.

Receivables (including those due from related parties) are recognized with a loss allowance based on lifetime ECLs. The Group first assess whether the credit risk on other financial assets significantly has increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized at the 12-month expected credit losses; when the increase is significant, the loss allowance is recognized at the lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when any of the following circumstance occurs, without consideration of the collaterals held:

- A. Any internal or external information indicates that a debtor is impossible to pay off the debts.
- B. Any contractual payment is overdue, unless any reasonable and supportable information demonstrates that a more lagging default criterion is more appropriate.

The impairment loss on all financial assets is deducted from the book value of the financial assets through their allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially

all of the risks and rewards of ownership of the financial asset are transferred to other entities.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction to equity. Purchase, sale, issuance, or cancelation of the equity instruments owned by the Company are not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid are recognized in profit or loss.

4. Convertible Bonds

The compound financial instruments (convertible bonds) issued by the Company are classified into their respective components as financial liability and equity at initial recognition according to the substance of the contractual agreement and the definition of financial liability and equity instruments.

At initial recognition, the fair value of the components of liabilities is estimated using the market rate of similar non-convertible instruments at that time, and is measured at amortized cost calculated using the effective interest method until conversion or maturity. The component of liabilities embedded with non-equity derivative instruments is measured at fair value.

The conversion rights classified as equity are recognized as the residual amount of the overall fair value of the compound instrument less the fair value of the separately determined liabilities component, after deducting the impact of income tax, and are not subsequently remeasured as equity. Upon the exercise of the conversion right, the relevant portion of the liabilities and the amount in equity will be reclassified into share capital and capital surplus, additional paid-in capital. If the conversion rights of convertible bonds are not exercised by the maturity date, the amount recognized in equity will be transferred to capital surplus, additional paid-in capital.

The transaction costs related to the issuance of convertible bonds are allocated according to the proportion of the total price to the liabilities (included in the book value of liabilities) and the equity component (included in equity).

(XII) Provisions

The warranty obligation that ensures agreement between products and agreed specifications is management's best estimate of the expenditure to settle the Company's obligations, and is recognized at the time when revenue is recognized for underlying products.

(XIII) Revenue recognition

After identifying the performance obligations under a contract with customers, the Company allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled. The Company's revenue comes from equipment trading and wafer reclamation, and is recognized when products are accepted by customers; or Terms and conditions when

they are shipped or delivered to the place designated by customers, depending on the contractual terms. Before being recognized as revenue, advance receipts are recognized as contract liability.

(XIV) Lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1. The Company is a lessor

It is classified as operating lease. Lease payments from an operating lease are recognized as revenue on a straight line basis over the lease term.

2. The Company is a lessee

Lease payments for leases of low-value underlying assets and short-term leases to which the recognition exemption applies are recognized as expenses on a straight-line basis over the lease term, while other leases are recognized as right-of-use assets and lease liabilities at the commencement date of the lease.

The right-of-use assets are initially measured at cost (including the initial recognized amount of lease liabilities), and subsequently measured at the cost net of accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of lease liabilities. Right-of-use assets are separately presented in the parent company only balance sheet.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities is initially measured at the present value of lease payment (fixed payments). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses

are amortized over the lease term. When future lease payments change as a result of a change in the lease term, the Company re-measures the lease liabilities and adjusts the right-of-use assets accordingly. Lease liabilities are separately presented in the parent company only balance sheet.

(XV) Government grants

Government grants may be recognized only when it is reasonable to ensure that the Company will comply with the conditions incidental to the government grants and the subsidies may be received affirmatively.

Government subsidies related to income are recognized in other income on a systematic basis in the period in which the relevant costs intended to compensate are recognized as expenses by the Company. Government subsidies that are conditioned on the company purchasing, constructing or otherwise acquiring non-current assets are recognized as deferred income, and are transferred to profit or loss during the useful life of the relevant assets on a reasonable and systematic basis.

If the government grants are intended to make up for the expenses or losses that have occurred, or immediately finance the Company without incurring any future cost, such grants are recognized in profit or loss during the period when they can be received.

(XVI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid in exchange for the services to be provided by the employees.

2. Post-employment benefits

The pension contributed under the Defined Contribution Pension Plan is recognized in expenses during the period when employees provide services.

Defined benefit cost under the Defined Benefit Pension Plan is calculated actuarially using the projected unit credit method. Service costs and net interest on net defined benefit liabilities are recognized as employee benefit expenses when they are incurred.

Remeasurements are recognized in other comprehensive income and presented in retained earnings when they occurred, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit assets represent the appropriation surplus of the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of the refundable contributions from the plan or the reduced future contributions.

(XVII) Income tax

Tax expenses are the total of current income tax and deferred income tax.

1. Current income tax

The additional income tax on undistributed earnings that is calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when taxable income sufficiently enough to offset the deductible temporary differences is highly likely in the future.

Taxable temporary differences related to investment in subsidiaries and associates are recognized in deferred income tax liabilities except that the Company can control the timing of reversal of the taxable temporary differences and that such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investments are recognized as deferred tax assets only to the extent that they are likely to have sufficient taxable income to realize the temporary differences and are expected to reverse in the foreseeable future.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have adequate taxable income necessary for the recovery of all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized in deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income necessary for the recovery of all or part of the assets in the future, the book value thereof is increased.

Deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax consequences on the balance sheet date arising from the method that the Company expects to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss, or in other comprehensive income if they are related to the current and deferred income taxes designated to be recognized in other comprehensive income.

5. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

For adoption of the accounting policies, the management, based on historical experience and other relevant factors, must make judgments, estimates, and assumptions related to the information that cannot be readily acquired from other sources. The actual results may differ from those estimates.

When the Company develops significant accounting estimates, it takes the development of climate change and related government policies and regulations and their potential impact on the economic environment into account when making significant accounting estimates for cash flows,

growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions.

Through an assessment, the management of the Company does not think an uncertainty exists in material accounting judgments, estimates, or assumptions.

6. Cash and cash equivalents

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash on hand and working capital	\$ 385	\$ 305
Bank check and demand deposit	2,670,363	2,301,850
Cash equivalents		
Time deposit whose initial maturity date will be due within 3 months	<u>1,660,050</u>	<u>2,242,540</u>
	<u>\$ 4,330,798</u>	<u>\$ 4,544,695</u>

The annual interest rates of bank time deposits with original maturities within 3 months as of December 31, 2025 and 2024 were 1.58% – 4.02% and 1.55% – 4.80%, respectively.

7. Current financial assets at fair value through profit or loss

	<u>31 December 2025</u>	<u>31 December 2024</u>
Mandatorily measured at Fair value through profit or loss		
Derivative instruments (not designated as hedges)		
- Convertible Bonds Redemption and Repurchase Rights	<u>\$ 458</u>	<u>\$ 2,480</u>

8. Financial assets at fair value through other comprehensive income

	<u>31 December 2025</u>	<u>31 December 2024</u>
Investment in equity instruments measured at fair value through other comprehensive income		
Domestic investments		
Private placement shares of listed companies		
Spirox Corporation	\$ 267,196	\$ 218,098
Emerging company stocks		
ALLIANCE MATERIAL CO., LTD.	389,445	-
Overseas investments		
Shares not traded on an exchange or OTC		
INFINITESIMA LIMITED	<u>51,627</u>	<u>60,930</u>
	<u>\$ 708,268</u>	<u>\$ 279,028</u>

The Company invested in the common shares of the aforementioned companies according to its medium-term and long-term strategies, and expected to gain profits through long-term investment. Since the Company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

The Company recognized dividend revenue of Dividend revenue 4,000 thousand and 4,045 thousand in 2025 and 2024, respectively (presented under Other income), which is related to the shares held as of 31 December 2025 and 2024.

9. Notes receivable and accounts receivable (including those due from related parties)

	<u>31 December 2025</u>	<u>31 December 2024</u>
Notes receivable	\$ -	\$ 2,260
Accounts receivable (including those due from related parties)	<u>705,564</u>	<u>526,543</u>
	705,564	528,803
Less: loss allowance	<u>(5,786)</u>	<u>(12,501)</u>
	<u>\$ 699,778</u>	<u>\$ 516,302</u>

The Company's average credit period for sales of goods is 120 days on average. Accounts receivable paid within 60 days after the invoice date or the sale date won't be charged any interest. If accounts receivable are not paid within 60 days, the Group will assess the credit status of each individual transaction party on a business month to measure possible gains or losses and reduce possible losses.

The Company recognizes the loss allowance for notes receivable and accounts receivable (including those due from related parties) based on the lifetime expected credit losses. The lifetime expected credit losses are calculated by considering the customer's default record and current financial position, and the industrial and economic conditions. When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Company cannot estimate a reasonable recoverable amount, the Company directly writes off related notes

receivable and accounts receivable, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The Company recognizes the loss allowance for notes receivable and accounts receivable (including those due from related parties) as follows:

31 December 2025

	0~180 天	181~273 天	274~365 天	366~540 天	541~730 天	More than 731 days	Total
Total book value	\$ 643,155	\$ 40,403	\$ 19,599	\$ -	\$ 2,002	\$ 405	\$ 705,564
Allowance for losses (Lifetime ECLs)	-	(2,020)	(1,960)	-	(1,401)	(405)	(5,786)
Amortized cost	<u>\$ 643,155</u>	<u>\$ 38,383</u>	<u>\$ 17,639</u>	<u>\$ -</u>	<u>\$ 601</u>	<u>\$ -</u>	<u>\$ 699,778</u>

31 December 2024

	0~180 天	181~273 天	274~365 天	366~540 天	541~730 天	More than 731 days	Total
Total book value	\$ 471,557	\$ 23,858	\$ 13,914	\$ 16,738	\$ 1,170	\$ 1,566	\$ 528,803
Allowance for losses (Lifetime ECLs)	-	(1,193)	(1,391)	(7,532)	(819)	(1,566)	(12,501)
Amortized cost	<u>\$ 471,557</u>	<u>\$ 22,665</u>	<u>\$ 12,523</u>	<u>\$ 9,206</u>	<u>\$ 351</u>	<u>\$ -</u>	<u>\$ 516,302</u>

Notes and accounts receivable (including those due from related parties) information on changes in loss allowance is as follows:

	For the Year 2025	For the Year 2024
Opening balance	\$ 12,501	\$ 20,073
Less: Reversal of impairment loss for the year	(6,715)	(7,559)
Less: Actual amount written off in the year	-	(13)
Closing balance	<u>\$ 5,786</u>	<u>\$ 12,501</u>

The Company did not hold any collateral against the balance of notes receivables and accounts receivables (including those due from related parties).

Customers who individually account for 10% of the Company's total accounts receivable (including those due from related parties) balance are as follows:

31 December 2025	31 December 2024
Company A	Company A
-	Company B

10. Inventories

	<u>31 December 2025</u>	<u>31 December 2024</u>
Products	\$ 7,852,010	\$ 7,245,136
Finished-goods	980,758	614,282
Work-in-progress	1,066,520	735,288
Raw materials	<u>704,385</u>	<u>651,760</u>
	<u>\$10,603,673</u>	<u>\$ 9,246,466</u>
	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Cost of sales related to inventories	<u>\$ 4,744,754</u>	<u>\$ 4,204,993</u>
Loss on inventory devaluation	<u>\$ 24,643</u>	<u>\$ 436,917</u>

11. Investments accounted for using equity method

	<u>31 December 2025</u>	<u>31 December 2024</u>
Investment in subsidiaries	\$ 2,232,913	\$ 2,130,710
Investment in associates	<u>-</u>	<u>219,938</u>
	<u>\$ 2,232,913</u>	<u>\$ 2,350,648</u>

(I) Investment in subsidiary

	<u>31 December 2025</u>	<u>31 December 2024</u>
Non-listed company		
SCIENTECH INVESTMENT CORP.	\$ 1,951,917	\$ 1,676,920
YAYA TECHNOLOGIES CORPORATION	259,945	-
SCIENTECH GMBH	17,386	19,932
ACROMASS TECHNOLOGIES INC.	3,384	3,357
NATGEM INC.	281	607
TRANSCEND CAPITAL CORP.	<u>-</u>	<u>429,894</u>
	<u>\$ 2,232,913</u>	<u>\$ 2,130,710</u>

The subsidiaries accounted for using the equity method and the Company's share of their profit or loss and Other comprehensive income were calculated based on the financial statements audited by independent auditors.

In January 2025, the Company obtained more than half of the seats on the board of directors of YAYA TECHNOLOGIES CORPORATION (YAYA TECHNOLOGIES CORPORATION). It was determined that the

Company has substantive control over YAYA TECHNOLOGIES CORPORATION, thereby establishing a parent-subsidary relationship. Below are the Company's ownership interests in subsidiaries and holding of voting shares in percentage terms on the balance sheet date:

	<u>31 December 2025</u>	<u>31 December 2024</u>
SCIENTECH INVESTMENT CORP.	100%	100%
YAYA TECHNOLOGIES CORPORATION(Note 1)	42.53%	40.34%
SCIENTECH GMBH ACROMASS TECHNOLOGIES INC.	100%	100%
NATGEM INC.	100%	100%
TRANSCEND CAPITAL CORP. (Note 2)	-	100%
SCIENTECH MATERIALS CORPORATION(Note 3)	-	-

Note 1: Due to business planning considerations, the Company further acquired 5.30% and 0.12% equity interests in YAYA TECHNOLOGIES CORPORATION from YAYA TECHNOLOGIES CORPORATION shareholders in March and July 2025, increasing the Company's shareholding ratio in YAYA TECHNOLOGIES CORPORATION from 40.34% to 45.76%. In September 2025, YAYA TECHNOLOGIES CORPORATION exercised employee stock options, resulting in a decrease in the shareholding ratio to 42.53%.

Note 2: TRANSCEND CAPITAL CORP. Liquidation was completed in May 2025, and a gain on derecognition of a subsidiary of 31,941 thousand was recognized (recorded under Other gains and losses).

Note 3: SCIENTECH MATERIALS CORPORATION was dissolved through a resolution reached at the Board of Directors meeting dated 31 August 2021, and the liquidation was completed in May 2024.

(II) Investment in associates

	<u>31 December 2025</u>	<u>31 December 2024</u>
Individually insignificant associates	\$ <u> -</u>	\$ <u>219,938</u>

In December 2024, the Company subscribed for 6,723 thousand ordinary shares of YAYA TECHNOLOGIES CORPORATION (YAYA TECHNOLOGIES CORPORATION) with cash of 215,133 thousand, holding a shareholding ratio of 40.34%. The Company's shareholding in YAYA TECHNOLOGIES CORPORATION did not reach 50%, but it is individually the largest shareholder. After considering the number and dispersion of voting shares held by other shareholders, the Company assessed that the shareholdings are not diffuse. As a result, the Company is not yet able to direct the corporation's relevant activities and thus has only significant influence over it, and therefore classifies it as an associate and accounts for it using the equity method; in January 2025, the Company obtained more than half of the seats on the board of directors of YAYA TECHNOLOGIES CORPORATION, and after judgment, it has substantive control over YAYA TECHNOLOGIES CORPORATION, thereby constituting a parent-subsidary relationship.

Although holding less than 20% of the shares of some individually insignificant associates, the Company has a representative in their board of directors and thus has significant influence over them.

Investments in associates accounted for using the equity method, and the Company's share of profit or loss and Other comprehensive income in them, were computed based on the financial statements not audited by CPAs. However, the management of the Company did not think that not having the financial statements of the aforementioned investee companies audited by CPAs would cause any material impact.

Based on the assessment of the RENORIGIN INNOVATION INSTITUTE CO., LTD. future recoverable amount, the Company recognized Impairment loss of 3,527 thousand (recorded under Other gains and losses) in 2025.

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
The Company's share		
Net profit (loss) for the year	(\$ 1,725)	(\$ 1,709)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>(\$ 1,725)</u>	<u>(\$ 1,709)</u>

12. Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>Cost</u>						
Balance as of 1 January 2025	\$ 582,262	\$ 1,021,153	\$ 562,713	\$ 65,706	\$ 19,736	\$ 2,251,570
Increase	-	256,120	146,759	25,955	199,339	628,173
Decrease	-	(12,903)	(40,090)	(9,143)	-	(62,136)
Reclassification	<u>-</u>	<u>-</u>	<u>137,567</u>	<u>-</u>	<u>-</u>	<u>137,567</u>
Balance as of 31 December 2025	<u>\$ 582,262</u>	<u>\$ 1,264,370</u>	<u>\$ 806,949</u>	<u>\$ 82,518</u>	<u>\$ 219,075</u>	<u>\$ 2,955,174</u>
<u>Accumulated depreciation</u>						
Balance as of 1 January 2025		\$ 409,665	\$ 222,427	\$ 25,662	\$ -	\$ 657,754
Reversal/Impairment loss		-	(916)	-	-	(916)
Depreciation expense		61,496	87,058	14,463	-	163,017
Decrease		(4,158)	(38,701)	(8,342)	-	(51,201)
Balance as of 31 December 2025		<u>\$ 467,003</u>	<u>\$ 269,868</u>	<u>\$ 31,783</u>	<u>\$ -</u>	<u>\$ 768,654</u>
Net amount as of 31 December 2025	<u>\$ 582,262</u>	<u>\$ 797,367</u>	<u>\$ 537,081</u>	<u>\$ 50,735</u>	<u>\$ 219,075</u>	<u>\$ 2,186,520</u>
<u>Cost</u>						
Balance as of 1 January 2024	\$ 582,262	\$ 959,538	\$ 498,779	\$ 55,249	\$ 19,736	\$ 2,115,564
Increase	-	67,770	97,070	21,031	-	185,871
Decrease	-	(6,155)	(64,016)	(10,574)	-	(80,745)
Reclassification	<u>-</u>	<u>-</u>	<u>30,880</u>	<u>-</u>	<u>-</u>	<u>30,880</u>
Balance as of 31 December 2024	<u>\$ 582,262</u>	<u>\$ 1,021,153</u>	<u>\$ 562,713</u>	<u>\$ 65,706</u>	<u>\$ 19,736</u>	<u>\$ 2,251,570</u>
<u>Accumulated depreciation</u>						
Balance as of 1 January 2024		\$ 378,961	\$ 223,256	\$ 23,853	\$ -	\$ 626,070
Depreciation expense		36,859	63,187	12,375	-	112,421
Decrease		(6,155)	(64,016)	(10,566)	-	(80,737)
Balance as of 31 December 2024		<u>\$ 409,665</u>	<u>\$ 222,427</u>	<u>\$ 25,662</u>	<u>\$ -</u>	<u>\$ 657,754</u>
Net amount as of 31 December 2024	<u>\$ 582,262</u>	<u>\$ 611,488</u>	<u>\$ 340,286</u>	<u>\$ 40,044</u>	<u>\$ 19,736</u>	<u>\$ 1,593,816</u>

The Company's property, plant, and equipment is solely for own use.

Depreciation is provided on a straight line basis over the following useful lives:

Buildings and structures	
Plant and main structures	20 – 50 years
Electrical, plumbing & air conditioning equipment	3 – 10 years
Machinery and equipment	5–10 years
Other facilities	3–5 years

The Company assessed the useful life of each significant component of property, plant, and equipment, and depreciated them individually.

Proceeds for acquisition of property, plant, and equipment include prepayments for equipment and equipment payables;

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Increase in property, plant and equipment	\$ 628,173	\$ 185,871
Increase in prepayments for business facilities	250,606	388,292
Payable on machinery and equipment(presented under Other payables) decrease (increase)	<u>50,392</u>	<u>(27,608)</u>
	<u>\$ 929,171</u>	<u>\$ 546,555</u>

13. Lease agreement

(I) Right-of-use assets

	<u>31 December 2025</u>	<u>31 December 2024</u>
Right-of-use assets, net		
Land	\$ 60,893	\$ 67,190
Buildings and structures	14,150	10,124
Other facilities	<u>-</u>	<u>-</u>
	<u>\$ 75,043</u>	<u>\$ 77,314</u>

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Increase in right-of-use assets	<u>\$ 14,681</u>	<u>\$ 23,369</u>
Depreciation expenses - Right-of-use assets		
Land	\$ 6,296	\$ 5,508
Buildings and structures	10,656	8,477
Other facilities	<u>-</u>	<u>941</u>
	<u>\$ 16,952</u>	<u>\$ 14,926</u>

Except for the additions and recognized Depreciation expense listed above, there was no significant sublease or impairment of the Company's Right-of-use assets in 2025 and 2024.

(II) Lease liabilities

	<u>31 December 2025</u>	<u>31 December 2024</u>
Book value of lease liabilities		
Current	<u>\$ 13,118</u>	<u>\$ 14,363</u>
Non-current	<u>\$ 65,739</u>	<u>\$ 66,333</u>

The range of discount rates for lease liabilities is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Land	2.00% – 3.00%	2.00%–3.00%
Buildings and structures	1.50%	1.50%
Other facilities	-	-

(III) Material lease activities and terms

The Company leased land from Chairman HUNG-LIANG HSIEH to construct buildings as offices under a lease contract that has a lease term of 5 years, will automatically renew upon expiration of a lease term, and gives the Company the option right to rent and buy the buildings. The Company may not sublease or consign the underlying assets of the lease, in whole or in part, unless otherwise agreed by the Lessor.

(IV) Other lease information

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Short-term lease expense	<u>\$ 18,518</u>	<u>\$ 8,056</u>
Total cash outflows for leases	<u>\$ 36,592</u>	<u>\$ 24,017</u>

For property, plant, and equipment leases which qualify as a short-term lease, the Company elected to apply the recognition exemption to them and thus did not recognize right-of-use assets and lease liabilities for them.

14. Other assets

	<u>31 December 2025</u>	<u>31 December 2024</u>
Long-term prepaid expenses	\$ 46,557	\$ 30,559
Guarantee deposits paid	17,044	17,874
Restricted assets	3,000	3,878
Other receivables	846	6,191
Others	<u>9,596</u>	<u>9,809</u>
	<u>\$ 77,043</u>	<u>\$ 68,311</u>
Current	\$ 11,609	\$ 18,046
Non-current	<u>65,434</u>	<u>50,265</u>
	<u>\$ 77,043</u>	<u>\$ 68,311</u>

15. Short-term borrowings

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Unsecured loans</u>		
Credit loans	\$ 200,000	\$ 400,000
Loans against letter of credits	<u>106,246</u>	<u>163,221</u>
	<u>\$ 306,246</u>	<u>\$ 563,221</u>
Annual interest rate	0% ~ 1.58%	1.525% ~ 1.58%

The terms pertaining to the credit limits of some of the Company's bank borrowings mentioned above stipulate financial restrictions, with which the Company fully complied.

16. Bonds payable

	<u>31 December 2025</u>	<u>31 December 2024</u>
Domestic unsecured convertible bonds		
First tranche of 2024	\$ 200,000	\$ 200,000
Second tranche of 2024	<u>998,900</u>	<u>1,000,000</u>
	1,198,900	1,200,000
Less: Corporate bond discount	(32,132)	(54,346)
Less: Current portion (Note)	<u>(1,166,768)</u>	<u>-</u>
	\$ 200,000	\$ 200,000

Note: Creditors may, on the second anniversary of issuance, require the Company to redeem the bonds at face value; therefore, the convertible corporate bonds have been reclassified to Current liabilities.

First domestic unsecured convertible corporate bonds of 2024

This case was declared effective by the Financial Supervisory Commission on 21 May 2024, under the FSC Securities Issuance No. 1130342373, and was issued on 7 June 2024. The bonds were issued at face value, with a total face value of 200,000 thousand, a coupon rate of 0%, and a term of three years. The total issuance amount was 200,000 thousand, and it was fully paid on 5 June 2024.

Bondholders may request the conversion of their bonds into the Company's common stock at a conversion price of NTD 359.7 per share, in accordance with the conversion method, at any time from the day

following the completion of three months after the issuance of this convertible bond until the maturity date. The conditions for the conversion price of this convertible bond include that when the Company distributes cash dividends of ordinary share, the conversion price should be adjusted downward on the ex-dividend date according to the percentage of the market price per share.

Due to the distribution of Cash dividends from the Company's earnings, the conversion price shall be adjusted in accordance with the regulations for the issuance and conversion of corporate bonds; therefore, the conversion price shall be adjusted to NTD 349.3 per share effective from 11 July 2025.

From the day following the completion of three months from the issuance date of these convertible bonds until 40 days before the end of the issuance period, if the closing price of the company's common stock at the securities firm's business premises exceeds the then conversion price by 30% (inclusive) or more for 30 consecutive business days, or if the outstanding balance of these convertible bonds falls below 10% of the original total issuance amount, the company may notify bondholders to redeem all outstanding convertible bonds in cash at face value.

The redemption date for bondholders to sell back the convertible bonds to the Company is the second anniversary of the issuance of these convertible bonds. Bondholders may request the Company to redeem their convertible bonds at 100% of the bond's face value.

This convertible bond includes liability and equity components, with the equity component expressed under equity as capital surplus, share options. Liabilities component initially recognized at an effective interest rate of 1.9553%. Redemption rights and put options derivatives are measured at Fair value through profit or loss.

	<u>Amount</u>
Issuance proceeds (less transaction costs of 915 thousand)	\$ 199,085
Redemption option derivative instruments	(160)
Equity component (net of allocated transaction costs of 47 thousand)	(<u>10,212</u>)
Issue date liabilities components (less apportioned transaction costs of 868 thousand)	188,713
Interest calculated at an effective interest rate of 1.9553%	<u>2,144</u>
Liability component as of December 31, 2024	190,857
Interest calculated at an effective interest rate of 1.9553%	<u>3,732</u>
Liability component as of December 31, 2025	<u>\$ 194,589</u>

Second domestic unsecured convertible corporate bonds of 2024

On 29 February 2024, the Company's Board of Directors resolved to approve the raising and issuance of the second domestic unsecured convertible corporate bonds. This case was declared effective by the Financial Supervisory Commission on May 21, 2024, under the reference number 11303423731, and was issued on 19 June 2024. The total face value of the issuance was 1,000,000 thousand, with a coupon rate of 0% and a term of 3 years. The bonds were issued at 117.07% of the face value, with a total issuance amount of 1,170,733 thousand, and were fully paid on 17 June 2024.

Bondholders may, from the day following the three-month anniversary of the issuance of these convertible bonds until the maturity date, request the conversion of their bonds into the Company's common stock at a conversion price of NTD 347.5 per share, in accordance with the conversion terms. The conditions for the conversion price of this convertible bond include that when the Company distributes cash dividends of ordinary share, the conversion price should be adjusted downward on the ex-dividend date according to the percentage of the market price per share.

Due to the distribution of cash dividends from the company's earnings Cash dividends, the conversion price shall be adjusted according to the provisions of the corporate bond issuance and conversion method; therefore, the conversion price shall be adjusted to NTD 337.4 per share starting from 11 July 2025.

From the day following the completion of three months from the issuance date of these convertible bonds until 40 days before the end of the issuance period, if the closing price of the company's common stock at the securities firm's business premises exceeds the then conversion price by 30% (inclusive) or more for 30 consecutive business days, or if the outstanding balance of these convertible bonds falls below 10% of the original total face value issued, the company may notify bondholders to redeem all outstanding convertible bonds in cash at face value.

The redemption date for bondholders to sell back the convertible bonds to the Company at face value is the second anniversary of the issuance of these convertible bonds. Bondholders may request the Company to redeem the convertible bonds they hold at face value.

This convertible bond includes liability and equity components, with the equity component expressed under equity as capital surplus, share options. Liabilities component initially recognized at an effective interest rate of 1.9325%. Redemption rights and put options derivatives are measured at Fair value through profit or loss.

	<u>Amount</u>
Issuance proceeds (less transaction costs of 4,575 thousand)	\$ 1,166,158
Redemption option derivative instruments	(298)
Equity component (net of allocated transaction costs of 870 thousand)	(<u>221,664</u>)
Issue date liabilities component (net of amortized transaction costs 3,705 thousand)	944,196
Interest calculated at an effective interest rate of 1.9325%	<u>10,601</u>
Liability component as of December 31, 2024	954,797
Interest calculated using the effective interest method	18,446
Bonds payable Conversion into ordinary shares (conversion of 3 thousand shares)	(<u>1,064</u>)
Liability component as of December 31, 2025	<u>\$ 972,179</u>

17. Other accounts payable

	<u>31 December 2025</u>	<u>31 December 2024</u>
Wages, salaries, and bonuses payable	\$ 215,283	\$ 165,131
Remuneration payable to employees and directors	142,500	122,700
Payable on machinery and equipment	43,749	94,141
Others	<u>282,614</u>	<u>260,354</u>
	<u>\$ 684,146</u>	<u>\$ 642,326</u>

18. Post-employment benefit plan

(I) Defined contribution plan

The pension system that is specified in the “Labor Pension Act” and adopted by the Company is the defined contribution pension plan managed by the government. A pension equal to 6% of employee’s monthly wage shall be contributed to the personal labor pension account with the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company according to the “Labor Standards Act” is the defined benefit pension plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. The Company appropriates 3% of the total monthly wage of an employee as the pension and remits the amount to the Labor Pension Fund Supervisory Committee, which will deposit the amount in a dedicated account under its name with the Bank of Taiwan. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, the Company will make up the difference in one appropriation before the end of March in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor, so the Company does not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the parent company only balance sheet are listed as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Present value of defined benefit obligations	\$ 6,658	\$ 6,345
Fair value of plan assets	(9,024)	(8,109)
Net defined benefit liabilities (assets)	(<u>\$ 2,366</u>)	(<u>\$ 1,764</u>)

Changes in net defined benefit liabilities (assets) are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
Balance as of 1 January 2025	<u>\$ 6,345</u>	<u>(\$ 8,109)</u>	<u>(\$ 1,764)</u>
Service cost			
Current service cost	602	-	602
interest expense (revenue)	<u>100</u>	<u>(130)</u>	<u>(30)</u>
Recognized in profit or loss	<u>702</u>	<u>(130)</u>	<u>572</u>
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(560)	(560)
Actuarial gain - change in financial assumption	117	-	117
Actuarial loss - change in demographic assumption	(4)	-	(4)
Actuarial loss - experience adjustment	<u>(502)</u>	<u>-</u>	<u>(502)</u>
Recognized in other comprehensive income	<u>(389)</u>	<u>(560)</u>	<u>(949)</u>
Contribution by employer	<u>-</u>	<u>(225)</u>	<u>(225)</u>
Balance as of 31 December 2025	<u>\$ 6,658</u>	<u>(\$ 9,024)</u>	<u>(\$ 2,366)</u>
Balance as of 1 January 2024	<u>\$ 5,444</u>	<u>(\$ 7,222)</u>	<u>(\$ 1,778)</u>
Service cost			
Current service cost	620	-	620
interest expense (revenue)	<u>62</u>	<u>(83)</u>	<u>(21)</u>
Recognized in profit or loss	<u>682</u>	<u>(83)</u>	<u>599</u>
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(645)	(645)
Actuarial gain - change in financial assumption	(222)	-	(222)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Actuarial loss - change in demographic assumption	6	-	6
Actuarial loss - experience adjustment	<u>435</u>	<u>-</u>	<u>435</u>
Recognized in other comprehensive income	<u>219</u>	(<u>645</u>)	(<u>426</u>)
Contribution by employer	<u>-</u>	(<u>159</u>)	(<u>159</u>)
Balance as of 31 December 2024	<u>\$ 6,345</u>	(<u>\$ 8,109</u>)	(<u>\$ 1,764</u>)

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk : The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds leads to an increase in the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation would be increased by an increase in the plan participants’ salary.

The Company’s present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	1.35%	1.60%
Rate of expected salary increase	3.00%	3.00%

If there was any reasonably possible change to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate		
Increase by 0.25%	(\$ <u>117</u>)	(\$ <u>116</u>)
Decrease by 0.25%	<u>\$ 123</u>	<u>\$ 121</u>
Rate of expected salary increase		
Increase by 0.25%	<u>\$ 118</u>	<u>\$ 115</u>
Decrease by 0.25%	(<u>\$ 112</u>)	(<u>\$ 110</u>)

Since the actuarial assumptions might be correlated to each other and it is unlikely that a single assumption changes alone, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Expected contribution within 1 year	<u>\$ 162</u>	<u>\$ 181</u>
Average maturity of defined benefit obligations	7 years	7 years

19. Equity

(I) Common shares

	<u>31 December 2025</u>	<u>31 December 2024</u>
Authorized shares (in thousands of shares)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of issued shares fully paid (thousand shares)	<u>80,331</u>	<u>80,328</u>
Share capital of issued shares	<u>\$ 803,313</u>	<u>\$ 803,280</u>

A share of issued common stock had a par value of NTD 10 and was entitled to one voting right and dividends.

(II) Capital surplus

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>1. The portion that may be used to offset deficits, distributed as cash dividends, or transferred to share capital</u>		
Share premium	\$ 465,302	\$ 464,029
Consolidation excess	<u>29,831</u>	<u>29,831</u>
	495,133	493,860
<u>2. May only be used to make up for losses</u>		
Changes in the equity of associates recognized using the equity method	192,041	192,041
<u>3. Must not be used for any purpose</u>		
Convertible Bond Warrants	<u>231,632</u>	<u>231,876</u>
	<u>\$ 918,806</u>	<u>\$ 917,777</u>

1. These capital reserves may be used to make up losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.
2. This type of capital surplus is the impact amount of equity transactions recognized due to changes in the equity of the investee company when the Company has not actually acquired or disposed of the equity of the investee company, or the adjustment amount of capital surplus recognized by the Company using the equity method for the investee company.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of this Articles of Incorporation, if there is a surplus in the annual final accounts, after paying taxes according to law and offsetting accumulated losses, 10% shall be set aside as Legal reserve; however, when Legal reserve has reached the Paid-in capital of the Company, no further appropriation is required. The remainder shall then be appropriated or reversed as Special reserve in accordance with the provisions of laws and

regulations. If there is still a balance, it shall be combined with the accumulated Unappropriated retained earnings, and the Board of Directors shall prepare a Earning appropriation proposal, and the Board of Directors is authorized to resolve by a special resolution to distribute all or part of the dividends and bonuses in cash, and report such distribution to the shareholders' meeting. However, dividend distribution in the form of new shares shall be subject to a resolution of the Shareholders' Meeting. For the Employee and director remunerations distribution policy prescribed in this Articles of Incorporation, please refer to Note 21(IV) Remuneration to employees and directors.

To cope with future capital requirements and long-term financial planning while maintaining shareholder interests and a balanced dividend policy, shareholder dividends will be distributed in shares or in cash, as appropriate, based on future capital expenditure requirements and the extent of dilution effect on earnings per share. Of the shareholder dividends distributed, no less than 10% shall be in cash. The actual distribution percentage shall be determined by the Board of Directors by considering the Company's business planning, investment plan, capital planning, and the changes in internal and external environment.

Legal reserves may be used to make up for losses. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by no greater than 25% may be appropriated as capital or distributed in cash.

According to the Financial Supervisory Commission's letter No. 1090150022, the Company allocates and reverses the special reserve.

The Company's 2024 and 2023 Earnings appropriation proposals are as follows:

	<u>For the Year 2024</u>	<u>For the Year 2023</u>
Legal reserve	<u>\$ 92,732</u>	<u>\$ 63,788</u>
Provision (Reversal) Special reserve	<u>\$ -</u>	<u>(\$ 33,380)</u>
Cash dividends	<u>\$ 361,476</u>	<u>\$ 321,312</u>
Cash dividends per share (NT\$)	<u>\$ 4.50</u>	<u>\$ 4.00</u>

The said Cash dividends were distributed through a resolution at the Board of Directors meetings in February 2025 and 2024, and other Earning appropriation items were also resolved at the Shareholders' Meetings in May 2025 and June 2024, respectively.

The proposals of the Board of Directors of the Company on March 10, 2026 regarding the 2025 Earnings appropriation proposals are as follows:

	<u>For the Year 2024</u>
Legal reserve	<u>\$ 110,504</u>
Cash dividends	<u>\$ 481,988</u>
Cash dividends per share (NT\$)	<u>\$ 6.00</u>

The said cash dividends had been approved through a resolution at a Board of Directors meeting. Other distribution items are still pending a resolution at the Shareholders' Meeting to be held in June 2026.

20. Revenue

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Sales revenue		
Manufacturing	\$ 4,214,285	\$ 3,328,789
Agent	<u>2,854,565</u>	<u>2,280,552</u>
	<u>7,068,850</u>	<u>5,609,341</u>
Service revenue		
Commission	130,795	84,280
Maintenance	108,777	76,137
Others	<u>15,686</u>	<u>13,519</u>
	<u>255,258</u>	<u>173,936</u>
Other operating revenue	<u>26,743</u>	<u>10,430</u>
	<u>\$ 7,350,851</u>	<u>\$ 5,793,707</u>

Contract balance

	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>1 January 2024</u>
Notes and accounts receivable (including those due from related parties) (Notes 9 and 27)	<u>\$ 699,778</u>	<u>\$ 516,302</u>	<u>\$ 546,038</u>
Contract liabilities	<u>\$ 12,074,996</u>	<u>\$ 10,832,711</u>	<u>\$ 8,243,994</u>

Changes in contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

The amount that comes from the contract liabilities at the beginning of the year and the amount that comes from the revenue recognized in the year in which performance obligations were fulfilled are as follows:

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Goods sales	<u>\$ 2,609,244</u>	<u>\$ 2,040,365</u>

21. Net profit

(I) Financial cost

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Interest on convertible bonds	\$ 22,178	\$ 12,745
Interest on borrowings (including those due from related parties) (Note 27)	5,230	6,018
Interest on lease liabilities	1,554	1,546
Others	-	38
	<u>\$ 28,962</u>	<u>\$ 20,347</u>

(II) Depreciation and amortization

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Property, plant and equipment	\$ 163,017	\$ 112,421
Right-of-use assets	<u>16,952</u>	<u>14,926</u>
	<u>\$ 179,969</u>	<u>\$ 127,347</u>
Summary of depreciation expenses by function		
Operating costs	\$ 87,552	\$ 47,197
Operating expenses	<u>92,417</u>	<u>80,150</u>
	<u>\$ 179,969</u>	<u>\$ 127,347</u>
Summary of amortization by function		
Administrative expenses	<u>\$ 339</u>	<u>\$ 338</u>

(III) Employee benefit expenses

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Short-term employee benefits	<u>\$1,162,704</u>	<u>\$ 939,978</u>
Post-employment benefits		
Defined contribution plan	35,899	30,414
Defined benefit plan	<u>572</u>	<u>599</u>
	<u>36,471</u>	<u>31,013</u>
	<u>\$1,199,175</u>	<u>\$ 970,991</u>
Summary by function		
Operating costs	\$ 335,904	\$ 272,995
Operating expenses	<u>863,271</u>	<u>697,996</u>
	<u>\$1,199,175</u>	<u>\$ 970,991</u>

(IV) Remuneration to employees and directors

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee remuneration and director remuneration and allocate 5% - 15% of such profits as employee remuneration and another 2% or less as director remuneration. The employee remuneration and director remuneration estimated for 2025 and 2024 were resolved by the Board of Directors in March 2026 and February 2025, respectively, as follows:

Amount

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Employee remuneration	\$ 126,500	\$ 108,700
Directors' remuneration	16,000	14,000

Any amount that changes after the approval and publication date of the annual parent company only financial statements is accounted for as changes in accounting estimates, and will be adjusted and recognized in the following year.

There is no difference between the actual distribution amounts of employee remuneration and directors' remuneration for 2024 and 2023 and the amounts recognized in the parent company only financial statements for 2024 and 2023.

The information about remuneration to employees and directors determined by the Board of Directors may be viewed at TWSE's Market Observation Post System (MOPS).

22. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses:

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Current income tax		
Arising during the current year	\$ 178,727	\$ 160,400
Adjustments for prior-year overestimation (underestimation)	(<u>40,142</u>)	(<u>35,280</u>)
	<u>138,585</u>	<u>125,120</u>
Deferred income tax		
Arising during the current year	56,237	79,290
Adjustments for prior-year overestimation (underestimation)	<u>30,331</u>	<u>-</u>
	<u>86,568</u>	<u>79,290</u>
Income tax expenses recognized in profit or loss	<u>\$ 225,153</u>	<u>\$ 204,410</u>

Reconciliation of accounting income and income tax expenses is as follows:

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Profit before tax	<u>\$ 1,334,965</u>	<u>\$ 1,131,393</u>
Income tax expense derived from applying the pre-tax profit to the statutory tax rate	\$ 266,993	\$ 226,279
Expense and loss not deductible from tax	4,215	2,409
Tax exempt income	(6,772)	(1,140)
Additional levy on undistributed earnings	23,656	14,308
Adjustments for prior-year overestimation (underestimation)	(9,811)	(35,280)
Realized Investment losses of subsidiaries accounted for using the equity method	(<u>53,128</u>)	(<u>2,166</u>)
Income tax expenses recognized in profit or loss	<u>\$ 225,153</u>	<u>\$ 204,410</u>

(II) Income tax recognized in other comprehensive income

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
<u>Deferred income tax</u>		
Generated during the current year		
— Translation of foreign operations	\$ 11,191	(\$ 16,493)
— Remeasurements of defined benefit plans	(190)	(86)
	<u>\$ 11,001</u>	<u>(\$ 16,579)</u>

(III) Current income tax liabilities

	<u>31 December 2025</u>	<u>31 December 2024</u>
Income tax liabilities for the current period		
Income tax payable	<u>\$ 97,549</u>	<u>\$ 92,387</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

	<u>For the Year 2025</u>			
	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 182,969	\$ 4,929	\$ -	\$ 187,898
Undistributed earnings of subsidiaries	30,487	(30,487)	-	-
Unrealized gains on transactions with associates	9,158	(1,095)	-	8,063
Provisions - liability	11,266	3,514	-	14,780
Allowance for doubtful accounts	1,463	(1,463)	-	-
Others	<u>6,062</u>	<u>1,405</u>	<u>(190)</u>	<u>7,277</u>
	<u>\$ 241,405</u>	<u>(\$ 23,197)</u>	<u>(\$ 190)</u>	<u>\$ 218,018</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ 7,113	(\$ 3,414)	\$ -	\$ 3,699
Undistributed earnings of subsidiaries	<u>308,261</u>	<u>66,785</u>	<u>(11,191)</u>	<u>363,855</u>
	<u>\$ 315,374</u>	<u>\$ 63,371</u>	<u>(\$ 11,191)</u>	<u>\$ 367,554</u>

	For the Year 2024			
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 95,585	\$ 87,384	\$ -	\$ 182,969
Undistributed earnings of subsidiaries	28,137	4,226	(1,876)	30,487
Unrealized gains on transactions with associates	10,188	(1,030)	-	9,158
Provisions - liability	6,422	4,844	-	11,266
Unrealized exchange losses	7,243	(7,243)	-	-
Allowance for doubtful accounts	2,900	(1,437)	-	1,463
Others	<u>6,059</u>	<u>89</u>	<u>(86)</u>	<u>6,062</u>
	<u>\$ 156,534</u>	<u>\$ 86,833</u>	<u>(\$ 1,962)</u>	<u>\$ 241,405</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ -	\$ 7,113	\$ -	\$ 7,113
Undistributed earnings of subsidiaries	<u>134,634</u>	<u>159,010</u>	<u>14,617</u>	<u>308,261</u>
	<u>\$ 134,634</u>	<u>\$ 166,123</u>	<u>\$ 14,617</u>	<u>\$ 315,374</u>

- (V) Deductible temporary differences of deferred tax assets unrecognized in the parent company only balance sheets

	<u>31 December 2025</u>	<u>31 December 2024</u>
Deductible temporary differences	<u>\$ 7,000</u>	<u>\$ 7,000</u>

- (VI) Authorization of income tax

The Company's Profit-seeking enterprise income tax filings up to the year 2023 have been approved by the taxes authority.

23. Earnings per share

Unit: NT\$

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Basic earnings per share	<u>\$ 13.82</u>	<u>\$ 11.54</u>
Diluted earnings per share	<u>\$ 13.38</u>	<u>\$ 11.36</u>

Net profit in the current year

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Net profit of the Company	\$1,109,812	\$ 926,983
Effect of dilutive potential ordinary shares : Convertible bond interest after tax	<u>17,743</u>	<u>10,196</u>
Used for calculating continuing operations unit diluted earnings per share of net profit.	<u>\$1,127,555</u>	<u>\$ 937,179</u>

Thousand Shares

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Weighted-average number of outstanding ordinary shares used in the computation of diluted EPS	80,329	80,328
Effect of dilutive potential ordinary shares : Convertible bonds	3,535	1,880
Employee remuneration	<u>427</u>	<u>317</u>
Weighted-average number of outstanding ordinary shares used in the computation of basic EPS	<u>84,291</u>	<u>82,525</u>

Where the Company may elect to distribute employee remuneration in shares or in cash, when calculating diluted earnings per share, it is assumed that all employee remuneration is distributed in shares and the potentially dilutive common shares are included in the weighted average number of shares outstanding when deemed dilutive, to calculate diluted earnings per share. In the following year, before determining the number of shares for employee remuneration in the resolution, the calculation of diluted earnings per share will continue to consider the dilutive effect of these potential common shares.

24. Non-cash transactions

The Company transferred inventories for own use to Property, plant and equipment in the amounts of 137,567 thousand and 30,880 thousand for the years 2025 and 2024, respectively (refer to Note 12).

25. Capital risk management

The Company conducts capital management to ensure it can continue as a going concern while maximizing shareholders' return by optimizing the liability and equity balances.

The Company's capital structure is composed of its net debt and equity.

The key management of the Company reviews its capital structure every year in terms of the cost and risks of each capital category. Based on the recommendation of the key management, the Company will balance its overall capital structure by paying dividends and issuing new debts or paying existing debts.

26. Financial instruments

- (I) Fair value information – financial instruments not measured at fair value

31 December 2025

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Convertible Bonds	<u>\$1,166,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,171,545</u>	<u>\$1,171,545</u>

31 December 2024

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Convertible Bonds	<u>\$1,145,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,147,560</u>	<u>\$1,147,560</u>

- (II) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

31 December 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Derivative Instruments - Convertible Bond Redemption and Put Option	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458</u>	<u>\$ 458</u>

Financial assets at fair value through other comprehensive income

Investment in equity instruments				
Private placement shares of domestic listed companies	\$ -	\$ 267,196	\$ -	\$ 267,196
Domestic emerging company stocks	389,445	-	-	389,445
Foreign shares not traded on an exchange or OTC	-	-	51,627	51,627
	<u>\$ 389,445</u>	<u>\$ 267,196</u>	<u>\$ 51,627</u>	<u>\$ 708,268</u>

31 December 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Derivative Instruments - Convertible Bond Redemption and Put Option	\$ -	\$ -	\$ 2,480	\$ 2,480

Financial assets at fair value through other comprehensive income

Investment in equity instruments				
Private placement shares of domestic listed companies	\$ -	\$ 218,098	\$ -	\$ 218,098
Foreign shares not traded on an exchange or OTC	-	-	60,930	60,930
	<u>\$ -</u>	<u>\$ 218,098</u>	<u>\$ 60,930</u>	<u>\$ 279,028</u>

For 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

2. Reconciliation of the financial instruments measured at Level 3 fair value

For the Year 2025

<u>Financial assets</u>	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Opening balance	\$ 60,930
Recognized in other comprehensive income	(9,303)
Closing balance	<u>\$ 51,627</u>

<u>Financial assets</u>	<u>Measured at fair value through profit or loss</u>
	<u>Derivative instruments</u>
Opening balance	\$ 2,480
Recognized in profit or loss	(2,020)
Conversion of convertible bonds	(2)
Closing balance	<u>\$ 458</u>

For the Year 2024

<u>Financial assets</u>	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Opening balance	\$ 53,125
Recognized in other comprehensive income	<u>7,805</u>
Closing balance	<u>\$ 60,930</u>

<u>Financial assets</u>	<u>Measured at fair value through profit or loss</u>
	<u>Derivative instruments</u>
Opening balance	\$ -
Recognized in profit or loss	<u>2,480</u>
Closing balance	<u>\$ 2,480</u>

3. Level 2 fair value valuation techniques and inputs

If there is no quoted price for the common shares issued by domestic TWSE-listed companies through a private placement, such common shares are evaluated by using valuation techniques. The assumptions and estimates used by the Company for the valuation techniques are the same as the assumptions and estimates

accessible to the Company that are used by market participants for quoting a price for financial products.

The valuation technique the Company used for measuring the fair value is the Black-Scholes pricing model.

4. Level 3 fair value valuation techniques and inputs

(1) The redemption and put options of the convertible bonds issued by the Company are evaluated for fair value using the two trees convertible bond valuation model. The significant unobservable inputs adopted are stock price volatility. When the volatility of stock prices increases, the fair value of such derivatives will change. The stock price volatility rates adopted as of December 31, 2025 and 2024 were 45.62% and 56.31%, respectively.

(2) When valuing the foreign shares not traded on an exchange or OTC, the Group used the income approach by which the present value of benefits expected to be derived from such investment is calculated by discounting the cash flows. Significant unobservable inputs are as follows. When liquidity discount decreases, the fair value of such investment will increase.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Liquidity discount	32.27%	32.26%

If the following inputs are changed to reflect reasonably possible alternative assumptions while other inputs are held constant, the amount of the fair value of equity investment will increase (decrease) by:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Liquidity discount		
Increase by 1%	(\$ <u>762</u>)	(\$ <u>900</u>)
Decrease by 1%	<u>\$ 762</u>	<u>\$ 900</u>

(III) Type of financial instruments

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Financial assets</u>		
Mandatorily measured at Fair value through profit or loss financial assets.	\$ 458	\$ 2,480
Financial assets at amortized cost (Note 1)	5,051,466	5,088,940
Financial assets at fair value through other comprehensive income	708,268	279,028
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	\$ 3,486,251	\$ 3,678,530

Note 1: The balance included financial assets measured at amortized cost such as cash and cash equivalents, notes receivable and accounts receivable (including those due from related parties), other receivables (presented under other current assets), restricted assets (presented under other current assets), and guarantee deposits paid (presented under other non-current assets).

Note 2: The balance included Short-term borrowings, Bonds payable (including those due within one year), Notes payable and accounts payable, and Other payables, which are financial liabilities measured at amortized cost.

(IV) Financial risk management purpose and policy

The Company's financial instruments mainly comprise equity investment, receivables, payables, borrowings, and lease liabilities. The financial management department of the Company provides services for each type of business and supervises and manages the financial risks incidental to the Company's operations by referencing the internal risk report in which risk exposure is analyzed based on the extent and extensiveness of risks. Such risks include market risk, credit risk, and liquidity risk.

The financial management department provides a report to the key management of the Company quarterly to reduce risk exposure.

The Company did not adopt hedge accounting.

1. Market risk

(1) Exchange rate risk

The Company is engaged in sales and purchase denominated in foreign currency, and thus is exposed to the exchange rate fluctuation risk.

For the book value of the Company's monetary assets and monetary liabilities denominated in a currency other than the functional currency on the balance sheet date, refer to Note 30.

Sensitivity analysis

The Company is affected primarily by fluctuation in the exchange rate of USD.

The sensitivity analysis includes only the foreign currency monetary items outstanding, which are translated at the end of year by using an exchange rate that could be adjusted by a maximum of 1%. When the New Taiwan Dollar appreciates/depreciates by 1% against the USD, it will cause the parent-only Profit before tax for 2025 and 2024 to change by 15,212 thousand and 17,341 thousand, respectively.

The exchange rate fluctuation mainly affects the Company's bank deposits, as well as the payables and receivables denominated in USD that were still outstanding and were not hedged with a cash flow hedge on the balance sheet date.

(2) Interest rate risk

The interest rate risk facing the Company mainly comes from the Company's floating-rate bank deposits.

The book value of the financial assets and liabilities of the Company that were exposed to the interest rate risk on the balance sheet date is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
With cash flow interest rate risk		
- Financial assets	\$ 2,670,363	\$ 2,301,850
- Financial liabilities	200,000	400,000

	<u>31 December 2025</u>	<u>31 December 2024</u>
With fair value interest rate risk		
- Financial assets	1,663,050	2,245,540
- Financial liabilities	1,273,014	1,308,875
- Lease liabilities	78,857	80,696

Sensitivity analysis

The following sensitivity analysis is based on the interest risk exposure of non-derivatives on the balance sheet date. Floating-rate liabilities are analyzed based on the assumption that the liability amount outstanding on the balance sheet date remains outstanding throughout the reporting period.

If interest rate increases/decreases by 1%, held other variables constant, the Company's individual Profit before tax for 2025 and 2024 will change by 24,704 thousand and 19,019 thousand, respectively.

2. Credit risk

The credit risk means the risk of causing financial loss to the Company because the trading counterparty defaults on contractual obligations. As of the balance sheet date, the Company's maximum credit exposure to the financial loss caused by a trading counterparty's defaulting on his/her performance obligations mainly lies in the book value of the financial assets recognized in the parent company only balance sheet.

According to its policy, the Company only trades with reputational counterparties and requires provision of collateral where necessary to reduce the risk of financial loss due to default.

The Company exposes to the credit risk, which mainly comes from the customers who individually account for 10% or more of the Company's total accounts receivables. Refer to Note 9 for details.

3. Liquidity risk

The Company manages and maintains sufficient cash to support business operations and reduce the effect of the fluctuating cash flow. The management of the Company monitors the use of bank financing facilities and ensures compliance with the terms of the loan contract.

Bank loans are one of the Company's important sources of liquidity. For the bank financing facility that the Company has not used, refer to relevant descriptions in (2) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

31 December 2025

	<u>1-3 months</u>	<u>4 months – 1 year</u>	<u>More than 1 year</u>
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 1,996,423	\$ 1,669	\$ -
Floating rate	200,000	-	-
Fixed rate	-	40,464	80,928
Bonds payable	-	1,198,900	-
Lease liabilities	<u>4,501</u>	<u>10,066</u>	<u>73,026</u>
	<u>\$ 2,200,924</u>	<u>\$ 1,251,099</u>	<u>\$ 153,954</u>

More information on the maturity analysis of lease liabilities:

	<u>Less than 1 year</u>	<u>2-5 years</u>	<u>6-10 years</u>	<u>11-15 years</u>	<u>16-20 years</u>
Lease liabilities	<u>\$ 14,567</u>	<u>\$ 32,366</u>	<u>\$ 22,800</u>	<u>\$ 17,860</u>	<u>\$ -</u>

31 December 2024

	<u>1-3 months</u>	<u>4 months – 1 year</u>	<u>More than 1 year</u>
<u>Non-derivative financial liabilities</u>			
Non-interest-bearing liabilities	\$ 2,009,412	\$ 2,531	\$ -
Floating rate	400,762	-	-
Fixed rate	-	42,720	124,533
Bonds payable	-	-	1,200,000
Lease liabilities	<u>4,465</u>	<u>10,569</u>	<u>74,843</u>
	<u>\$ 2,414,639</u>	<u>\$ 55,820</u>	<u>\$ 1,399,376</u>

More information on the maturity analysis of lease liabilities:

	<u>Less than 1 year</u>	<u>2-5 years</u>	<u>6-10 years</u>	<u>11-15 years</u>	<u>16-20 years</u>
Lease liabilities	<u>\$15,034</u>	<u>\$29,623</u>	<u>\$22,800</u>	<u>\$22,420</u>	<u>\$ -</u>

(2) Credit limit of financing facilities

	<u>31 December 2025</u>	<u>31 December 2024</u>
Unsecured bank loan limit (extendable upon mutual agreement)		
- Employed capital	\$ 398,047	\$ 613,011
- Unemployed capital	<u>1,221,953</u>	<u>966,989</u>
	<u>\$ 1,620,000</u>	<u>\$ 1,580,000</u>

27. Related Party Transactions

In addition to those disclosed in other notes, transactions between the Company and related parties are described as follows.

(I) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
NATGEM INC.	Subsidiary
SCIENTECH GMBH	Subsidiary
SCIENTECH ENGINEERING USA CORP. (SCU)	Subsidiary
SCIENTECH ENGINEERING CORP. (SHANGHAI) (SHANGHAI)	Subsidiary
HUNG-LIANG HSIEH	Chairperson
XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD. (XTEK SEMICONDUCTOR)	Associates
FORWARD SCIENCE PTE.LTD.	Associates
HONG LUN CULTURAL CREATIVITY FOUNDATION	Same key management

(II) Operating revenue

<u>Account item</u>	<u>Related party category</u>	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Sales revenue	Subsidiary	\$ 2,617	\$ 6,880
	Associates	<u>1,871</u>	<u>9,380</u>
		<u>\$ 4,488</u>	<u>\$ 16,260</u>
Service revenue	Subsidiary	\$ 145	\$ 133
	Associates	<u>197</u>	<u>517</u>
		<u>\$ 342</u>	<u>\$ 650</u>
Other operating revenue	Subsidiary	\$ 101	\$ 806
	Associates	<u>80</u>	<u>-</u>
		<u>\$ 181</u>	<u>\$ 806</u>

The price and payment terms for a sale transaction between the Company and related parties are determined based on the terms mutually agreed upon.

(III) Purchase

<u>Name and type of related party</u>	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Subsidiary		
SCU	\$ 10,637	\$ 13,976
Others	<u>7,727</u>	<u>10,797</u>
	<u>\$ 18,364</u>	<u>\$ 24,773</u>

The price and payment terms for a purchase transaction between the Company and related parties are determined based on the terms mutually agreed upon.

(IV) Contract liabilities

<u>Related party category</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Associates	<u>\$ -</u>	<u>\$ 1,843</u>

(V) Receivables due from related parties (excluding funds loaned to related parties)

<u>Account item</u>	<u>Name and type of related party</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Accounts receivable	Subsidiary		
	SHANGHAI	<u>\$ -</u>	<u>\$ 5,312</u>

Other receivables (presented under Other current assets)	Subsidiary Same key management	\$ 4 <u>6</u>	\$ 299 <u>4</u>
		<u>\$ 10</u>	<u>\$ 303</u>

No guarantees have been received for outstanding accounts receivable from related parties. The allowance balance for receivables from related parties as of December 31, 2025 and 2024 were both 0 thousand; the (reversal of) impairment loss recognized on receivables from related parties for the years 2025 and 2024 were 0 thousand and (828) thousand, respectively.

(VI) Payables due to related parties

<u>Account item</u>	<u>Name and type of related party</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Payables due to related parties (presented under Notes payable and accounts payable)	Subsidiary		
	SHANGHAI	\$ 4,039	\$ -
	SCU	<u>862</u>	<u>1,860</u>
		<u>\$ 4,901</u>	<u>\$ 1,860</u>

<u>Account item</u>	<u>Name and type of related party</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Other payables	Subsidiary		
	SHANGHAI	\$ 41,294	\$ 40,302
	Associates	<u>67</u>	<u>376</u>
		<u>\$ 41,361</u>	<u>\$ 40,678</u>
Long-term accounts payable item – related parties	Subsidiary		
	SHANGHAI	<u>\$ 80,928</u>	<u>\$ 120,906</u>

The outstanding balances of accounts payable to related parties are unsecured.

(VII) Lease agreements

<u>Account item</u>	<u>Related party category</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Lease liabilities	Chairperson	<u>\$ 55,446</u>	<u>\$ 58,868</u>

<u>Account item</u>	<u>Related party category</u>	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Interest expense(presented under Finance costs)	Chairperson	<u>\$ 1,139</u>	<u>\$ 1,206</u>

The lease contract between the Company and related parties is negotiated with reference to market conditions, and follows general payment terms.

(VIII) Funds loaned to related parties

<u>Related party category</u>	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Subsidiary	<u>\$ 500</u>	<u>\$ -</u>
<u>Interest revenue</u>		
<u>Related party category</u>	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Subsidiary	<u>\$ 6</u>	<u>\$ 5</u>

Loans between the Company and subsidiaries are unsecured loans with an interest rate close to the market interest rate. Such loans are expected to be repaid in full within one year. Through an assessment, there are not expected credit losses.

(IX) Others

<u>Account item</u>	<u>Related party category</u>	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Rent income (presented under Other income)	Subsidiary	\$ 36	\$ 36
	Same key management	<u>24</u>	<u>24</u>
		<u>\$ 60</u>	<u>\$ 60</u>
Operating expenses	Subsidiary	\$ 714	\$ 3,375
	Associates	<u>624</u>	<u>646</u>
		<u>\$ 1,338</u>	<u>\$ 4,021</u>
Interest expense	Subsidiary	<u>\$ 2,152</u>	<u>\$ 2,721</u>

(X) Remuneration to key management

	<u>For the Year 2025</u>	<u>For the Year 2024</u>
Short-term employee benefits	\$ 81,863	\$ 75,010
Post-employment benefits	<u>956</u>	<u>928</u>
	<u>\$ 82,819</u>	<u>\$ 75,938</u>

The remuneration to directors and other key management was decided by the Remuneration Committee according to personal performance and market trends.

28. Pledged and Mortgaged Assets

The following assets were provided to the Custom Office as collateral against the bonded goods and the payments and performance obligation of manufacturers.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Pledged certificates of deposits (presented under other current assets)	<u>\$ 3,000</u>	<u>\$ 3,878</u>

29. Significant Commitments

As of December 31, 2025 and 2024, the amount of unused letters of credit issued by the Company for the purchase of goods and machinery and equipment, and as performance bonds, was 51,802 thousand and 0 thousand, respectively.

30. Information on foreign currency assets and liabilities with significant effects

The following information is summarized and stated based on the foreign currencies other than the functional currency of the Company, and the disclosed exchange rates refer to the rates at which those foreign currencies are converted into the functional currency. Foreign currency assets and liabilities with significant effects are as follows:

31 December 2025

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 66,772	31.43 (USD:NTD)	\$ 2,098,657
EUR	4,408	36.90 (EUR:TWD)	162,660
JPY	197,840	0.2008 (JPY:TWD)	39,726

(Continued)

(Continued)

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	62,104	31.43 (USD:NTD)	1,951,917
EUR	471	36.90 (EUR:TWD)	17,386
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	18,373	31.43 (USD:NTD)	577,472
CNY	27,063	4.496 (CNY:TWD)	121,675
JPY	226,425	0.2008 (JPY:TWD)	45,466
EUR	813	36.90 (EUR:TWD)	30,017

31 December 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 75,374	32.785(USD:TWD)	\$ 2,471,149
CNY	10,723	4.478 (CNY:TWD)	48,020
EUR	3,946	34.14 (EUR:TWD)	134,718
JPY	568,880	0.2099 (JPY:TWD)	119,408
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	\$ 65,658	32.785(USD:TWD)	\$ 2,152,603
EUR	584	34.14 (EUR:TWD)	19,932

(Continued)

(Continued)

Foreign currency	Exchange rate	Book value
Foreign currency liabilities		
<u>Monetary items</u>		
USD	22,480 32.785(USD:TWD)	737,009
CNY	36,084 4.478 (CNY:TWD)	161,584
JPY	225,214 0.2099 (JPY:TWD)	47,272
EUR	1,563 34.14 (EUR:TWD)	53,369

The realized and unrealized foreign exchange (losses) gains of the Company in 2025 and 2024 were (113,107) thousand and 26,286 thousand, respectively. However, it was not feasible to disclose the exchange loss and gain of each significant foreign currency because the number of foreign currencies involved in foreign currency transactions varied.

31. Supplementary Disclosures

Except those disclosed in Appendix Table 1 through 5, there were no required disclosures.

SCIENTECH CORPORATION and its subsidiaries

Loans to others
For the Year 2025

Appendix Table 1

Unit: Unless otherwise specified, in NTD ONE THOUSAND

No.	Lending company Borrowing company	Borrower	Business Account name	Related party (Y/N)	Highest balance during the year (Note 3)	Closing balance (Note 3)	Actual amount drawn down(Note 3)	Interest rate range (%)	Nature of loan	Transaction amount	Reason for short- term financing	Amount of allowance for doubtful accounts provided	Collateral		Limit on loans to a single borrower(Notes 1 and 3)	Total limit on loans to others (Notes 2 and 3)
													Name	Value		
0	The Company	NATGEM INC.	Other receivables due from related parties	Yes	\$ 2,000	\$ 2,000	\$ 500	1.5	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 605,904	\$ 2,423,617
1	SCIENTECH ENGINEERING CORP. (SHANGHAI)	The Company	Other receivables due from related parties	Yes	202,320 (RMB 45,000 thousand)	202,320 (RMB 45,000 thousand)	121,392 (RMB 27,000 thousand)	1.5	Short-term financing	-	Working capital	-	-	-	202,320 (RMB 45,000 thousand)	784,402 (RMB 174,467 thousand)

Note 1: The limit of loans to a single borrower is as follows:

1. For companies having business transactions with the Company, the limit shall not exceed the transaction amount between both parties. The term 'transaction amount' refers to the higher of the purchase or sales amount between the parties.
2. Limit of loaning of funds to a company in need of short-term financing should not exceed 10% of the Company's net worth.
3. Limit of loaning of funds to a foreign operation whose voting shares are fully held by the Company, either directly or indirectly, should exceed neither the amount approved by the Board of Directors nor the amount equal to 80% of the lending company's net worth.

Note 2: The limit of total funds loaned to others is as follows:

1. Limit of the Company should not exceed 40% of the Company's net worth.
2. Foreign companies in which SCIENTECH ENGINEERING CORP. (SHANGHAI) directly or indirectly holds the voting shares or directly or indirectly holds 100% of the voting shares of SCIENTECH ENGINEERING CORP. (SHANGHAI) via the Company should not exceed 40% of the foreign operation's net worth.

Note 3: Converted based on the exchange rate of RMB 1=\$4.496 as of December 31, 2025.

SCIENTECH CORPORATION and its subsidiaries
 Making endorsements/guarantees for others
 For the Year 2025

Appendix Table 2

Unit: Unless otherwise specified, in NTD ONE THOUSAND

No.	Endorser/guarantor	Counterparty		Limit on endorsements/guarantees for a single enterprise (Notes 1 and 2)	Highest balance of endorsements/guarantees during the year (Note 2)	Balance of endorsements/guarantees at year-end (Note 2)	Actual amount drawn down(Note 2)	Amount of endorsements/guarantees collaterally secured by property(Note 2)	Percentage of accumulated amount of endorsements/guarantees to net value on the latest financial statements (%)	Aggregate limit on endorsements/guarantees(Notes 2 and 3)	Endorsements/guarantees by parent company for subsidiary	Endorsements/guarantees by subsidiary for parent company	Endorsements/guarantees for a company in Mainland China
		Company name	Relationship										
0	The Company	SCIENTECH ENGINEERING (HONG KONG) LIMITED	Subsidiary	\$ 3,029,522	\$ 47,145 (USD 1,500 thousand)	\$ 47,145 (USD 1,500 thousand)	\$ -	\$ -	0.8%	\$ 6,059,043	Y	N	N

Note 1: The Company and its subsidiaries should not exceed 50% of each respective company's net worth for a single enterprise.

Note 2: Based on the exchange rate as of December 31, 2025: USD 1=\$31.43.

Note 3: Should not exceed 100% of the Company's or a subsidiary's net worth stated on the financial statements.

SCIENTECH CORPORATION and its subsidiaries
Significant securities held at year-end
31 December 2025

Appendix Table 3

Unit: NT\$ thousand

Holder	Type and name of securities	Relationship with issuer	Account name	End of year				Note
				Shares	Book value	Shareholding Percentage (%)	Fair value	
SCIENTECH CORPORATION	<u>Shares</u> INFINITESIMA LIMITED	—	Non-current financial assets at fair value through other comprehensive income	6,111,111	\$ 51,627	9.3	\$ 51,627	—
	SPIROX CORP.	—	Non-current financial assets at fair value through other comprehensive income	4,000,000	267,196	3.5	267,196	—
	ALLIANCE MATERIAL CO., LTD.	—	Non-current financial assets at fair value through other comprehensive income	1,282,800	389,445	3.7	389,445	—

Note 1: For information on investment in subsidiaries and associates, refer to Appendix Tables 4 and 5.

Note 2: This table includes securities that the Company has determined must be disclosed based on the principle of materiality.

SCIENTECH CORPORATION and its subsidiaries
Name and Territory of Investees and Other Relevant Information
1 January to 31 December 2025

Appendix Table 4

Unit: Unless otherwise specified, in NTD ONE THOUSAND

Investor	Investee	Location	Main business line	Initial investment amount		Held at the end of the year			Profit (loss) of investee for the current period	Investment income (loss) recognized for the current period	Note
				31 December 2025	1 January 2025	Shares	Percentage (%)	Book value			
SCIENTECH CORPORATION	SCIENTECH INVESTMENT CORP.	Mauritius	Investment	\$ 171,775	\$ 171,775	5,540,000	100	\$ 1,951,917	\$ 337,887	\$ 337,887	-
	YAYA TECHNOLOGIES CORPORATION	Hsinchu City	Trading of semiconductor equipment and peripherals	244,061	215,133	7,626,905	43	259,945	75,551	24,442	-
	SCIENTECH GMBH	Austria	International trade	10,672	10,672	-	100	17,386	(3,964)	(3,964)	-
	ACROMASS TECHNOLOGIES INC.	Taipei City	General instrument and precision instrument manufacturing	270,000	270,000	436,200	100	3,384	27	27	(Note 4)
	NATGEM INC.	Taipei City	Sale of food and supplies	33,000	33,000	800,000	100	281	(326)	(326)	-
	TRANSCEND CAPITAL CORP.	British Virgin Islands	Investment	-	417,289	-	-	-	781	781	(Note 3)
	RENORIGIN INNOVATION INSTITUTE CO., LTD.	Taipei City	Sale of biotech products	14,030	14,030	1,121,000	20	-	(16,040)	(1,725)	(Note 1)
	FORWARD SCIENCE PTE. LTD.	Singapore	Trading and maintenance of semiconductor equipment and peripherals	11,944	11,944	500,000	21	-	-	-	(Note 1)
SCIENTECH INVESTMENT CORP.	SIMPLE INVESTMENT CORP.	Mauritius	Investment	154,180 (USD 4,906 thousand)	154,180 (USD 4,906 thousand)	4,905,500	100	1,960,428 (USD 62,374 thousand)	337,841 (USD 10,835 thousand)	337,841 (USD 10,835 thousand)	(Note 2)
	SCIENTECH ENGINEERING USA CORP.	California, US	Trading of semiconductor equipment and peripherals	9,429 (USD 300 thousand)	9,429 (USD 300 thousand)	300,000	100	29,131 (USD 927 thousand)	33 (USD 1 thousand)	33 (USD 1 thousand)	(Note 2)
SCIENTECH ENGINEERING CORP. (SHANGHAI)	SCIENTECH ENGINEERING (HONG KONG) LIMITED	Hong Kong	International trade	6,088 (RMB 1,354 thousand)	6,088 (RMB 1,354 thousand)	-	100	848,458 (RMB 188,714 thousand)	75,912 (RMB 17,520 thousand)	75,912 (RMB 17,520 thousand)	(Note 2)
YAYA TECHNOLOGIES CORPORATION	MAESTROGEN INC.	Hsinchu City	General instrument and precision instrument manufacturing	-	25,000	-	-	-	(1,867)	(1,729)	(Note 1 and 5)
	LEADWIN GROUP LIMITED	Samoa	Investment	9,445 (USD 301 thousand)	9,445 (USD 301 thousand)	300,500	100	67,669 (USD 2,153 thousand)	22,039 (USD 707 thousand)	22,039 (USD 707 thousand)	(Note 2)

Note 1: It was calculated based on financial statements in the same period that were not audited by CPAs.

Note 2: The amount was converted using the exchange rate of USD 1 = \$31.43 and RMB 1 = \$4.496 on 31 December 2025; investment gains or losses were converted using the average exchange rate of USD 1 = \$31.18 and RMB 1 = \$4.333 from 1 January 2025 to 31 December 2025.

Note 3: TRANSCEND CAPITAL CORP. Liquidation was completed in May 2025.

Note 4: ACROMASS TECHNOLOGIES INC. resolved by the Board of Directors in May 2025 to Capital reduction to offset accumulated deficits.

Note 5: YAYA TECHNOLOGIES CORPORATION disposed of all its equity interests in MAESTROGEN INC. in December 2025.

SCIENTECH CORPORATION and its subsidiaries
Information on Investment in Mainland China
1 January to 31 December 2025

Appendix Table 5

Unit: Unless otherwise specified,
As NTD ONE THOUSAND

Investee	Main business line	Paid-in capital(Note 1)	Method of investment	Accumulated amount of investments remitted from Taiwan at the beginning of the year (Note 1)	Amount of investments remitted or recovered in current year		Accumulated amount of investments remitted from Taiwan at year-end (Note 1)	Profit (loss) of investee for the current year	Direct or indirect shareholding ratio (%)	Investment income (loss) recognized for the current period	Carrying amount of investment at year-end	Investment income repatriated as of the current year
					R e m i t t e d	R e c o v e r e d						
SCIENTECH ENGINEERING CORP. (SHANGHAI)	Trading and maintenance of semiconductor equipment and peripherals	\$ 153,064 (USD 4,870 thousand)	Investment in a company established in a third region for re-investment in a Mainland China company (Note 3)	\$ 153,064 (USD 4,870 thousand)	\$ -	\$ -	\$ 153,064 (USD 4,870 thousand)	\$ 337,841 (Note 2)	100	\$ 337,841 (Note 2)	\$ 1,961,006 (Note 2)	\$ -
XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD.	Trading of semiconductor equipment and peripherals	2,605,108 (USD 82,886 thousand)	Investment in a company established in a third region for re-investment in a Mainland China company (Note 4)	448,455 (USD 14,268 thousand)	-	-	448,455 (USD 14,268 thousand)	(131,279) (Note 2)	17.21	(22,599) (Note 2)	400,876 (Note 2)	-
KUNSHAN YAYA TECH CO., LTD	Trading of semiconductor equipment and peripherals	6,600 (USD 210 thousand)	Investment in a Mainland China company through a company established in a third region (Note 5)	6,600 (USD 210 thousand)	-	-	6,600 (USD 210 thousand)	1,981	100	1,981	51,811	-
YAYA PCB EQUIPMENT (SHENZHEN) CO., LTD.	Trading of semiconductor equipment and peripherals	2,860 (USD 91 thousand)	Investment in a Mainland China company through a company established in a third region (Note 6)	2,860 (USD 91 thousand)	-	-	2,860 (USD 91 thousand)	20,058	100	20,058	21,298	-

Accumulated amount of investments from Taiwan to Mainland China at the end of current period (Note 1)	Investment amount approved by the Investment Commission, MOEA (Note 1)	Upper Limit on investment in Mainland China stipulated by the Investment Commission, MOEA
\$610,979 (USD 19,439 thousand)	\$610,979 (USD 19,439 thousand)	\$3,635,426

Note 1: Converted based on the exchange rate of USD 1 = \$31.43 as of December 31, 2025.

Note 2: It was calculated based on financial statements in the same period that were audited by CPAs.

Note 3: Through SIMPLE INVESTMENT CORP. Investment in SCIENTECH ENGINEERING CORP. (SHANGHAI).

Note 4: It represents the investment in XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD. through SCIENTECH ENGINEERING CORP.(SHANGHAI).

Note 5: Representing investment in KUNSHAN YAYA TECH CO., LTD through LEADWIN GROUP LIMITED.

Note 6: Investment in YAYA PCB EQUIPMENT (SHENZHEN) CO., LTD. was made through LEADWIN GROUP LIMITED.

Note 7: The balance of unrealized gains as of 31 December 2025 arising from the sale of machinery and equipment and provision of services to XTEK SEMICONDUCTOR (HUANGSHI) CO., LTD. was 40,317 thousand.

Realized gross profit during 1 January 2025 and 31 December 2025 was 5,472 thousand.

§ SCHEDULE OF MAJOR ACCOUNTS §

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SCIENTECH CORPORATION
Schedule of Cash and Cash Equivalents
31 December 2025

Table 1

Unit: Unless otherwise specified, in
NTD ONE THOUSAND

Item	Maturity Date	Annual Interest Rate	Amount
<u>Cash</u>			
Cash on hand and working capital			\$ 385
Bank check and demand deposit(Note 1)			<u>2,670,363</u>
			<u>2,670,748</u>
<u>Cash equivalents</u>			
Bank time deposit whose initial maturity date will be due within 3 months (Note 2)	2026.1.6-2026.2.13	1.58%~4.02%	<u>1,660,050</u>
			<u>\$ 4,330,798</u>

Note 1: Includes JPY 194,831 thousand, RMB 1,288 thousand, USD 19,819 thousand, and EUR 3,371 thousand, converted at the exchange rates of JPY 1 = \$0.2008, RMB 1 = \$4.496, USD 1 = \$31.43, and EUR 1 = \$36.90, respectively.

Note 2: Includes NTD 560,000 thousand and USD 35,000 thousand, converted at the exchange rate of USD 1 = \$31.43.

SCIENTECH CORPORATION
Schedule of Notes Receivables and Accounts Receivables
31 December 2025

Table 2

Unit: NT\$ thousand

Customer name	Amount
Notes receivable	\$ -
Accounts receivable	
Company A	148,657
Company C	37,919
Company F	69,765
Company G	54,740
Company H	40,769
Company I	36,719
Others (Note)	316,995
	705,564
Less: allowance for doubtful debts	5,786
	\$ 699,778

Note: The balance of each individual customer did not exceed 5% of this account.

SCIENTECH CORPORATION
Schedule of Inventories
31 December 2025

Table 3

Unit: NT\$ thousand

Item	Amount	
	Cost	Net realizable value
Products	\$ 8,497,276	\$ 9,443,543
Finished-goods	1,012,826	1,161,660
Work-in-progress	1,170,040	1,346,313
Raw materials	<u>863,020</u>	<u>1,312,197</u>
	11,543,162	<u>\$ 13,263,713</u>
Less: Allowance for devaluation loss (Note)	<u>939,489</u>	
	<u>\$ 10,603,673</u>	

Note: Allowance for inventory devaluation includes merchandise of 645,267 thousand, Finished goods of 32,068 thousand, Work in progress of 103,520 thousand, and raw materials of 158,634 thousand.

SCIENTECH CORPORATION
Schedule of Investments Accounted for Using Equity Method
For the Year 2025

Table 4

Unit: NT\$ thousand

Investee company	Opening balance		Additions for the current year		Decrease for the current year		Disposal of investments	Share of profit or loss of subsidiaries and associates accounted for using equity method	Exchange differences on translation of foreign financial statements	Others	Closing balance			
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	% of Owners hip	Amount	Note
Investment in subsidiaries														
SCIENTECH INVESTMENT CORP.	5,540,000	\$ 1,676,920	-	\$ -	-	\$ -	\$ -	\$ 337,887	(\$ 22,573)	(\$ 40,317)	5,540,000	100	\$ 1,951,917	(Note 2)
YAYA TECHNOLOGIES CORPORATION	6,722,905	214,686	904,000	28,928	-	-	-	24,442	1,482	(9,593)	7,626,905	43	259,945	(Note 2 and 3)
SCIENTECH GMBH	-	19,932	-	-	-	-	-	(3,964)	1,418	-	-	100	17,386	
ACROMASS TECHNOLOGIES INC.	27,000,000	3,357	-	-	(26,563,800)	-	-	27	-	-	436,200	100	3,384	(Note 5)
NATGEM INC.	800,000	607	-	-	-	-	-	(326)	-	-	800,000	100	281	
TRANSCEND CAPITAL CORP.	14,290,000	429,894	-	-	-	-	(439,768)	781	(36,697)	45,790	14,290,000		-	(Note 2 and 4)
		<u>2,345,396</u>		<u>28,928</u>	<u>(26,563,800)</u>		<u>(439,768)</u>	<u>358,847</u>	<u>(56,370)</u>	<u>(4,120)</u>			<u>2,232,913</u>	
Investment in associates														
RENORIGIN INNOVATION INSTITUTE CO., LTD.	1,121,000	5,252	-	-	-	-	-	(1,725)	-	(3,527)	1,121,000	20	-	(Notes 1 and 2)
FORWARD SCIENCE PTE. LTD.	500,000	-	-	-	-	-	-	-	-	-	500,000	21	-	(Note 1)
		<u>5,252</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,725)</u>	<u>-</u>	<u>(3,527)</u>			<u>-</u>	
Investments accounted for using equity method		<u>\$ 2,350,648</u>		<u>\$ 28,928</u>		<u>\$ -</u>	<u>(\$ 439,768)</u>	<u>\$ 357,122</u>	<u>(\$ 56,370)</u>	<u>(\$ 7,647)</u>			<u>\$ 2,232,913</u>	

Note 1: It was calculated based on financial statements in the same period that were not audited by CPAs.

Note 2: Others are the realized gains from downstream transactions of the current year, recognition of Changes in percentage of ownership interest in subsidiaries adjustments, and Impairment loss, etc.

Note 3: The Company acquired 904,000 shares of YAYA TECHNOLOGIES CORPORATION in 2025, for a total of 28,928 thousand.

Note 4: TRANSCEND CAPITAL CORP. Liquidation was completed in May 2025.

Note 5: ACROMASS TECHNOLOGIES INC. resolved by the Board of Directors in May 2025 to Capital reduction to offset accumulated deficits.

SCIENTECH CORPORATION
Schedule of Notes Payables and Accounts Payables
31 December 2025

Table 5

Unit: NT\$ thousand

Name of manufacturer	Amount
Notes payable	\$ <u> -</u>
Accounts payable	
Company B	260,070
Others (Note)	<u>983,192</u>
	1,243,262
Payables due to related parties (Note)	<u>4,901</u>
Total	<u>\$ 1,248,163</u>

Note: The balance of each individual customer did not exceed 5% of this account.

SCIENTECH CORPORATION
Schedule of Short-term Borrowings
31 December 2025

Table 6

Unit: NT\$ thousand

Name	Borrowing period	Balance	Credit limit of financing facilities	Pledged or collateralized	Note
Bank loans against a letter of credit					
Bank Sinopac Company Limited		\$ 1,669	\$ 203,056	None	Note 2
Chinatrust Commercial Bank Co., Ltd.		<u>104,577</u>	<u>680,000</u>	None	Note 3
		<u>\$ 106,246</u>	<u>\$ 883,056</u>		
Bank credit loans					
Chinatrust Commercial Bank Co., Ltd.	2025.8.25-2026.8.31	\$ -	\$ 40,000	None	Note 3
DBS Bank (Taiwan) Ltd.	2025.10.3-2026.10.3	-	300,000	None	Note 4
Bank Sinopac Company Limited	2025.12.31-2026.2.26	<u>200,000</u>	<u>396,944</u>	None	Note 1 and 2
		<u>\$ 200,000</u>	<u>\$ 736,944</u>		

Note 1: The interest rate range is 1.50% - 1.58%.

Note 2: The mid-term loans, loans against a letter of credit, bid bond guarantees, and performance bond limits of Bank Sinopac Company Limited are accumulative, amounting to NT\$600,000 thousand.

Note 3: The credit limit of Chinatrust Commercial Bank Co., Ltd. credit loans, loans against a letter of credit and performance guarantees is shared, totaling 720,000 thousand.

Note 4: Credit line of credit of DBS Bank (Taiwan) Ltd., totaling 300,000 thousand.

SCIENTECH CORPORATION
Schedule of Contract Liability
31 December 2025

Table 7

Unit: NT\$ thousand

Customer name	Amount
Company A	\$ 630,286
Company F	657,798
Others (Note)	<u>10,786,912</u>
Contract liabilities	<u>\$ 12,074,996</u>

Note: The balance of each individual customer did not exceed 5% of this account.

SCIENTECH CORPORATION
Bonds Payable Schedule
31 December 2025

Table 8

Unit: NT\$ thousand

Bond name	Trustee	Issue date	Interest Payment Date	Interest rate (%)	Amount			Unamortized premium (discount)	Book value	Repayment method	Collateral situation
					Total issuance amount	Amount repaid	Closing balance				
Domestic corporate bonds											
First unsecured convertible corporate bonds of 2024	Taipei Fubon Commercial Bank Co., Ltd.	2024/06/07	Issued at face value, with a coupon rate of 0%	-	\$ 200,000	\$ -	\$ 200,000	(\$ 5,411)	\$ 194,589	Except for conversion into the Company's common shares according to the conversion terms or early redemption by the Company, the principal is repaid in full at maturity.	None
Second unsecured convertible corporate bonds of 2024	Taipei Fubon Commercial Bank Co., Ltd.	2024/06/19	Issued at 117.07% of the face value, with a coupon rate of 0%	-	<u>1,000,000</u>	<u>(1,100)</u>	<u>998,900</u>	<u>(26,721)</u>	<u>972,179</u>	Except for conversion into the Company's common shares according to the conversion terms or early redemption by the Company, the principal is repaid in full at maturity.	None
					<u>\$ 1,200,000</u>	<u>(\$ 1,100)</u>	<u>\$ 1,198,900</u>	<u>(\$ 32,132)</u>	<u>\$ 1,166,768</u>		

SCIENTECH CORPORATION
Schedule of Net Operating Income
For the Year 2025

Table 9

Unit: NT\$ thousand

Name	Amount	Amount
Manufacturing	2,339,266	\$ 4,214,285
Agent	21,842	2,854,565
Commission		130,795
Maintenance		108,777
Others		42,429
		\$ 7,350,851

SCIENTECH CORPORATION
Schedule of Operating Costs
For the Year 2025

Table 10

Unit: NT\$ thousand

Name	Amount
Cost to manufacture and cost of goods sold	
Beginning of year raw supplies	\$ 790,062
Add: Purchases for the current year	2,581,817
Work in progresstransferred in	2,129,795
finished goods transferred in	1,714,673
Others	246,841
Less: End of year supplies	863,020
Transferred goods	51,489
Research and development	
requisition, etc.	<u>222,498</u>
Direct raw supplies consumption	6,326,181
Direct labor	264,737
Manufacturing overheads	<u>616,246</u>
Manufacturing costs	7,207,164
Add: Beginning of year Work in progress	838,515
Less: Year-end Work in progress	1,170,040
Transferred-in raw materials	<u>2,129,795</u>
Cost of finished-goods	4,745,844
Add: beginning of year finished goods	650,511
Others	6,287
Less: End of year finished goods	1,012,826
Transferred-in raw materials	1,714,673
Others	<u>151,314</u>
	<u>2,523,829</u>
 Cost of goods sold	
Beginning merchandise	7,882,224
Add: Purchases in the current year	3,033,659
Transferred supplies to products	51,489
Less: End of year goods	8,497,276
Others	<u>294,550</u>
	<u>2,175,546</u>
 Add: Loss on inventories devaluation	24,643
 Add: Retirement of inventories	<u>20,736</u>
	<u>\$ 4,744,754</u>

SCIENTECH CORPORATION
Schedule of Operating Expenses
For the Year 2025

Table 11

Unit: NT\$ thousand

Item	Selling expenses	Administrative expenses	Commissions expense	Expected credit impairment (reversal of gain)	Total
Salary expenses	\$ 410,105	\$ 129,366	\$ 218,680	\$ -	\$ 758,151
Donations	1,349	11,734	638	-	13,721
Commission	153,889	-	-	-	153,889
Depreciation	22,906	6,650	62,861	-	92,417
Indirect materials	18,662	1	30,810	-	49,473
Service fees	73,986	8,458	4,432	-	86,876
Others (Note)	<u>303,895</u>	<u>44,297</u>	<u>104,862</u>	(<u>6,715</u>)	<u>446,339</u>
	<u>\$ 984,792</u>	<u>\$ 200,506</u>	<u>\$ 422,283</u>	(<u>\$ 6,715</u>)	<u>\$1,600,866</u>

Note: No amount individually exceeds 5% of this account.

SCIENTECH CORPORATION

Summary Table by Function of Employee Benefits, Depreciation, and Amortization Incurred in the Year
For the years 2025 and 2024

Table 12

Unit: NT\$ thousand

	For the Year 2025			For the Year 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 274,555	\$ 740,761	\$ 1,015,316	\$ 223,000	\$ 595,026	\$ 818,026
Labor insurance and health insurance expenses	28,313	51,221	79,534	22,680	41,695	64,375
Pension expenses	7,225	29,246	36,471	6,594	24,419	31,013
Directors' remuneration	-	17,390	17,390	-	15,230	15,230
Other employee benefit expenses	25,811	24,653	50,464	20,721	21,626	42,347
	<u>\$ 335,904</u>	<u>\$ 863,271</u>	<u>\$ 1,199,175</u>	<u>\$ 272,995</u>	<u>\$ 697,996</u>	<u>\$ 970,991</u>
Depreciation expense	<u>\$ 87,552</u>	<u>\$ 92,417</u>	<u>\$ 179,969</u>	<u>\$ 47,197</u>	<u>\$ 80,150</u>	<u>\$ 127,347</u>
Amortization expense	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 339</u>	<u>\$ -</u>	<u>\$ 338</u>	<u>\$ 338</u>

Note 1: The number of the Company's employees in 2025 and 2024 is 884 and 739, respectively, of whom the number of directors not concurrently serving as an employee is both 6.

Note 2:(1) Average employee benefit expenses for 2025 and 2024 were 1,346 thousand and 1,304 thousand, respectively.

(2) Average employee salary expenses for 2025 and 2024 were 1,156 thousand and 1,116 thousand, respectively.

(3) The extent of average employee salary adjustment was 3.58%.

Note 3: The Company does not have supervisors.

Note 4: The Company's independent directors are entitled to a fixed amount of remuneration. Other directors are entitled to no compensation other than the reimbursement of transportation expenses required for attending a Board meeting. In addition, according to Article 20 of the Company's Articles of Incorporation, no less than 2% of the annual earnings may be allocated as directors' remuneration. Such remuneration is firstly proposed to the Remuneration Committee in accordance with the Company's remuneration distribution principles; if the committee gives the approval, such remuneration proposal is then submitted to the Board of Directors and, if approved, implemented.

Note 5: The salary structure of the Company's employees and managers mainly comprises base salary, job pay differentials, bonus, and monetary perks. The salary adjustment, year-end bonus, and bonus distribution therefor are determined based on the "Employee Promotion Regulations" and "Employee Bonus Distribution Principles", and are firstly proposed by the management executives with consideration given to personal performance and the Company's operational performance, then approved by the executives with the authority, then submitted to the Remuneration Committee for consideration, and, if approved, implemented.