

**GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND REPORT OF
INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2025 AND 2024**

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

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Gallant Precision Machining Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the independent auditors' responsibilities for the audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. 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 matters.

Key audit matters for the parent company only financial statements in the current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(13) of the parent company only financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the parent company only financial statements. The inventory cost and the balance of inventory valuation loss allowance amounting to NT483,138 thousand and NT213,401 thousand as of December 31, 2025 are disclosed in Note 6(5) of the parent company only financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matters.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.
2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.
3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Revenue recognition

Description

Refer to Note 4(28) and Note 6(19) of the parent company only financial statements for accounting

policies on revenue recognition and the description of significant accountings – operating revenue.

Gallant Precision Machining Co., Ltd. is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase order, evidence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.
4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

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 is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation .
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion .

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan
February 26, 2026

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 384,252	3	\$ 396,394	4
1136	Financial assets at amortized cost - current	6(3)	151,101	1	6,557	-
1150	Notes receivable, net	6(4)	2,098	-	-	-
1170	Accounts receivable, net	6(4)	774,463	6	933,336	9
1180	Accounts receivable - related parties, net	6(4) and 7	23,249	-	26,140	-
1200	Other receivables		2,405	-	2,755	-
1210	Other receivables - related parties	7	1,633	-	8,039	-
1220	Current tax assets	6(26)	8,808	-	-	-
130X	Inventories	6(5)	269,737	2	191,188	2
1410	Prepayments		58,718	1	60,487	1
1470	Other current assets		20,909	-	18,846	-
11XX	Current Assets		<u>1,697,373</u>	<u>13</u>	<u>1,643,742</u>	<u>16</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income – non – current	6(2)	8,112,973	63	6,053,520	57
1535	Financial assets at amortized cost – non-current	6(3) and 8	165,627	1	165,571	2
1550	Investments accounted for using equity method	6(6)	1,716,073	13	1,385,799	13
1600	Property, plant and equipment, net	6(7) ,7and 8	939,049	7	957,194	9
1755	Right-of-use assets	6(8)	178,424	1	185,665	2
1780	Intangible assets		5,131	-	2,879	-
1840	Deferred income tax assets	6(26)	57,743	1	70,938	1
1900	Other non-current assets	6(13)	52,974	1	54,244	-
15XX	Non-current assets		<u>11,227,994</u>	<u>87</u>	<u>8,875,810</u>	<u>84</u>
1XXX	Total assets		<u>\$ 12,925,367</u>	<u>100</u>	<u>\$ 10,519,552</u>	<u>100</u>

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term loans	6(9)	\$ 1,110,000	9	\$ 1,430,000	14
2130	Contract liabilities-current	6(19) and 7	29,829	-	46,519	1
2170	Accounts payable	6(10)	533,409	4	635,839	6
2180	Accounts payable – related parties	7	9,503	-	3,199	-
2200	Other payables	6(11)	321,403	3	170,109	2
2230	Current income tax liabilities	6(26)	-	-	4,153	-
2250	Provisions for liabilities – current		38,179	-	41,132	-
2280	Lease liabilities-current		4,998	-	4,962	-
2320	Long-term loans-current portion	6 (12)	166,667	1	41,667	-
2399	Other current liabilities – other		4,261	-	22,164	-
21XX	Current Liabilities		<u>2,218,249</u>	<u>17</u>	<u>2,399,744</u>	<u>23</u>
Non-current liabilities						
2540	Long-term loans	6(12)	1,699,666	13	1,148,333	11
2570	Deferred income tax liabilities	6(26)	22,790	-	18,500	-
2580	Lease liabilities-non-current		182,680	2	188,854	2
2600	Other non-current liabilities		4,275	-	4,244	-
25XX	Non-current liabilities		<u>1,909,411</u>	<u>15</u>	<u>1,359,931</u>	<u>13</u>
2XXX	Total Liabilities		<u>4,127,660</u>	<u>32</u>	<u>3,759,675</u>	<u>36</u>
Equity						
Share capital						
3110	Share capital – common stock	6(15)	1,647,466	13	1,651,361	16
Capital surplus						
3200	Capital surplus	6(16)	267,981	2	298,984	3
Retained earnings						
3310	Legal reserve	6(17)	274,546	2	246,739	2
3320	Special reserve		111,147	1	111,147	1
3350	Unappropriated retained earnings		404,438	3	391,381	4
Other equity interest						
3400	Other equity interest	6(18)	6,554,738	51	4,537,041	43
3500	Treasury share	6(15)	(462,609)	(4)	(476,776)	(5)
3XXX	Total equity		<u>8,797,707</u>	<u>68</u>	<u>6,759,877</u>	<u>64</u>
Contingent liabilities and unrecognized contract commitments						
3X2X	Total liabilities and equity		<u>\$ 12,925,367</u>	<u>100</u>	<u>\$ 10,519,552</u>	<u>100</u>

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Years ended December 31			
		2025		2024	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$ 1,963,447	100	\$ 1,854,131	100
5000 Operating costs	6(5)(24)(25) and 7	(1,394,922)	(71)	(1,658,067)	(89)
5900 Operating margin		568,525	29	196,064	11
5910 Unrealized profit from sales		(19)	-	(214)	-
5920 Realized profit from sales		214	-	138	-
5950 Net operating margin		568,720	29	195,988	11
Operating expenses	6(24)(25) and 7				
6100 Selling expenses		(64,064)	(3)	(62,279)	(3)
6200 General and administrative expenses		(265,352)	(14)	(169,703)	(9)
6300 Research and development expenses		(181,545)	(9)	(159,014)	(9)
6450 Expected credit impairment gain	12(2)	18,306	1	45,550	2
6000 Total operating expenses		(492,655)	(25)	(345,446)	(19)
6900 Operating profit (loss)		76,065	4	(149,458)	(8)
Non-operating income and expenses					
7100 Interest income	6(20)	11,107	-	13,714	1
7010 Other income	6(21) and 7	228,184	12	163,995	9
7020 Other gains and losses	6(22)	(13,267)	(1)	46,691	2
7050 Finance costs	6(23)	(58,172)	(3)	(37,545)	(2)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		189,712	10	261,164	14
7000 Total non-operating income and expenses		357,564	18	448,019	24
7900 Profit before tax		433,629	22	298,561	16
7950 Income tax expense	6(26)	(16,681)	(1)	(1,812)	-
8200 Profit for the year		\$ 416,948	21	\$ 296,749	16
Other comprehensive income for the year (net)					
Components of other comprehensive income that will not be reclassified to profit or loss	6(18)				
8311 Remeasurement of defined benefit obligation	6(13)	\$ 3,373	-	\$ 6,231	1
8316 Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(2)	2,041,210	104	3,899,812	210
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(1,537)	-	1,530	-
8310 Components that will not be reclassified subsequently to profit or loss:		2,043,046	104	3,907,573	211
Components of other comprehensive income that may be reclassified subsequently to profit or loss	6(18)				
8361 Cumulative translation differences of foreign operations		(1,232)	-	25,719	1
Components of other comprehensive income that may be reclassified subsequently to profit or loss		(1,232)	-	25,719	1
8300 Other comprehensive income (loss) for the year		\$ 2,041,814	104	\$ 3,933,292	212
8500 Total comprehensive income for the year		\$ 2,458,762	125	\$ 4,230,041	228
Basic earnings per share	6(27)				
9750 Basic earnings per share		\$ 2.59		\$ 1.82	
Diluted earnings per share	6(27)				
9850 Diluted earnings per share		\$ 2.54		\$ 1.76	

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Notes	Retained Earnings					Other Equity				
	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Other equity-others	Treasury share	Total equity
<u>For the year ended December 31, 2024</u>										
Balance at January 1, 2024	\$ 1,651,361	\$ 267,824	\$ 226,325	\$ 111,147	\$ 329,883	(\$ 47,620)	\$ 664,100	\$ -	(\$ 30,254)	\$ 3,172,766
Profit for the year	-	-	-	-	296,749	-	-	-	-	296,749
Other comprehensive income 6(18) for the year	-	-	-	-	6,231	25,719	3,901,342	-	-	3,933,292
Total comprehensive income for the year	-	-	-	-	302,980	25,719	3,901,342	-	-	4,230,041
Distribution of 2023 earnings: 6(17)										
Legal reserve	-	-	20,414	-	(20,414)	-	-	-	-	-
Cash dividends	-	-	-	-	(196,155)	-	-	-	-	(196,155)
Disposal of equity 6(18) instruments measured at fair value through other comprehensive income	-	-	-	-	6,500	-	(6,500)	-	-	-
Recognition of changes in ownership interest in subsidiaries	-	(57,132)	-	-	(31,413)	-	-	-	-	(88,545)
Transfer of treasury shares 6(15)	-	88,292	-	-	-	-	-	-	16,209	104,501
Purchase Treasury Stock 6(15)	-	-	-	-	-	-	-	-	(462,731)	(462,731)
Balance at December 31, 2024	\$ 1,651,361	\$ 298,984	\$ 246,739	\$ 111,147	\$ 391,381	(\$ 21,901)	\$ 4,558,942	\$ -	(\$ 476,776)	\$ 6,759,877
<u>For the year ended December 31, 2025</u>										
Balance at January 1, 2025	\$ 1,651,361	\$ 298,984	\$ 246,739	\$ 111,147	\$ 391,381	(\$ 21,901)	\$ 4,558,942	\$ -	(\$ 476,776)	\$ 6,759,877
Profit for the year	-	-	-	-	416,948	-	-	-	-	416,948
Other comprehensive income 6(18) for the year	-	-	-	-	3,373	(1,232)	2,039,673	-	-	2,041,814
Total comprehensive income for the year	-	-	-	-	420,321	(1,232)	2,039,673	-	-	2,458,762
Distribution of 2024 earnings: 6(17)										
Legal reserve	-	-	27,807	-	(27,807)	-	-	-	-	-
Cash dividends	-	-	-	-	(289,492)	-	-	-	-	(289,492)
Cash distribution from capital6(17) surplus	-	(32,166)	-	-	-	-	-	-	-	(32,166)

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other Equity				Total equity
		Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Other equity-others	Treasury share	
Recognition of changes in ownership interest in subsidiaries		\$ -	(\$ 8,677)	\$ -	\$ -	(\$ 23,979)	\$ -	\$ -	\$ -	\$ -	(\$ 32,656)
Share-based Payment	6(14)	-	7,181	-	-	-	-	-	1,331	-	8,512
Transfer of treasury shares	6(15)	-	-	-	-	-	-	-	-	2,484	2,484
Cancellation of treasury shares	6(15)	(6,395)	(5,166)	-	-	-	-	-	-	11,561	-
Capital Surplus - Difference between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	6(30)	-	(11,750)	-	-	(65,986)	-	-	-	-	(77,736)
Restricted shares granted to employees	6(15)	2,500	19,575	-	-	-	-	-	(22,075)	-	-
Others		-	-	-	-	-	-	-	-	122	122
Balance at December 31, 2025		<u>\$ 1,647,466</u>	<u>\$ 267,981</u>	<u>\$ 274,546</u>	<u>\$ 111,147</u>	<u>\$ 404,438</u>	<u>(\$ 23,133)</u>	<u>\$ 6,598,615</u>	<u>(\$ 20,744)</u>	<u>(\$ 462,609)</u>	<u>\$ 8,797,707</u>

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 433,629	\$ 298,561
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	31,400	28,013
Amortization	6(24)	2,773	1,641
Gain on financial assets at fair value through profit or loss	6(22)	(3,819)	(11,928)
Reversal of expected credit losses	12(2)	(18,306)	(45,550)
Interest expense	6(23)	58,172	37,545
Interest income	6(20)	(11,107)	(13,714)
Dividend income	6(21)	(160,431)	(101,070)
Share of profits of associates and joint ventures accounted for using equity method		(189,712)	(261,164)
Unrealized profits from sales		19	214
Realized profits from sales		(214)	(138)
Share-based payment	6(14)	8,512	74,708
Gain on disposal and retirement of property, plant and equipment	6(22)	(10)	(389)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		(2,098)	-
Accounts receivable		177,179	3,040
Accounts receivable - related parties		2,891	(8,871)
Other receivables		(5)	(751)
Other receivables - related parties		6,406	(2,265)
Inventories		(78,579)	191,754
Prepayments		1,769	37,358
Other current assets		(2,063)	(4,479)
Net defined benefit assets		(1,085)	(6,129)
Other non-current assets		14,121	14,121
Net changes in liabilities relating to operating activities			
Contract liabilities		(16,690)	(66,674)
Accounts payable		(102,430)	72,629
Accounts payable - related parties		6,304	(28,250)
Other payables		150,666	(69,644)
Provisions for liabilities		(2,953)	(373)
Unearned receipts		(17,724)	16,333
Other current liabilities		(179)	(653)
Cash generated from operations		286,436	153,875
Interest received		11,462	14,419
Dividends received		160,431	101,070
Interest paid		(57,767)	(37,106)
Income tax paid		(13,694)	(12,738)
Net cash provided by (used in) operating activities		<u>386,868</u>	<u>219,520</u>

(Continued)

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 478,062)	(\$ 337,729)
Acquisition of financial assets at amortized cost		(178,164)	(529,545)
Proceeds from disposal of financial assets at amortized cost		33,564	746,500
Acquisition of financial assets at fair value through profit or loss		(17,695)	(123,156)
Disposal of financial assets at fair value through profit or loss		21,514	135,084
Dividends received from investments accounted for using equity method		295,726	91,631
Acquisition of investments accounted for using the equity method		(88,067)	(36,000)
Acquisition of property, plant and equipment	6(28)	(7,253)	(585,385)
Proceeds from disposal of property, plant and equipment		1,257	686
Acquisition of intangible assets		(5,998)	(2,307)
Refundable deposits paid		(1,155)	(480)
Refundable deposits refunded		431	988
Other non-current assets paid		(7,500)	-
Net cash provided by (used in) investing activities		(431,402)	(639,713)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term loans	6(29)	1,370,000	2,765,000
Repayment of short-term loans	6(29)	(1,690,000)	(2,545,000)
Proceeds from long-term loans	6(29)	868,000	950,000
Repayment of long-term loans	6(29)	(191,667)	(140,000)
Repayment of the principal portion of lease liabilities	6(29)	(4,920)	(4,886)
Guarantee deposits received	6(29)	644	727
Guarantee deposits paid	6(29)	(613)	-
Treasury stock transferred to employees	6(14)	2,484	16,209
Payment of cash dividends	6(17)	(289,492)	(196,155)
Cash dividends from capital surplus	6(17)	(32,166)	-
Repurchase of treasury shares	6(15)	-	(462,731)
Others		122	-
Net cash provided by (used in) financing activities		32,392	383,164
Net increase in cash and cash equivalents		(12,142)	(37,029)
Cash and cash equivalents at beginning of year	6(1)	396,394	433,423
Cash and cash equivalents at end of year	6(1)	\$ 384,252	(\$ 396,394)

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

GALLANT PRECISION MACHINING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the Company) was incorporated on December 22, 1978. The Company are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business. The Company's stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd. (the "Syntran Company") on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company's stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 26, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7, “Contracts involving nature-dependent electricity”	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

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

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments.

The Financial Supervisory Commission (FSC) has endorsed certain aspects of the amendments, while the parts not yet endorsed are explained as follows:

The update regarding the irrevocable election to designate equity instruments as measured at fair value through other comprehensive income (FVOCI) requires entities to disclose the fair value by class of equity instruments, without the need to disclose fair value information for each individual instrument. Additionally, entities must disclose the amount of fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the amounts related to disposals of investments during the period and the amounts related to investments still held at the end of the reporting period, as well as any cumulative gains or losses that were reclassified from other comprehensive income to equity upon derecognition of investments during the reporting period.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by International Accounting Standards Board
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
IFRS 19 “Subsidiaries without Public Accountability Disclosures”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release that publicly traded companies will be required to adopt IFRS 18 starting from fiscal year 2028. Furthermore, enterprises that wish to early adopt IFRS 18 may do so—subject to FSC approval—once IFRS 18 has been formally endorsed by the FSC.

Except for what is described below, the above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group’s assessment:

IFRS 18 “ Presentation and Disclosure in Financial Statements”

IFRS18, "Presentation and Disclosure in Financial Statements," replaces IFRS 1 and updates the structure of the statement of comprehensive income. It also introduces disclosures for measuring management performance and strengthens the principles of aggregation and disaggregation used in the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets at fair value through other comprehensive income.

- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that periods; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Does not have the right to defer payment of liabilities for at least twelve months after the reporting period.

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

(5) Cash equivalents

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

(6) Financial assets measured at fair value through profit or loss

A. Refers to financial assets that are not measured at amortized cost or at fair value through other comprehensive income.

B. The Group adopts trade date accounting for financial assets measured at fair value through profit or loss in regular transactions.;

C. The Group measures assets at fair value when initially recognized, with related transaction costs recognized in profit or loss, and any subsequent gains or losses on such assets are recognized in profit or loss.

D. The Group recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow in and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

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

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

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

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

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

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

The Company assesses expected credit losses (ECL) on financial assets measured at amortized cost at each balance sheet date, considering all reasonable and supportable information, including forward-looking data. For financial assets where credit risk has not significantly increased since initial recognition, the Company measures loss allowances based on 12-month ECL. For those where credit risk has increased significantly since initial recognition, loss allowances are measured based on lifetime ECL. For accounts receivable without significant financing components, loss allowances are also measured based on lifetime ECL.

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) – operating leases

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

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

(14) Investments accounted for using equity method / Subsidiaries and Affiliates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

- F. Associated companies refer to all entities over which the Group has significant influence but no control, generally in which the Group directly or indirectly holds more than 20% of the voting rights. The Group's investments in associated companies are accounted for using the equity method and are recognized at cost when acquired.
- G. The Group recognizes its share of the profit or loss of an associated enterprise after acquisition in current profit or loss, and recognizes its share of other comprehensive profit or loss after acquisition in other comprehensive profit or loss. If the Group's share of the losses of an associated entity equals or exceeds its interest in that associated entity (including any other unsecured receivables), the Group does not recognize further losses unless the Group has a legal obligation, constructive obligation or has made payments on behalf of the associated entity.
- H. When there is a change in equity in an associated enterprise other than profit or loss and other comprehensive income and does not affect the shareholding ratio of the associated enterprise, the Group will recognize the change in equity attributable to the Group's share of the associated enterprise as "capital reserve" based on the shareholding ratio.
- I. Unrealized gains and losses arising from transactions between the Group and its associated companies have been eliminated in proportion to their equity interests in the associated companies; unrealized losses are also eliminated unless there is evidence that the assets transferred in the transaction have been impaired. Necessary adjustments have been made to the accounting policies of associated entities to be consistent with the Group's accounting policies.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	15 ~ 50 years
Machinery and equipment	3 ~ 20 years
Office equipment	2~5 yers
Rental assets	50 years
Other equipment	5 ~ 10 years

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following: Fixed payments, less any lease incentives receivable;

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

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

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Other intangible assets

Other intangible assets mainly technical royalties, are amortized on a straight-line basis over its estimated useful life of 3 years.

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Accounts payable

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

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

(21) Derecognition of financial liabilities

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

(22) Provisions

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

B. The carbon fees imposed under the Climate Change Response Act and its related regulations in Taiwan are not accounted for in accordance with IFRS Interpretations Committee Agenda Decision IFRIC 21 “Levies”, but are recognized and measured in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets.” If it is probable that the total annual emissions will exceed the threshold for levy imposition, a provision for carbon fees shall be recognized in the interim financial statements based on the proportion of emissions incurred during the period relative to the estimated total annual emissions.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i . Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii . Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

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

(24) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- B. Restricted employee shares:
 - (a) Compensation cost is recognized during the vesting period based on the fair value of the equity instruments granted at the grant date.
 - (b) The shares are not subject to restrictions on participation in dividend distributions, and employees are not required to return dividends received if they leave during the vesting period. As of the dividend declaration date, the portion of dividends attributable to employees who are expected to leave during the vesting period is recognized as compensation cost based on the fair value of the dividends.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The Company calculates current income tax based on the tax rates that have been enacted or substantively enacted by the balance sheet date in the countries where it operates and generates taxable income. Management regularly evaluates the status of income tax filings in light of applicable tax regulations and, when necessary, estimates income tax liabilities based on the expected amounts payable to tax authorities. For the additional income tax on undistributed earnings as stipulated by the Income Tax Act, the expense is recognized in the year following the earnings generation, after the shareholders' meeting approves the earnings distribution plan, and is based on the actual distribution of earnings.

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

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

- (a) The Company provides manufacturing and sales of flat display manufacturing inspection equipment, Semiconductor packaging equipment, Intelligent automation equipment and parts products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales are recognized based on the price specified in the contract.
- (c) The Company provides standard warranties for products sold and is obligated to repair defective products. Accordingly, a provision is recognized at the time of sale.
- (d) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

B. Sales of services

The Company provides technical services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(29) Government grants

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. This inventory valuation is mainly based on current market conditions and historical experience, and is therefore subject to significant changes.

As of December 31, 2025, the carrying amount of inventories was \$269,737.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 103	\$ 130
Checking accounts	-	26
Demand deposits	373,148	396,238
Time deposits	11,001	-
Total	<u>\$ 384,252</u>	<u>\$ 396,394</u>

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

B. As of December 31, 2025 and 2024, cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortized cost. Please refer to Note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Listed stocks	\$ 2,259,517	\$ 1,781,475
Non-Listed stocks	15,448	15,448
Valuation adjustment	5,838,008	4,256,597
Total	<u>\$ 8,112,973</u>	<u>\$ 6,053,520</u>

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at December 31, 2025 and 2024, the fair value of such investments amounted to \$8,112,973 and \$6,053,520, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognized in other comprehensive income	<u>\$ 1,581,411</u>	<u>\$ 3,737,479</u>

	Year ended December 31, 2025	Year ended December 31, 2024
Accumulated gains or losses due to delisting and transfer to retained earnings	\$ -	\$ 6,500
Dividend income recognized in profit or loss held at end of period	\$ 160,431	\$ 101,070

C The Company has not pledged any financial assets at fair value through other comprehensive income or loss.

D. For details of the Company's investment in financial instruments. Please refer to Note 3

(3) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits	\$ 151,101	\$ 6,557
Non-current items:		
Pledged time deposits	15,627	15,571
Corporate bonds	150,000	150,000
	<u>165,627</u>	<u>165,571</u>
Total	<u>\$ 316,728</u>	<u>\$ 172,128</u>

A. The Company transacts with financial institutions with high credit quality.

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

C. Information relating to credit risk is provided in Note 12(2). The counterparties of our company's investment in time deposits and corporate bonds are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(4) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 2,098	\$ -
Accounts receivable	\$ 816,742	\$ 993,921
Accounts receivable - related parties	23,249	26,140
Less: allowance for bad debts	(42,279)	(60,585)
	<u>\$ 797,712</u>	<u>\$ 959,476</u>

A. The ageing analysis of notes and accounts receivable (including related parties) is as follows:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 673,975	\$ 2,098	\$ 773,785	\$ -
1 to 90 days	77,015	-	139,276	-
91 to 120 days	14,763	-	46,167	-
Over 120 days	74,238	-	60,833	-
	<u>\$ 839,991</u>	<u>\$ 2,098</u>	<u>\$ 1,020,061</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

B. For the years ended December 31, 2025 and 2024, and January 1, 2024, the balances of receivables (including notes) from contracts with customers amounted to \$842,089, \$1,020,061 and \$1,014,230, respectively.

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$2,098, \$0 and \$797,712, \$959,476, respectively.

D. The Company does not hold any collateral as security.

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

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 161,057	(\$ 127,273)	\$ 33,784
Work in progress	306,775	(80,589)	226,186
Finished goods	14,908	(5,539)	9,369
Inventory in transit	398	-	398
Total	<u>\$ 483,138</u>	<u>(\$ 213,401)</u>	<u>\$ 269,737</u>

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 191,879	(\$ 138,482)	\$ 53,397
Work in progress	323,807	(187,300)	136,507
Finished goods	26,767	(26,515)	252
Inventory in transit	1,032	-	1,032
Total	<u>\$ 543,485</u>	<u>(\$ 352,297)</u>	<u>\$ 191,188</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2025	Year ended December 31, 2024
Cost of goods sold	\$ 1,513,438	\$ 1,447,070
Loss on (gain on reversal of) decline in market value	(138,896)	210,997
Others	20,380	-
	<u>\$ 1,394,922</u>	<u>\$ 1,658,067</u>

(6) Investments accounted for using equity method

	December 31, 2025	December 31, 2024
Gallant Micro. Machining Co., Ltd.	\$ 1,369,242	\$ 978,266
Gallant-Rapid Corporation Ltd. (the “GRC”)	209,313	203,881
APEX-I International Co., Ltd.	79,233	131,473
OPXION Tech. Incorporation	58,285	72,179
	<u>\$ 1,716,073</u>	<u>\$ 1,385,799</u>

- A. Information about the Company’s subsidiaries is provided in Note 4(3) of the 2025 consolidated financial statements.
- B. In the year 2024, the Group increased its shareholding in OPXION Tech. Incorporation to a level that grants significant influence. Consequently, the Group has adopted the equity method for evaluating its investment in OPXION Tech. Incorporation

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Leased assets</u>	<u>Others</u>	<u>Total</u>
At January 1, 2025								
Cost	\$ 173,489	\$ 882,999	\$ 56,616	\$ 4,216	\$ 1,758	\$ 65,683	\$ 5,848	\$ 1,190,187
Accumulated depreciation and impairment	-	(188,260)	(17,587)	(2,713)	(362)	(22,797)	(1,274)	(232,993)
	<u>\$ 173,489</u>	<u>\$ 694,739</u>	<u>\$ 39,029</u>	<u>\$ 1,503</u>	<u>\$ 1,396</u>	<u>\$ 42,886</u>	<u>\$ 4,152</u>	<u>\$ 957,194</u>
<u>2025</u>								
Opening net book amount as at January 1	\$ 173,489	\$ 694,739	\$ 39,029	\$ 1,503	\$ 1,396	\$ 42,886	\$ 4,152	\$ 957,194
Additions	-	-	140	5,939	-	-	2,370	8,449
Disposals	-	-	-	-	(1,247)	-	-	(1,247)
Reclassification (Note)	-	-	-	30	-	-	-	30
Depreciation charge	-	(18,381)	(3,564)	(1,037)	(149)	(1,287)	(959)	(25,377)
Closing net book amount as at December 31	<u>\$ 173,489</u>	<u>\$ 676,358</u>	<u>\$ 35,605</u>	<u>\$ 6,435</u>	<u>\$ -</u>	<u>\$ 41,599</u>	<u>\$ 5,563</u>	<u>\$ 939,049</u>
At December, 31, 2025								
Cost	\$ 173,489	\$ 882,999	\$ 50,262	\$ 8,532	\$ -	\$ 65,683	\$ 7,796	\$ 1,188,761
Accumulated depreciation and impairment	-	(206,641)	(14,657)	(2,097)	-	(24,084)	(2,233)	(249,712)
	<u>\$ 173,489</u>	<u>\$ 676,358</u>	<u>\$ 35,605</u>	<u>\$ 6,435</u>	<u>\$ -</u>	<u>\$ 41,599</u>	<u>\$ 5,563</u>	<u>\$ 939,049</u>

Note: During the period, transfers included \$30 reclassified from inventory.

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets	Others	Total
At January 1, 2024								
Cost	\$ -	\$ 477,878	\$ 68,586	\$ 7,158	\$ 1,583	\$ 65,683	\$ 5,848	\$ 626,736
Accumulated depreciation and impairment	-	(176,683)	(22,600)	(5,011)	(133)	(21,509)	(5,139)	(231,075)
	<u>\$ -</u>	<u>\$ 301,195</u>	<u>\$ 45,986</u>	<u>\$ 2,147</u>	<u>\$ 1,450</u>	<u>\$ 44,174</u>	<u>\$ 709</u>	<u>\$ 395,661</u>
2024								
Opening net book amount as at January 1	\$ -	\$ 301,195	\$ 45,986	\$ 2,147	\$ 1,450	\$ 44,174	\$ 709	\$ 395,661
Additions	173,489	409,502	-	286	550	-	440	584,267
Disposals	-	-	-	-	(297)	-	-	(297)
Reclassification (Note)	-	(4,381)	(817)	328	-	-	4,381	(489)
Depreciation charge	-	(11,577)	(6,140)	(1,258)	(307)	(1,288)	(1,378)	(21,948)
Closing net book amount as at December 31	<u>\$ 173,489</u>	<u>\$ 694,739</u>	<u>\$ 39,029</u>	<u>\$ 1,503</u>	<u>\$ 1,396</u>	<u>\$ 42,886</u>	<u>\$ 4,152</u>	<u>\$ 957,194</u>
At December, 31, 2024								
Cost	\$ 173,489	\$ 882,999	\$ 56,616	\$ 4,216	\$ 1,758	\$ 65,683	\$ 5,426	\$ 1,190,187
Accumulated depreciation and impairment	-	(188,260)	(17,587)	(2,713)	(362)	(22,797)	(1,274)	(232,993)
	<u>\$ 173,489</u>	<u>\$ 694,739</u>	<u>\$ 39,029</u>	<u>\$ 1,503</u>	<u>\$ 1,396</u>	<u>\$ 42,886</u>	<u>\$ 4,152</u>	<u>\$ 957,194</u>

Note: During the period, transfers included \$328 reclassified from inventory and \$817 transferred to inventory.

- A. Amount of borrowing costs capitalized as part of property, plant and equipment were both \$0 for the years ended December 31, 2025 and 2024, respectively.
- B. The significant components of buildings include main plants improvement and structure, which are depreciated over 15 and 50 years.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings, multifunction printers. Rental contracts are typically made for periods of 1 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The lease term of the house (dormitory) rented by the Company shall not exceed 12 months.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 178,424	\$ 185,665

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 6,023	\$ 6,065

- D. For the years ended December 31, 2025 and 2024, the amount of addition for leases were \$0 and \$686, respectively.
- E. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,076	\$ 3,173
Expense on short-term lease contracts	7,213	6,264

- F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$15,209 and \$14,323, respectively.
- G. Extension and termination options

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

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured Banking Loan	\$ 1,000,000	1.77%~2.08%	None
Mortgage Loan	110,000	1.92%	Note
	<u>\$ 1,110,000</u>		

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Unsecured Banking Loan	\$ 1,340,000	1.77%~2.28%	None
Mortgage Loan	90,000	1.89%	Note
	<u>\$ 1,430,000</u>		

Note: The collateral provided for short-term loans is detailed in Note 8.

(10) Accounts payable

	December 31, 2025	December 31, 2024
Accounts payable - general supplier	\$ 472,221	\$ 509,771
Accrued accounts payable	61,188	126,068
	<u>\$ 533,409</u>	<u>\$ 635,839</u>

(11) Others accounts payable

	December 31, 2025	December 31, 2024
Accrued salaries	\$ 199,521	\$ 101,527
Accrued employees' bonuses and directors' remuneration	47,020	33,658
Payables on equipment - Fixed assets	1,238	42
Payables on equipment - Intangible assets	-	973
Payables on Value-added tax	35,013	-
Others	38,611	33,909
	<u>\$ 321,403</u>	<u>\$ 170,109</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Mortgage borrowings	The loan facility is available for revolving use from August 16, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	Note	\$ 70,000
Mortgage borrowings	The loan facility is available for revolving use from March 31, 2024, to March 31, 2027, with interest payable monthly and full repayment due at maturity.	2.01%	Note	100,000
Mortgage borrowings	The loan facility is available for revolving use from June 5, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	Note	80,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Unsecured borrowing	The loan facility is available for revolving use from June 5, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	None	\$ 60,000
Unsecured borrowing	From May 20, 2024, to May 1, 2027, interest shall be paid monthly. A one-year grace period is granted, after which the principal shall be repaid in monthly installments.	1.93%	None	70,833
Unsecured borrowing	The loan facility is available for revolving use from June 5, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	None	80,000
Unsecured borrowing	From September 25, 2024, to September 24, 2027, interest shall be paid monthly. A one-year principal grace period is granted, after which the principal shall be repaid in equal quarterly installments.	1.99%	None	87,500
Unsecured borrowing	From October 28, 2024, to October 28, 2027, interest shall be paid monthly. A two-year principal grace period is granted, after which the principal shall be repaid in three equal installments.	1.81%	None	200,000
Unsecured borrowing	The loan facility is available for revolving use from December 25, 2024, to November 12, 2027, with interest payable monthly and full repayment due at maturity.	2.02%	None	200,000
Unsecured borrowing	The loan facility is non-revolving and available from November 12, 2024, to October 15, 2027, with interest payable monthly and full repayment due at maturity.	1.79%	None	50,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Mortgage borrowings	The loan facility is available for revolving use from January 21, 2025, to December 16, 2026, with interest payable monthly and full repayment due at maturity.	1.95%	Note	\$ 100,000
Mortgage borrowings	The loan facility is available for revolving use from Febuary 7, 2025, to December 16, 2026, with interest payable monthly and full repayment due at maturity.	1.95%	Note	200,000
Mortgage borrowings	The loan facility is available for revolving use from April 9, 2025, to December 16, 2026, with interest payable monthly and full repayment due at maturity.	1.95%	Note	178,000
Unsecured borrowing	The loan facility is non-revolving and available from March 12, 2025, to October 15, 2027, with interest payable monthly and full repayment due at maturity.	1.79%	None	30,000
Unsecured borrowing	The loan facility is non-revolving and available from May 26, 2025, to October 15, 2027, with interest payable monthly and full repayment due at maturity.	1.79%	None	100,000
Unsecured borrowing	The loan facility is non-revolving and available from April 14, 2025, to Febuary 14, 2028, with interest payable monthly and full repayment due at maturity.	1.95%	None	160,000
Unsecured borrowing	The loan facility is non-revolving and available from November 27, 2025, to December 5, 2028, with interest payable monthly and full repayment due at maturity.	2.00%	None	100,000
				<u>1,866,333</u>
Less: current portion				(<u>166,667</u>)
				<u>\$ 1,699,666</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Mortgage borrowings	The loan facility is available for revolving use from August 16, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	Note	\$ 120,000
Mortgage borrowings	The loan facility is available for revolving use from March 31, 2024, to March 31, 2027, with interest payable monthly and full repayment due at maturity.	2.01%	Note	100,000
Mortgage borrowings	The loan facility is available for revolving use from June 5, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	Note	80,000
Unsecured borrowing	The loan facility is available for revolving use from June 5, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	None	60,000
Unsecured borrowing	From May 20, 2024, to May 1, 2027, interest shall be paid monthly. A one-year grace period is granted, after which the principal shall be repaid in monthly installments.	1.93%	None	100,000
Unsecured borrowing	The loan facility is available for revolving use from June 5, 2024, to June 5, 2026, with interest payable monthly and full repayment due at maturity.	2.04%	None	80,000
Unsecured borrowing	From September 25, 2024, to September 24, 2027, interest shall be paid monthly. A one-year principal grace period is granted, after which the principal shall be repaid in equal quarterly installments.	1.99%	None	100,000
Unsecured borrowing	From October 28, 2024, to October 28, 2027, interest shall be paid monthly. A two-year principal grace period is granted, after which the principal shall be repaid in three equal installments.	1.80%	None	200,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Unsecured borrowing	The loan facility is available for revolving use from December 25, 2024, to November 12, 2027, with interest payable monthly and full repayment due at maturity.	2.30%	None	\$ 300,000
Unsecured borrowing	The loan facility is non-revolving and available from November 12, 2024, to October 15, 2027, with interest payable monthly and full repayment due at maturity.	1.79%	None	50,000
				1,190,000
Less: current portion				(41,667)
				\$ 1,148,333

Note: Details of long-term borrowings pledged as collateral are provided in Note 8.

(13) Pensions

A. (a) The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	(\$ 40,487)	(\$ 42,674)
Fair value of plan assets	<u>60,691</u>	<u>58,248</u>
Net defined benefit assets (liability)	<u>\$ 20,204</u>	<u>\$ 15,574</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2025			
Balance at January 1	(\$ 42,674)	\$ 58,248	\$ 15,574
Current service cost	(154)	-	(154)
Interest (expense) income	<u>(678)</u>	<u>988</u>	<u>310</u>
Remeasurements:	<u>(43,506)</u>	<u>59,236</u>	<u>15,730</u>
Return on plan asset (excluding amounts included in interest income or expense)			
Experience adjustments	-	3,978	3,978
Change in demographic assumptions	591	-	591
Change in financial assumptions	(3)	-	(3)
	<u>(1,025)</u>	<u>-</u>	<u>(1025)</u>
Pension fund contribution	<u>(437)</u>	<u>3,978</u>	<u>3,541</u>
Paid pension	-	933	933
Balance at December 31	<u>3,456</u>	<u>(3,456)</u>	<u>-</u>
	<u>(\$ 40,487)</u>	<u>\$ 60,691</u>	<u>\$ 20,204</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2024			
Balance at January 1	(\$ 47,826)	\$ 51,083	\$ 3,257
Gain (or Loss) on Debt Settlement	2,052	(1,917)	135
Current service cost	(252)	-	(252)
Interest (expense) income	(590)	672	82
	<u>(46,616)</u>	<u>49,838</u>	<u>3,222</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	4,296	4,296
Experience adjustments	(45)	-	(45)
Change in demographic assumptions	2	-	2
Change in financial assumptions	1,935	-	1,935
	<u>1,892</u>	<u>4,296</u>	<u>6,188</u>
Pension fund contribution	-	6,164	6,164
Paid pension	2,050	(2,050)	-
Balance at December 31	<u>(\$ 42,674)</u>	<u>\$ 58,248</u>	<u>\$ 15,574</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Discount rate	1.40%	1.65%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2025 and 2024, respectively.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 1,025)	\$ 1,063	\$ 1,054	(\$ 1,022)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 1,070)	\$ 1,110	\$ 1,104	(\$ 1,069)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ended December 31, 2026 amount to 0.

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

Within 1 year	\$	1,673
1-2 year(s)		1,214
2-5 years		4,573
Over 5 years		39,499
	\$	<u>46,959</u>

B. (a) Effective July 1, 2005, the Company have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were \$18,422 and \$20,882, respectively.

(14) Share-based payment

A. For the years ended December 31,2025, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u> (shares in thousands)	<u>Contract period</u>	<u>Vesting contiditions</u>
Treasury stock transferred to employees	2024.12.19	897	-	Immediately
Treasury stock transferred to employees	2025.5.2	137	-	Immediately
Resreicted employee shares (Note)	2025.12.10	250	-	100% of the shares shall vest after one year of employment

The above share-based payments are settled in equity.

Note: The Company issued restricted employee shares which are non-transferable during the vesting period. However, the holders are entitled to voting rights and rights to participate in dividend distributions. If an employee leaves the Company during the vesting period, the employee must return the shares; provided, however, that any dividends already received shall not be required to be returned.

B. The fair value of the Company's treasury stocks transferred to employees is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Compensation cost per unit</u>
Treasury stock transferred to employees	2024.12.19	116.50	18.07	98.43
Treasury stock transferred to employees	2025.5.2	70.3	18.07	52.23

C. Details of the above share-based payment arrangement are as follows:

Restricted employee shares

	<u>Year ended December 31, 2025 (in thousands)</u>	<u>Year ended December 31, 2024 (in thousands)</u>
Outstanding shares at January 1	-	-
Granted during the year	250	-
Outstanding shares at December 31	250	-

D. The expiry date and exercise price of restricted employee shares outstanding at balance sheet date are as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected life (year)</u>	<u>Fair value per unit</u>
Restricted employee shares	2025.12.10	88.3	-	1	88.3

E. For the years 2025 and 2024, the expenses incurred by the Company due to share-based payment transactions amounted to \$8,512 and \$74,708, respectively.

(15) Share capital

A. As of December 31, 2025, the Company's authorized capital was \$2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was \$1,647,466 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	Unit: shares in thousands	
	Year ended	Year ended
	December 31, 2025	December 31, 2024
At January 1	160,691	163,462
Treasury stock transferred to employees	137	897
Repurchase of Treasury Shares	- (3,668)
Issuance of Restricted employee shares	250	-
At December 31	<u>161,078</u>	<u>160,691</u>

B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousand shares of the Company. All the acquired shares shall be reissued to employees. The Company has cumulatively repurchased 6,000 thousand shares and transferred 5,360 thousand shares to employees. The remaining 640 thousand shares that had not been transferred by the end of the reporting period were resolved by the Board of Directors on May 2, 2025 to be cancelled, with the capital reduction effective date set on May 22, 2025.

C. On December 19, 2024, the Board of Directors of the Company resolved to repurchase 4,300 thousand shares of the Company's stock. All repurchased shares are intended to be transferred to employees. As of December 31, 2025, the Company had cumulatively repurchased 3,668 thousand shares.

D. On June 3, 2025, the shareholders' meeting of the Company approved the issuance of restricted employee shares (please refer to Note 6(14)). The issuance date of the new shares was December 15, 2025, and the subscription price was NT\$0 per share. The rights and obligations of the newly issued common shares are the same as those of other issued common shares, except that the transfer of the shares is restricted prior to the fulfillment of the vesting conditions by the employees.

E. Treasury shares

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

		Unit: shares in thousands	
		December 31, 2025	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	3,668	\$ 462,609

		December 31, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	4,445	\$ 476,776

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) For the years ended December 31, 2025 and 2024, the number of treasury shares transferred to employees of the Company were 137 thousand shares and 759 thousand shares, respectively. The compensation cost and transfer amount were \$7,181, \$74,708, \$2,484 and, \$13,715, respectively.

For the years ended December 31, 2025 and 2024, the number of shares transferred to the employees of the subsidiary are 0 thousand shares and 138 thousand shares, respectively and the compensation cost and transfer amount are 0, \$13,584, \$0 and \$2,494, respectively.

As the aforesaid transfer amount is higher than the carrying amount of treasury shares, the difference amount arising from transaction of treasury shares was recognized as the capital surplus.

(16) Capital surplus

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

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Expired share options	Employee stock option	Restricted employee shares	Total
At January 1, 2025	\$ 111,105	\$ 163,006	\$ 11,750	\$ 8,677	\$ 4,446	\$ -	\$ -	\$298,984
From changes in equities of subsidiaries	-	-	-	(8,677)	-	-	-	(8,677)
Cash distribution from capital surplus	(32,166)	-	-	-	-	-	-	(32,166)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(11,750)	-	-	-	-	(11,750)
Cancellation of treasury shares	(306)	(4,860)	-	-	-	-	-	(5,166)
Share-based payment	-	-	-	-	-	7,181	-	7,181
Treasury stock transferred	-	7,181	-	-	(7,181)	-	-	-
Issuance of restricted employee shares	-	-	-	-	-	-	19,575	19,575
At December 31, 2025	<u>\$ 78,633</u>	<u>\$ 165,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,446</u>	<u>\$ -</u>	<u>\$ 19,575</u>	<u>\$267,981</u>
	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Expired share options	Employee stock option	Restricted employee shares	Total
At January 1, 2024	\$ 111,105	\$ 74,714	\$ 11,750	\$ 65,809	\$ 4,446	\$ -	\$ -	\$267,824
From changes in equities of subsidiaries	-	-	-	(57,132)	-	-	-	(57,132)
Treasury stock transferred	-	88,292	-	-	-	-	-	88,292
At December 31, 2024	<u>\$ 111,105</u>	<u>\$ 163,006</u>	<u>\$ 11,750</u>	<u>\$ 8,677</u>	<u>\$ 4,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$298,984</u>

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution. The company authorized the board of directors to distribute all or part of the dividends or legal reserve and capital surplus in the form of cash with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of

the directors, and report to the shareholders' meeting.

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized \$132,987 special reserve.
- (c) For year ended December 31, 2021, the aforementioned special surplus reserve were reversed amounting to \$21,840 due to liquidation of subsidiaries.
- D. On June 3, 2025 and June 18, 2024, respectively, the shareholders resolved that total dividends for the distribution of earnings for the year of 2024 and 2023 were as following:

	Year ended December 31,2024		Year ended December 31,2023	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	\$ 27,807	\$ -	\$ 20,414	\$ -
Cash dividends	289,492	1.80	196,155	1.20
Total	<u>\$ 317,299</u>	<u>\$ 1.80</u>	<u>\$ 216,569</u>	<u>\$ 1.20</u>

- F. On April 10, 2025, the Board of Directors resolved to distribute cash dividends of \$0.20 per common share from capital surplus, totaling \$32,166.
- G. On February 26, 2026, the Board of Directors resolved to distribute cash dividends of \$2.2 per common share for the appropriation of earnings for the year ended 2025, with total cash dividends amounting to \$354,373.

(18) Other equity items

	Year ended December 31, 2025			
	Unrealized gains (losses) on valuation	Currency translation	Unearned employee compensation	Total
At January 1	\$ 4,558,942	(\$ 21,901)	\$ -	\$ 4,537,041
Issuance of restricted employee shares	-	-	(22,075)	(22,075)
Restricted employee shares Payment	-	-	1,331	1,331
Revaluation - subsidiary	2,041,210	-	-	2,041,210
Revaluation - tax	(1,537)	-	-	(1,537)
Currency translation differences: -group	-	(1,232)	-	(1,232)
At December 31	<u>\$ 6,598,615</u>	<u>(\$ 23,133)</u>	<u>\$ 20,744</u>	<u>\$ 6,554,738</u>

	Year ended December 31, 2024		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	\$ 664,100	(\$ 47,620)	\$ 616,480
Revaluation - subsidiary	3,899,812	-	3,899,812
Revaluation - tax	1,530	-	1,530
Revaluation adjustment transferred to retained earnings.	(6,500)	-	(6,500)
Currency translation differences: - group	-	25,719	25,719
At December 31	<u>\$ 4,558,942</u>	<u>(\$ 21,901)</u>	<u>\$ 4,537,041</u>

(19) Operating revenue

	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from Contracts with Customers	<u>\$ 1,963,447</u>	<u>\$ 1,854,131</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

<u>Year ended December 31, 2025</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Revenue from external customer contracts	\$ 1,821,111	\$ 111,510	\$ 30,826	\$ 1,963,447
Timing of revenue recognition				
At a point in time	\$ 1,799,440	\$ 111,510	\$ 30,826	\$ 1,941,776
Over time	17,540	-	-	21,671
	<u>\$ 1,821,111</u>	<u>\$ 111,510</u>	<u>\$ 30,826</u>	<u>\$ 1,963,447</u>

<u>Year ended December 31, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u>	<u>Total</u>
Revenue from external customer contracts	\$ 1,435,732	\$ 136,514	\$ 281,885	\$ 1,854,131
Timing of revenue recognition				
At a point in time	\$ 1,415,197	\$ 136,514	\$ 281,885	\$ 1,833,596
Over time	20,535	-	-	20,535
	<u>\$ 1,435,732</u>	<u>\$ 136,514</u>	<u>\$ 281,885</u>	<u>\$ 1,854,131</u>

B. Contract liabilities

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:			
Contract liabilities- Deposit	\$ 29,829	\$ 46,519	\$ 113,193

C. Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Deposit	\$ 35,120	\$ 103,404

(20) Interest income

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Interest income from bank deposits	\$ 11,107	\$ 13,714

(21) Other income

	Year ended December 31, 2025	Year ended December 31, 2024
Rental revenue	\$ 25,062	\$ 21,476
Government subsidy income (Note)	27,143	32,472
Dividends income	160,431	101,070
Others	15,548	8,977
Total	<u>\$ 228,184</u>	<u>\$ 163,995</u>

Note: The government subsidy income mainly comes from executing project guidance programs and other specialized subsidies from the Ministry of Economic Affairs and the Ministry of Digital Development.

(22) Other gains and losses

	Year ended December 31, 2025	Year ended December 31, 2024
Gain on disposal of property, plant, and equipment	\$ 10	\$ 389
Gain on financial assets measured at fair value through profit or loss	3,819	11,928
Gain on disposal of investments	574	-
Net currency exchange gains(losses)	(6,889)	34,374
Other gains or losses	(10,781)	-
Total	<u>\$ 13,267</u>	<u>\$ 46,691</u>

(23) Finance costs

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense	\$ 58,172	\$ 37,545

(24) Expenses by nature

	Year ended December 31, 2025	Year ended December 31, 2024
Employee benefit expense	\$ 557,447	\$ 521,205
Depreciation expense (including right-of-use assets)	\$ 31,400	\$ 28,013
Amortization charges on intangible assets	\$ 2,773	\$ 1,641

(25) Employee benefit expense

	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries	\$ 490,084	\$ 447,302
Labour and health insurance fees	32,993	36,277
Pension costs	18,266	21,052
Other personnel expenses	16,104	16,574
	<u>\$ 557,447</u>	<u>\$ 521,205</u>

- A. In accordance with the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

- B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$37,545 and \$22,683, respectively; while directors' and supervisors' remuneration was accrued at \$9,572 and \$6,558 respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7.8% and 2% of distributable profit of current year for the year ended December 31, 2025.

The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$37,545 and \$9,572, and the employees' compensation will be distributed in the form of cash.

The employees' compensation and directors' and supervisors' remuneration for 2024 amounting to \$22,683 and \$6,558, respectively, as resolved by the Board of Directors on February 26, 2025 which were in agreement with those amounts recognized in the 2024 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Current tax:		
Current tax on profits for the year	\$ -	\$ 9,880
Prior year income tax (over) underestimation	733	(1,453)
Total current tax	<u>733</u>	<u>8,427</u>
Deferred tax:		
Origination and reversal of temporary differences	15,948	(6,615)
Total deferred tax	<u>15,948</u>	<u>(6,615)</u>
Income tax expense	<u>\$ 16,681</u>	<u>\$ 1,812</u>

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

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Share of other comprehensive income of subsidiary	<u>\$ 1,537</u>	<u>(\$ 1,530)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 86,726	\$ 59,712
Tax exempt income by tax regulation	(71,398)	(80,531)
Change in assessment of realisation of deferred tax assets	620	24,084
Prior year income tax (over) underestimation	733	(1,453)
Tax expenses	<u>\$ 16,681</u>	<u>\$ 1,812</u>

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

	Year ended December 31, 2025			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for bad debt	\$ 10,077	(\$ 3,301)	\$ -	\$ 6,776
Inventory obsolescence and market price decline	47,175	(27,779)	-	19,396
Warranty provision	8,225	(591)	-	7,634
Others	5,461	8,113	(1,537)	12,037
Tax loss	-	11,900	-	11,900
Subtotal	<u>70,938</u>	<u>(11,658)</u>	<u>(1,537)</u>	<u>57,743</u>
-Deferred tax liabilities:				
Net defined benefit assets	(1,956)	(139)	-	(2,095)
Others	(16,544)	(4,151)	-	(20,695)
Subtotal	<u>(18,500)</u>	<u>(4,290)</u>	<u>-</u>	<u>(22,790)</u>
Total	<u>\$ 52,438</u>	<u>(\$ 15,948)</u>	<u>(\$ 1,537)</u>	<u>\$ 34,953</u>

	Year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for bad debt	\$ 19,199	(\$ 9,122)	\$ -	\$ 10,077
Inventory obsolescence and market price decline	28,260	18,915	-	47,175
Warranty provision	8,300	(75)	-	8,225
Others	2,390	1,541	1,530	5,461
Subtotal	<u>58,149</u>	<u>11,259</u>	<u>1,530</u>	<u>70,938</u>
-Deferred tax liabilities:				
Net defined benefit assets	(651)	(1,305)	-	(1,956)
Others	(13,205)	(3,339)	-	(16,544)
Subtotal	<u>(13,856)</u>	<u>(4,644)</u>	<u>-</u>	<u>(18,500)</u>
Total	<u>\$ 44,293</u>	<u>\$ 6,615</u>	<u>\$ 1,530</u>	<u>\$ 52,438</u>

D. Details of the Company's unused tax losses and the related unrecognized deferred tax assets as of December 31, 2025 are as follows:

December 31, 2025				
Year incurred	Assessed / filed amount	Unutilized amount	Unrecognized deferred tax assets	Expiry year
2021	\$ 185,310	\$ 138,712	\$ 138,712	2031
2025	59,498	59,498	-	2035

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

(27) Earnings per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 416,948	160,795	\$ 2.59
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	475	
Restricted employee shares	-	12	
Share-Based Payments for Subsidiary Employees	(7,116)	-	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 409,832	\$ 161,282	\$ 2.54

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 296,749	163,034	\$ 1.82
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	268	
Share-Based Payments for Subsidiary Employees	(9,558)	-	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 287,191	\$ 163,302	\$ 1.76

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2025	Year ended December 31, 2024
Purchase of property, plant and equipment	\$ 8,449	\$ 584,267
Add: opening balance of payable on equipment	42	1,160
Less: ending balance of payable on equipment	(1,238)	(42)
Cash paid during the year	\$ 7,253	\$ 585,385

(29) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities- gross
At January 1, 2025	\$ 1,430,000	\$ 1,190,000	\$ 4,244	\$ 193,816	\$ -	\$ 2,818,060
Changes in cash flow from financing activities	(320,000)	676,333	31	(4,920)	-	351,444
Cash distribution from capital surplus	-	-	-	-	(32,166)	(32,166)
Dividend Payment	-	-	-	-	(289,492)	(289,492)
Interest expense	-	-	-	3,076	-	3,076
Payment of interest	-	-	-	(3,076)	-	(3,076)
Declare dividends	-	-	-	-	289,492	289,492
Declaration of cash distribution from capital surplus	-	-	-	-	32,166	32,166
Changes in lease liabilities	-	-	-	(1,218)	-	(1,218)
At December 31, 2025	<u>\$ 1,110,000</u>	<u>\$ 1,866,333</u>	<u>\$ 4,275</u>	<u>\$ 187,678</u>	<u>\$ -</u>	<u>\$ 3,168,286</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities- gross
At January 1, 2024	\$ 1,210,000	\$ 380,000	\$ 3,517	\$ 198,016	\$ -	\$ 1,791,533
Changes in cash flow from financing activities	220,000	810,000	727	(4,886)	-	1,025,841
Dividend Payment	-	-	-	-	(196,155)	(196,155)
Interest expense	-	-	-	3,173	-	3,173
Payment of interest	-	-	-	(3,173)	-	(3,173)
Declare dividends	-	-	-	-	196,155	196,155
Changes in lease liabilities	-	-	-	686	-	686
At December 31, 2024	<u>\$ 1,430,000</u>	<u>\$ 1,190,000</u>	<u>\$ 4,244</u>	<u>\$ 193,816</u>	<u>\$ -</u>	<u>\$ 2,818,060</u>

(30) Transactions with non-controlling interests (no such transactions occurred in 2024)

Acquisition of additional interests in a subsidiary

A. The Company acquired an additional 0.61% of the issued shares of Gallant Micro. Machining Co., Ltd. for cash consideration of \$88,127. The carrying amount of the non-controlling interests in Gallant Micro. Machining Co., Ltd. on the acquisition date was \$718,811. As a result of the transaction, non-controlling interests decreased by \$10,391, and equity attributable to owners of the parent increased by \$10,391.

B. The effect of changes in the ownership interests of Gallant Micro. Machining Co., Ltd. in 2025 on equity attributable to owners of the parent is as follows:

	<u>Year ended December 31, 2025</u>
Carrying amount of non-controlling interests acquired	\$ 10,391
Consideration paid to non-controlling interests	(88,127)
Total	<u>(\$ 77,736)</u>
	<u>Year ended December 31, 2024</u>
Capital surplus – difference between consideration and carrying amount of subsidiaries acquired or disposed of	\$ 11,750
Retained earnings	(65,986)
Total	<u>(\$ 77,736)</u>

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Gallant Micro. Machining Co., Ltd.	Subsidiary
Gallant-Rapid Corporation Ltd.	Subsidiary
Gallant Precision Industries (Suzhou) Co., Ltd.	Subsidiary
Gallant Precision Intelligence Technology Co., Ltd. (Note 2)	Subsidiary
APEX-I International Co., Ltd.	Subsidiary
C SUN Mfg. Ltd.	Associate
C SUN(Guangzhou) Mfg. Ltd.	Associate
OPXION Tech. Incorporation (Note 1)	Associate
Ohmplus Technology Inc.	Substantive related party

Note 1: Since February 23, 2024, the Company has accounted for Xinsen Technology Co., Ltd. using the equity method.

Note 2: The dissolution and liquidation were completed in December 2024.

(2) Significant related party transactions

A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Sales of goods:		
Subsidiary	\$ 104,335	\$ 80,339
Associate	20,190	53,681
	<u>\$ 124,525</u>	<u>\$ 134,020</u>

The Company's sales to related parties has no other transactions of the same type that can be compared, and the sales are conducted in accordance with the agreed sales prices and conditions; the terms of payment are not significantly different from those of non-related parties.

B. Purchases

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Purchases of goods:		
Subsidiary	\$ 15,317	\$ 25,464
Associate	4,020	300
	<u>\$ 19,337</u>	<u>\$ 25,764</u>

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivables :		
Subsidiary	\$ 18,278	\$ 15,249
Associate	4,971	10,891
Subtotal	<u>\$ 23,249</u>	<u>\$ 26,140</u>
Other receivables		
Subsidiary	<u>\$ 1,633</u>	<u>\$ 8,039</u>

D. Payables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payables:		
Subsidiary	\$ 5,503	\$ 3,104
Associate	4,000	95
Subtotal	<u>\$ 9,503</u>	<u>\$ 3,199</u>

E. Other

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Item</u>	<u>Amount</u>	<u>Item</u>	<u>Amount</u>
Other:	Other revenue	\$ 5,001	Other revenue	\$ 13,531
Subsidiary	Procurement service revenue	<u>\$ 4,416</u>	Procurement service revenue	<u>\$ 6,489</u>
	After sales services expense from overseas	<u>\$ 1,384</u>	After sales services expense from overseas	<u>\$ 235</u>
	Rental expense	<u>\$ 19</u>	Lease expense	<u>\$ -</u>

F. Property transactions:

Acquisition of property, plant and equipment:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associate	<u>\$ -</u>	<u>\$ 550</u>

G. Endorsements and guarantees provided to related parties:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary	<u>\$ 61,430</u>	<u>\$ 62,785</u>

H. Contract liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associate	<u>\$ 3,333</u>	<u>\$ -</u>

(3) Key management compensation

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Salaries and other short-term employee benefits	\$ 12,867	\$ 10,862
Post-employment benefits	1,695	430
Total	<u>\$ 14,562</u>	<u>\$ 11,292</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Time deposits (shown as "financial assets at amortised cost")	\$ 15,627	\$ 15,571	Exercise guarantee for construction and customs deposit

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Corporate Bonds (shown as "financial assets at amortised cost")	150,000	150,000	Short-term borrowings
Property, plant and equipment	890,872	910,497	Long-term borrowings
	<u>\$ 1,056,499</u>	<u>\$ 1,076,068</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingent liabilities

As of the years ended December 31, 2025 and 2024, respectively, the bank open a guarantee letter for the Company due to business tender and guarantee for construction amounting to \$58,377 and \$56,000, respectively.

(2) Unrecognized contract commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to 6(17)

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings

(including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet plus net debt.

During year ended December 31, 2025, the Group’s strategy, which was unchanged from 2024, was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2025 and 2024 were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total borrowings	\$ 2,976,333	\$ 2,620,000
Less: Cash and cash equivalents	(384,252)	(396,394)
Net debt	2,592,081	2,223,606
Total equity	<u>8,797,707</u>	<u>6,759,877</u>
Total capital	<u>\$ 11,389,788</u>	<u>\$ 8,983,483</u>
Gearing ratio	<u>22.76%</u>	<u>24.75%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income	\$ 8,112,973	\$ 6,053,520
Financial assets at amortised cost		
Loans and receivables		
Cash and cash equivalents	384,252	396,394
Financial assets at amortised cost	316,728	172,128
Notes receivables	2,098	-
Accounts receivables (including related parties)	797,712	959,476
Other accounts receivables(including related parties)	4,038	10,794
Guarantee deposits paid	<u>2,457</u>	<u>1,733</u>
	<u>\$ 9,620,258</u>	<u>\$ 7,594,045</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings		
Short-term borrowings	\$ 1,110,000	\$ 1,430,000
Accounts payable (including related parties)	542,912	639,038
Other accounts payable	321,403	170,109
Long-term borrowings (including current portion)	1,866,333	1,190,000
Guarantee deposits received	<u>4,275</u>	<u>4,244</u>
	<u>\$ 3,844,923</u>	<u>\$ 3,433,391</u>
Leases liabilities	<u>\$ 187,678</u>	<u>\$ 193,816</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	December 31, 2025		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,567	31.43	\$ 174,972
JPY:NTD	270,199	0.2008	54,256
RMB:NTD	11,840	4.496	53,232
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 302	31.43	\$ 9,507
JPY:NTD	22,125	0.2008	4,443
RMB:NTD	6,484	4.496	29,152
<u>Non-monetary items</u> : None			

				December 31, 2024			
				Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD	\$	5,291	32.785	\$	173,480	
	JPY:NTD		310,564	0.2099		65,187	
	RMB:NTD		13,956	4.478		62,496	
<u>Financial liability</u>							
<u>Monetary items</u>							
	USD:NTD	\$	748	32.785	\$	24,535	
	JPY:NTD		19,143	0.2099		4,018	
	RMB:NTD		1,729	4.478		7,744	
<u>Non-monetary items: None</u>							

ii. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to (\$6,889) and \$34,374 respectively.

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

				Year ended December 31, 2025			
				Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD		1%	\$	1,750	\$	-
	JPY:NTD		1%		543		-
	RMB:NTD		1%		532		-
<u>Financial liability</u>							
<u>Monetary items</u>							
	USD:NTD		1%	\$	95	\$	-
	JPY:NTD		1%		44		-
	RMB:NTD		1%		292		-

Year ended December 31, 2024

	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,735	\$ -
JPY:NTD	1%	652	-
RMB:NTD	1%	625	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 245	\$ -
JPY:NTD	1%	40	-
RMB:NTD	1%	77	-

Price risk

- i. The financial instruments to which the Company is exposed to price risk are those classified as financial assets measured at fair value through other comprehensive income. To manage the price risk of equity investments, the Company diversifies its investment portfolio based on limits set by the Company.
- ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks, shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased with all other variables held constant, post-tax profit for the year ended December 31, 2025 and 2024 would have increased/decreased by \$81,130 and \$60,535, respectively.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the year ended December 31, 2025 and 2024, the Company's borrowings at variable rate were denominated in the NTD, JPY, USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the year ended December 31, 2025 and 2024 would have increased/decreased by \$24,763 and \$19,450, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local

entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customer's accounts receivable, in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- viii. The Company used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix as of December 31, 2025 and 2024, is as follows:

At December 31, 2025	Between 91-				Total
	Not past due	Between 0-90 days past due	120 days past due	Over 121 days past due	
Expected loss rate	0.00%-1.30 %	0.00%-28.16%	0.00%-30.01%	0.00%-100%	
Total book value	\$ 673,975	\$ 77,015	\$ 14,763	\$ 74,238	\$ 839,991
Loss allowance	\$ 825	\$ 901	\$ 114	\$ 40,439	\$ 42,279

At December 31, 2024	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%-0.77%	0.01%-28.48%	0.30%-32.84%	1.46%-100%	
Total book value	\$ 773,785	\$ 139,276	\$ 46,167	\$ 60,833	\$1,020,061
Loss allowance	\$ 1,980	\$ 11,533	\$ 716	\$ 46,356	\$ 60,585

- ix. Movements in relation to the company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2025	
	Accounts receivable	
At January 1	\$	60,585
Reversal of impairment loss	(18,306)
At December 31	\$	42,279

	For the year ended December 31, 2024	
	Accounts receivable	
At January 1	\$	106,135
Reversal of impairment loss	(45,550)
At December 31	\$	60,585

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

	Year ended December 31, 2025			
	By Geographic	Lifetime Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost Group 1	\$ 316,728	\$ -	\$ -	\$ 316,728

	Year ended December 31, 2024			
	By Geographic	Lifetime Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost Group 1	\$ 172,128	\$ -	\$ -	\$ 172,128
Group 1: Taiwan Bank				

(c) Liquidity risk

- i . Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii . Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and no active market of debt securities investment (Later than three month but not later than one years of deposit account), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2025 and 2024, the Company held money market position of \$535,250 and \$420,795, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	\$ 1,648,773	\$ 830,000
Expiring beyond one year	292,000	850,000
	<u>\$ 1,940,773</u>	<u>\$ 1,680,000</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2025. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Company. Please refer to note 12.

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

Non-derivative financial liabilities:

December 31, 2025	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 200,000	\$ 910,000	\$ -	\$ -	\$ -
Accounts payable (including related parties)	336,485	38,810	167,617	-	-
Other payables	274,383	47,020	-	-	-
Leases liabilities	1,999	5,997	7,996	23,987	197,871
Long-term borrowings (including current portion)	34,266	168,648	1,715,924	-	-

Non-derivative financial liabilities:

December 31, 2024	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,085,000	\$ 345,000	\$ -	\$ -	\$ -
Accounts payable (including related parties)	323,927	65,050	250,061	-	-
Other payables	136,451	33,658	-	-	-
Leases liabilities	2,014	6,043	8,058	24,173	207,029
Long-term borrowings (including current portion)	6,020	59,757	523,381	650,936	-

Derivative financial liabilities:

December 31, 2025 and 2024:None

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates, is included in Level 1

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

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

B. Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits paid, financial assets at amortized cost, short-term borrowings, contract liabilities, accounts payable, other payables, lease payments (shown as other current assets and other non-current assets) and long-term borrowings (including current portion) are approximate to their fair values.

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

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

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 8,097,525</u>	<u>\$ -</u>	<u>\$ 15,448</u>	<u>\$ 8,112,973</u>
December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$6,038,072</u>	<u>\$ -</u>	<u>\$ 15,448</u>	<u>\$6,053,520</u>

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

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

D. For the years 2025 and 2024, there were no transfers between Level 1 and Level 2.

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

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>equity instrument</u>	<u>equity instrument</u>
At January 1	\$ 15,448	\$ 47,948
Gains and losses recognized in other comprehensive income	-	6,500
Reclassified to long-term equity investments for the current period.	- (39,000)
At December 31	<u>\$ 15,448</u>	<u>\$ 15,448</u>

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

	December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 15,448	Net asset value method	Not applicable	-	Not applicable
	December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 15,488	Net asset value method	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid in capital or more: Please refer to table 4.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. SEGMENT INFORMATION

None.

Table 1

GALLANT PRECISION MACHINING CO., LTD.
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
													Item	Value			
1	Gallant Micro Machining Co., Ltd.	Utron Technologies Corp	Other receivables -related parties	Y	\$ 50,000	\$ -	\$ -	-	Short-term financing	-	Operating needed	-	-	-	\$ 245,490	\$ 490,980	

Note 1 : Financings provided by Gallant Micro. Machining Co., Ltd. :

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.

The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note 2 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 1

Table 2

**GALLANT PRECISION MACHINING CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	\$ 1,759,541	\$ 61,430	\$ 61,430	\$ -	\$ -	0.70%	\$ 4,398,853	Y	N	N	
1	Gallant Micro Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	490,980	60,000	-	-	-	0.00%	1,227,451	Y	N	N	

Note 1: The limits of endorsements/guarantees provided by the company and subsidiary :

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed 30% of the net worth of the Company and subsidiaries.

Note 2: Gallant Micro. Machining Co., Ltd. endorsements guarantees provided

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2) The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

Note 3: Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 2

Table 3

GALLANT PRECISION MACHINING CO., LTD.
MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2025				Footnote
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Gallant Precision Machining Co., Ltd	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	19,957,082	\$ 4,999,249	12.73	\$ 499,249	
Gallant Precision Machining Co., Ltd	AMPOC FAR-EAST CO., LTD	None	Financial assets at fair value through other comprehensive income-non-current	5,540,000	670,340	4.37	670,340	
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	None	Financial assets at fair value through other comprehensive income-non-current	8,999,461	1,601,904	5.17	1,601,904	
Gallant Precision Machining Co., Ltd	Ohmplus Technologies Inc.	Substantive related party	Financial assets at fair value through other comprehensive income-non-current	877,615	15,448	9.10	15,448	
Gallant Precision Machining Co., Ltd	Test Research, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	1,455,000	278,663	0.62	278,633	
Gallant Precision Machining Co., Ltd	Good Will Instrument Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	5,971,000	328,405	4.12	328,405	
Gallant Precision Machining Co., Ltd	YoungTek Electronics Corp.	None	Financial assets at fair value through other comprehensive income-non-current	3,230,000	218,994	2.51	218,994	
Gallant Precision Machining Co., Ltd	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	150,000	-	150,000	Note 1
Gallant-Rapid Corpration Ltd.	Phoenix & Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,694	114	0.59	114	
Gallant-Rapid Corpration Ltd.	Phoenix pioneer technology	None	Financial assets at fair value through other comprehensive income-non-current	603,189	19,452	0.29	19,452	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	None	Financial assets at fair value through other comprehensive income-non-current	624,726	522,226	10.15	522,226	
Gallant Micro. Machining Co., Ltd.	C SUN Mfg. Ltd.	Associate	Financial assets at fair value through other comprehensive income-non-current	1,161,723	291,011	0.74	291,011	
Gallant Micro. Machining Co., Ltd.	Test Research, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	868,000	166,222	0.37	166,222	
Gallant Micro. Machining Co., Ltd.	Good Will Instrument Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,316,000	72,380	0.91	72,380	
Gallant Micro. Machining Co., Ltd.	Taichung International Amusement Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1	4,900	0.03	4,900	
Gallant Micro. Machining Co., Ltd.	NTU Alumni Ventures Co., Ltd.	The Company serves as a corporate director of the investee	Financial assets at fair value through other comprehensive income-non-current	150,000	1,500	15.00	1,500	
Gallant Micro. Machining Co., Ltd.	Hermes Testing Solutions Inc.	None	Financial assets at fair value through other comprehensive income-non-current	550,000	655,221	2.14	655,221	
Gallant Micro. Machining Co., Ltd.	Fong Huang VII Innovation Investment Co., Ltd.	The Company serves as a corporate director of the investee	Financial assets at fair value through other comprehensive income-non-current	3,000,000	30,000	1.33	30,000	

Table 3-1

Table 3 (continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

<u>Held Company Name</u>	<u>Marketable Securities Type and Name</u>	<u>Relationship with the Company</u>	<u>Financial Statement Account</u>	<u>Shares/Units</u>	<u>Carrying Value</u>	<u>Percentage of Ownership</u>	<u>Fair Value</u>	<u>Footnote</u>
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp.	None	Financial assets at fair value through other comprehensive income- non-current	2,660,600	\$ 1,582	53.21	\$ 1,582	Note 3
Gallant Micro. Machining Co., Ltd.	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	50,000	-	50,000	
Gallant Micro. Machining Co., Ltd.	Nan Shan Life Insurance Co., Ltd. Subordinated Corporate Bonds	None	Financial assets at amortized cost – non-current	-	100,000	-	100,000	Note 2
Gallant Micro. Machining Co., Ltd.	Shinhan Card Co., Ltd. U.S. \$300,000,000 1.375 per cent Senior Unsecured Social Notes due 2026	None	Financial assets at amortized cost – non-current	-	6,230	-	6,230	

Note 1: Amounting to \$150,000, pledged as collateral for financial institution loans.

Note 2: Amounting to \$100,000, pledged as collateral for financial institution loans.

Note 3: A subsidiary of the Group, Utron Technologies Corp., passed a resolution for dissolution at a shareholders' meeting held on December 26, 2025, and entered into liquidation on the same date. Accordingly, the Group lost control over the company, and the investment was reclassified to financial assets at fair value through other comprehensive income – non-current.

Table 4

GALLANT PRECISION MACHINING CO., LTD.
PURCHASE OR SALES TRANSACTIONS WITH RELATED PARTIES AMOUNTING TO NT\$100 MILLION
OR 20% OR MORE OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Transaction Details						Differences from General Transaction Terms and Reasons (Note 1)			Notes and Accounts Receivable (Payable)		Remarks (Note 2)
Purchasing (Selling) Company	Transaction Counterparty Name	Relationship	Purchasing (Selling)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable)	
Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Subsidiary of the Company	Selling	\$ 104,335	2.23%	Same as General Transactions	Same as General Transactions	Same as General Transactions	\$ 18,278	0.87%	

Note 1: If the transaction terms with related parties differ from general transaction terms, the differences and reasons should be specified in the "Unit Price" and "Credit Term" columns.

Note 2: If there are advance receipts (payments), the reasons, contractual terms, amounts, and differences from general transaction terms should be stated in the "Remarks" column.

Note 3: The paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or a par value other than NTS10 per share, the transaction amount corresponding to 20% of the paid-in capital shall be calculated as 10% of the equity attributable to the owners of the parent company in the balance sheet.

Table 4

Table 5

GALLANT PRECISION MACHINING CO., LTD.
RECEIVABLES FROM RELATED PARTIES REACHING \$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Creditor	Counterparty	Relationship with the Counterparty	Ending Balance	Turnover Rate	Overdue Receivables		Amount Collected Subsequent to the Balance Date	Allowance for the Doubtful Amount
					Amount	Action Taken		
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	Subsidiary of the Company	\$ 164,419	0.41	-	-	\$ -	\$ -

Table 5

Table 6

GALLANT PRECISION MACHINING CO., LTD.
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions		Percentage of Consolidated Net Revenue or Total Assets(Note 3)
				Financial Statements Item	Amount	
0	Gallant Precision Machining Co., Ltd	Gallant Micro. Machining Co., Ltd.	1	Sales	104,335	subject to the terms and conditions agreed upon by both parties 3.04%
0	Gallant Precision Machining Co., Ltd	Gallant Micro. Machining Co., Ltd.	1	Accounts receivable	18,278	subject to the terms and conditions agreed upon by both parties 0.11%
0	Gallant Precision Machining Co., Ltd	Junqiang Machinery (Suzhou) Co., Ltd	1	Purchases	15,292	subject to the terms and conditions agreed upon by both parties 0.45%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Accounts receivable	164,419	subject to the terms and conditions agreed upon by both parties 0.98%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Sales	63,598	subject to the terms and conditions agreed upon by both parties 1.86%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Purchases	38,249	subject to the terms and conditions agreed upon by both parties 1.12%
1	Gallant Micro. Machining Co., Ltd	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Sales	45,570	subject to the terms and conditions agreed upon by both parties 1.33%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Accounts receivable	15,151	subject to the terms and conditions agreed upon by both parties 0.44%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Purchases	53,473	subject to the terms and conditions agreed upon by both parties 1.56%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Accounts payable	23,987	subject to the terms and conditions agreed upon by both parties 0.14%
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp (Note 5)	1	Land and buildings	125,400	subject to the terms and conditions agreed upon by both parties 0.75%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	42,288	subject to the terms and conditions agreed upon by both parties 1.23%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than \$10,000,000 and counter parties shall not disclose.

Note 5: A subsidiary of the Group, Utron Technologies Corp., passed a resolution for dissolution at a shareholders' meeting held on December 26, 2025, and entered into liquidation on the same date. Accordingly, the Group lost control over the company.

Table 6

Table 7

GALLANT PRECISION MACHINING CO., LTD.
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES
SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025					Footnote
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value	Net Income (Losses) of the Investee (Note1)	Share of Profits/Losses of Investee (Note1)	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	\$ 459,050	\$ 459,050	13,560,000	100.00	\$ 209,313	(\$ 3,028)	(\$ 3,028)	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LCD and related parts.	46,657	46,657	6,600,000	100.00	79,233	(1,657)	(1,657)	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	467,249	379,182	16,342,750	57.81	1,369,242	357,904	208,291	
Gallant Precision Machining Co., Ltd.	OpXion Tech. Incorporation	Taiwan	Production and sales of optical and electronic component equipment and other parts	75,000	75,000	12,500,000	25.46	58,285	(54,575)	(13,894)	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	1,026,701	6,685	6,685	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining(Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	3,295	79	79	
Gallant Micro. Machining Co., Ltd.	Navigation Technology Co., Ltd.	Taiwan	Planning, development, design, and manufacturing of electrical testing fixtures	5,000	5,000	500,000	25.00	3,751	(4,995)	(1,249)	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 7

Table 8

GALLANT PRECISION MACHINING CO., LTD.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Investment Flows			Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note2(2))	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Footnote
				Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Outflow	Inflow							
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	\$ 198,638	Indirectly invest in Mainland China through GRC registered in third region.	\$ 164,725	\$ -	\$ -	\$ 164,725	(\$ 2,658)	100.00	(\$ 2,658)	\$ 166,893	\$ -	Note 2- 2.C
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	143,007	Indirectly invest in Mainland China through KMC registered in third region.	252,793	-	-	252,793	21,242	100.00	21,242	544,486	338,619	Note 2- 2.B
Kunshan Qihong Electronic Sales Co., Ltd.	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor	4,496	Directly invest by GMM (Suzhou).	-	-	-	-	(3,886)	100.00	(3,886)	2,656	-	Note 2- 2.C Note 4
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	172,865	Indirectly invest in Mainland China through Power Ever registered in third region .	29,036	-	-	29,036	-	10.15	-	-	8,236	Note 5
Nantong Top Creation Machines Co.,Ltd.	Design and production of printed circuit boards, flat panel displays, semiconductors, special equipment for the solar industry and sales of related spare parts	314,300	Indirectly invest in Mainland China through Power Ever registered in third region .	-	-	-	-	-	10.15	-	-	-	Note 6

Table 8-1

Investee Company	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Gallant Precision Machining Co., Ltd.	\$ 445,066	\$ 614,285	\$ 5,936,1820
Gallant Micro Machining Co., Ltd.	281,829	281,829	1,472,941

Note1: There are three methods of investment as follows

- (1) Directly invest in Mainland China.
- (2) Indirectly invest in Mainland China.
- (3) Others.

Note2: Share of Profits/Losses recognized for the year ended December 31, 2025:

- (1) No investment income (loss) recognition.
- (2) There are three basis for investment income (loss) recognition.
 - A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.
 - C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment was invested by Gallant Micro Machining (Suzhou) Co., Ltd. There was no cash outflow for the year ended December 31, 2025.

Note5: The Company acquired 10% ownership of Suzhou Top Creation Machines Co.,Ltd. held by C SUN Mfg. Ltd. through the British Virgin Islands business King Mechatronics Co. Ltd. (BVI) for US\$1,205 thousand. Thus, the Company indirectly invested in Suzhou Top Creation Machines Co.,Ltd. in the mainland, and then executed the equity conversion according to the relevant terms of the original investment contract. After the conversion, the Company directed hold Suzhou Top Creation Machines Co.,Ltd. which was shown as "financial assets measured at fair value through other comprehensive income".

Note6: The Company invested in Samoa POWER EVER ENTERPRISES LIMITED through King Mechatronics Co. Ltd. (BVI) of the British Virgin Islands. Received dividends of US\$1,015 thousand from Suzhou Top Creation Machines Co., Ltd., was reinvested in Nantong Chuangfeng Optoelectronics Equipment Co., Ltd. The investment was shown as "financial assets measured at fair value through other comprehensive income".

Note7: The investment amount was translated based on the exchange rate USD:NTD=1:31.430 of balance sheet date December 31, 2025

Table 8-2

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description		Amount
Cash and cash equivalents			\$ 103
Cash in banks			
Checking accounts			-
Demand deposits -NTD			300,646
-USD	445	Exchange rate 31.43	13,991
-JPY	167,904	Exchange rate 0.2008	33,715
-EUR	1	Exchange rate 36.9	37
-SGD	241	Exchange rate 24.45	5,894
-CNY	4,196	Exchange rate 4.496	18,865
Time deposits			11,001
			<u>\$ 384,252</u>

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 2

Client Name	Description	Amount	NOTE
General Customers:			
B company		\$ 316,232	
S company		275,932	
F company		51,974	
Others			
		172,604	The amount of individual client included in others does not exceed 5% of the account balance.
		816,742	
Less: Allowance for bad debts		(42,279)	
Subtotal		\$ 774,463	
Related parties:			
Gallant Micro. Machining Co., Ltd.		\$ 18,278	
C SUN Mfg. Ltd.		4,971	
Subtotal		\$ 23,249	
Total		\$ 797,712	

GALLANT PRECISION MACHINING CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount		Note
		Cost	Market value	
Raw materials		\$ 161,057	\$ 160,983	Net Realizable Value for the market value
Work in process		306,775	479,473	"
Finished goods		14,908	13,760	"
Inventory in transit		398	398	"
		<u>483,138</u>	<u>\$ 654,614</u>	
Less: allowance for valuation		(213,401)		
		<u>\$ 269,737</u>		

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 4

Investees	Balance, January 1, 2025		Additions (Note 1)		Decrease (Note 2)		Balance, December 31, 2025			Market Value or Net Assets Value	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Total Amount	Unit Price
Gallant-Rapid Corporation Ltd.	13,560,000	\$ 203,881	-	\$ 8,460	-	(\$ 3,028)	13,560,000	100%	\$ 209,313	\$ 209,313	15.44
Apex-I International Co.,Ltd.	6,600,000	131,473	-	-	-	(52,240)	6,600,000	100%	79,233	79,233	12.01
Gallant Micro. Machining Co., Ltd.	16,171,750	978,266	171,000	882,173	-	(491,197)	16,342,750	57.81%	1,369,242	1,369,242	83.78
OPXION Tech. Incorporation	12,500,000	72,179	-	-	-	(13,894)	12,500,000	25.46%	58,285	58,285	4.66
Less: Accumulated Impairment		-		-		-			-		
Total		<u>\$ 1,385,799</u>		<u>\$ 890,633</u>		<u>(\$ 560,359)</u>			<u>\$ 1,716,073</u>		

Note 1: The amount of additions is included the adjustment of cumulative translation and investment profit.

Note 2: The amount of decrease is included investment loss, unrealized loss from sales and dividends received.

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF CHANGES IN FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Balance, January 1, 2025	Additions	Transfer	Decrease	Balance, December 31, 2025	Remark
Land	\$ 173,489	\$ -	\$ -	\$ -	\$ 173,489	Pledge for long – term borrowings
Buildings	882,999	-	-	-	882,999	Pledge for long – term borrowings
Machinery and equipment	56,616	140	-	(6,494)	50,262	None
Office equipment	4,216	5,939	30	(1,653)	8,532	None
Transportation equipment	1,758	-	-	(1,758)	-	None
Leased assets	65,683	-	-	-	65,683	Pledge for long – term borrowings
Others	5,426	2,370	-	-	7,796	None
	<u>\$ 1,190,187</u>	<u>\$ 8,449</u>	<u>\$ 30</u>	<u>(\$ 9,905)</u>	<u>\$ 1,188,761</u>	

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Balance, January 1, 2025	Additions	Transfer	Decrease	Balance, December 31, 2025
Buildings	\$ 188,260	\$ 18,381	\$ -	\$ -	\$ 206,641
Machinery and equipment	17,587	3,564	-	(6,494)	14,657
Office equipment	2,713	1,037	-	(1,653)	2,097
Transportation equipment	362	149	-	(511)	-
Leased assets	22,797	1,287	-	-	24,084
Others	1,274	959	-	-	2,233
	<u>\$ 232,993</u>	<u>\$ 25,377</u>	<u>\$ -</u>	<u>(\$ 8,658)</u>	<u>\$ 249,712</u>

GALLANT PRECISION MACHINING CO., LTD
STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 7

Name	Description	Balance, December 31, 2025	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Note
Mega Bank	Unsecured loans	\$ 130,000	Maturity within 1 year	1.95%	\$ 150,000	None	
YUANTA Bank	"	200,000	"	1.95%	200,000	"	
HUA NAN Bank	"	50,000	"	1.90%	100,000	"	
Cathay United Bank	"	200,000	"	1.92%~1.93%	200,000	"	
SinoPac Bank	"	100,000	"	2.08%	157,150	"	
CHANGHWA Bank	"	40,000	"	1.99%	100,000	"	
Taiwan Cooperative Bank	"	80,000	"	1.92%	200,000	"	
FUBON Bank	"	50,000	"	1.77%	110,000	"	
Taishin Bank	"	100,000	"	2.05%	200,000	"	
E.SUN Commercial Bank	"	50,000	"	1.97%	50,000	"	
E.SUN Commercial Bank	Mortgage loans	110,000	"	1.92%	150,000	Corporate bonds	
		<u>\$ 1,110,000</u>			<u>\$ 1,617,150</u>		

Statement 7

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF ACCOUNTS PAYABLES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 8

Vendor Name	Description	Amount	Remark
General Supplier			
D company		\$ 65,686	
C company		40,869	
Others		426,854	The amount of individual vendor in others does not exceed 5% of the account balance.
		<u>\$ 533,409</u>	
Related parties:			
OPXION Tech. Incorporation		4,000	
Gallant Precision Industries (Suzhou) Co., Ltd.		5,503	
		<u>\$ 9,503</u>	

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Unit	Amount	Remark
Display industry	54set	\$ 476,109	
Semiconductor industry	335set	1,216,133	
Intelligent automation industry	43set	7,385	
Others	-	263,820	
Net revenue		<u>\$ 1,963,447</u>	

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Amount
Raw materials, beginning of year (Included inventory in transit)	\$ 192,911
Add: Raw material purchased	1,172,799
Less: Raw materials, end of year(Included inventory in transit)	(161,455)
Sales of Raw materials	(35,816)
Inventory scrap loss	(469)
Transferred to property, plant and equipment	(30)
Others	(4,916)
Raw materials used	1,163,024
Direct labor	206,588
Manufacturing expenses	225,785
Manufacturing cost	1,595,397
Add: Work in process, beginning of year	323,807
Less: Work in process, end of year	(306,775)
Transferred to research and development expenses	(108,716)
Cost of finished goods	1,503,713
Add: Finished goods, beginning of year	26,767
Less: Finished goods, end of year	(14,908)
Inventory scrap loss	(19,911)
Others	(29,117)
Cost of goods sold	1,466,544
After-sales service expense	9,024
Reversal of inventory write-down	(138,896)
Inventory scrap loss	20,380
Cost of Raw materials sold	35,816
Other operating cost	2,054
	\$ 1,394,922

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Description	Amount	Remark
Wages and salaries		\$ 57,550	
Miscellaneous purchases		30,485	
Technology license fee		26,946	
Miscellaneous charges		22,113	
Depreciations		15,542	
Others		73,149	The amount of each item included in others does not exceed 5% of the account balance.
		\$ 225,785	

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Description	Amount	Remark
Selling expenses			
Wages and salaries		\$ 31,733	
Advertisement expense		5,233	
Frieght expense		4,278	
Others		22,820	The amount of each item included in others does not exceed 5% of the account balance.
		<u>\$ 64,064</u>	
General and administrative expenses			
Wages and salaries		\$ 186,129	
Depreciation Expense		14,372	
Others		64,851	The amount of each item included in others does not exceed 5% of the account balance.
		<u>\$ 265,352</u>	
Research and development expenses			
Research and development orders expenses		\$ 108,716	
Wages and salaries		39,712	
Service Expense		21,536	
Others		11,581	The amount of each item included in others does not exceed 5% of the account balance.
		<u>\$ 181,545</u>	
		<u><u>\$ 510,961</u></u>	

GALLANT PRECISION MACHINING CO., LTD.
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Statement 13

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as cost of goods sold	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Labor cost						
Wages and salaries expenses	\$ 232,510	\$ 247,732	\$ 480,242	\$ 261,185	\$ 179,559	\$ 440,744
Labor and health insurance	21,815	11,178	32,993	24,166	12,111	36,277
Pension	12,007	6,259	18,266	13,032	8,020	21,052
Directors remuneration	-	9,842	9,842	-	6,558	6,558
Other employee benefit expense	10,956	5,148	16,104	11,560	5,014	16,574
Depreciation charges	15,542	15,858	31,400	17,726	10,287	28,013
Amortization charges	-	2,773	2,773	795	846	1,641

Note :

1. As of December 31, 2025 and 2024, the company had 358 and 405 employees, respectively and the number of directors who have not served as employees are 5 and 6 respectively.
2. Listed on the Taiwan Stock Exchange and Taipei exchange companies, please disclosure below information :
 - (1) Average labor cost for the year ended December 31, 2025 was NT\$1,551
Average labor cost for the year ended December 31, 2024 was NT\$1,290
 - (2) Average salary and bonus for the year ended December 31, 2025 was NT\$1,360
Average salary and bonus for the year ended December 31, 2024 was NT\$1,105
 - (3) Average salary and bonus decreased by 23% year over year.

- (4) The supervisor's remuneration for the year ended December 31, 2025 was NT\$0
The supervisor's remuneration for the year ended December 31, 2024 was NT\$0
The company has established an audit committee, so there is no supervisor's remuneration.
- (5) The principles of remuneration policy
Employee: the salary of the company's employees is determined by referring to the salary market, the company's operating conditions and the organizational structure.
Director : the reference should be made to the usual level of payment in the industry, and the reasonableness of the relationship between personal performance, company operating performance and future risks should be considered.
Manager: the reference should be made to the usual level of payment in the industry, and the reasonableness of the relationship between personal performance, company operating performance and future risks should be considered.