

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024

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

SYSGRATION LTD. AND SUBSIDIARIES
DECEMBER 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

<u>Contents</u>	<u>Page</u>
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Declaration of Consolidated Financial Statements of Affiliated Enterprises	4
4. Independent Auditors' Report	5 ~ 12
5. Consolidated Balance Sheets	13 ~ 14
6. Consolidated Statements of Comprehensive Income	15
7. Consolidated Statements of Changes in Equity	16
8. Consolidated Statements of Cash Flows	17 ~ 18
9. Notes to the Consolidated Financial Statements	19 ~ 89
(1) HISTORY AND ORGANIZATION	19
(2) THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION	19
(3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	19 ~ 21
(4) SUMMARY OF MATERIAL ACCOUNTING POLICIES	21 ~ 35

Contents	Page
(5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY	35
(6) DETAILS OF SIGNIFICANT ACCOUNTS	36 ~ 74
(7) RELATED PARTY TRANSACTIONS	74 ~ 75
(8) PLEDGED ASSETS	75
(9) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS	75
(10) SIGNIFICANT DISASTER LOSS	75
(11) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	76
(12) OTHERS	76 ~ 87
(13) SUPPLEMENTARY DISCLOSURES	87
(14) SEGMENT INFORMATION	87 ~ 89

SYSGRATION LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of the Company for 2025 (from January 1 to December 31, 2025) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries will not prepare a separate set of combined financial statements.

We hereby declare

Company name: SYSGRATION LTD.

Chairman: Lee, I-Ren

March 10, 2026

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of SYSGRATION LTD.

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, 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 Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Existence and occurrence of revenue**Description**

Please refer to Note 4(33) for accounting policies on revenue recognition and Note 6(24) for details of sales revenue.

The Group is primarily engaged in the manufacture and sales of automobile electronics products and power management products. Revenue is the main indicator of whether the Group achieves its business and financial goals, and existence and occurrence of revenue have a significant impact on financial reports. The revenue from automobile electronic products accounts for 79.88% of the operating income. Thus, we considered the existence and occurrence of automobile electronic products revenue as a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of and tested the internal control procedures of recognition of revenue and tested the effectiveness in exercising internal controls in relation to sales revenue.
- B. Obtained the details of revenue and verified customers' orders, delivery orders and sales invoices to confirm whether the sales revenue transactions indeed occurred.

- C. Examined the content and related supporting documents of sales returns and discounts after the balance sheet date and checked the subsequent collection to confirm the existence of sales revenue.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(14) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for allowance for inventory valuation losses. As at December 31, 2025, the Group's inventories and allowances for inventory valuation losses were NT\$471,996 thousand and NT\$53,497 thousand, respectively.

The Group is primarily engaged in the manufacture and sale of automobile electronics products and power management products. Because of the rapid change in development of electronic products, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventories are measured at the lower of cost and net realizable value, and individually assessed for those inventories over a certain age in order to identify obsolete or slow-moving inventories. The material's net realizable value is calculated based on the latest purchase price, and the net realizable values of work in process and finished goods are measured at the last sales price as well as taken into consideration of the operating expense ratio.

The industry technology is rapidly changing, and the net realizable value of inventories involves subjective judgements resulting in an uncertainty when assessing the obsolete or slow-moving inventories. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

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

- A. Assessed the reasonableness of provision policies on allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of the industry, including the classification of inventory for determining net realizable value and the reasonableness of determining the obsolescence of inventory.
- B. Obtained an understanding of the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and observed the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
- C. Obtained an understanding of the policy on inventory aging report and the logic of inventory aging report program. Selected samples to verify the accuracy of inventory aging report.
- D. Verified the reasonableness of inventory valuation basis, including test sampling the latest purchase price, purchase invoice, the latest sales price and sales invoices in order to verify that the inventory was measured at the lower of cost and net realizable value.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$1,365,761 thousand, constituting 18.64% of the consolidated total assets as at December 31, 2025, and the operating revenue amounted to NT\$0 thousand, constituting 0% of the consolidated total operating revenue for the year then ended.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter paragraph and unqualified opinion on the parent company only financial statements of Sysgration Ltd. as at and for the years ended December 31, 2025 and 2024 , respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated 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.
- B. 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 Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chih, Ping-Chiun

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2026

The accompanying consolidated 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 consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED 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)	\$ 2,612,293	36	\$ 1,797,789	35
1110	Financial assets at fair value through profit or loss - current	6(2)	35,134	-	9,364	-
1136	Current financial assets at amortised cost	6(1)(4) and 8	61,781	1	57,724	1
1140	Current contract assets	6(24)	38,868	-	37,082	1
1150	Notes receivable, net	6(5)	924	-	4,205	-
1170	Accounts receivable, net	6(5)	947,159	13	809,553	16
1200	Other receivables		50,117	1	14,507	-
130X	Inventories	6(6)	418,499	6	399,166	8
1470	Other current assets		83,971	1	85,924	2
11XX	Current assets		4,248,746	58	3,215,314	63
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	71,738	1	29,303	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	716,474	10	226,120	4
1535	Non-current financial assets at amortised cost	6(1)(4) and 8	34,688	1	42,234	1
1560	Non-current contract assets	6(24)	14,031	-	28,062	1
1600	Property, plant and equipment	6(8) and 8	1,934,540	26	1,288,899	25
1755	Right-of-use assets	6(9)	81,108	1	69,895	1
1760	Investment property - net	6(10)	3,613	-	3,750	-
1780	Intangible assets	6(11)	87,214	1	62,297	1
1840	Deferred income tax assets	6(31)	36,613	1	27,322	1
1900	Other non-current assets		96,654	1	85,401	2
15XX	Non-current assets		3,076,673	42	1,863,283	37
1XXX	Total assets		\$ 7,325,419	100	\$ 5,078,597	100

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED 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 borrowings	6(12) and 8	\$ 317,984	4	\$ 8,956	-
2120	Financial liabilities at fair value through profit or loss - current	6(13)	8,430	-	-	-
2130	Current contract liabilities	6(24)	81,883	1	74,588	1
2150	Notes payable		-	-	234	-
2170	Accounts payable		587,101	8	536,397	11
2200	Other payables	6(16)	214,530	3	221,576	4
2230	Current income tax liabilities	6(31)	4,122	-	5,937	-
2250	Current provisions	6(19)	60,271	1	67,906	1
2280	Current lease liabilities		33,694	1	28,920	1
2320	Long-term liabilities, current portion	6(14)(15) and 8	137,167	2	591,094	12
2399	Other current liabilities, others		7,698	-	12,704	-
21XX	Current liabilities		<u>1,452,880</u>	<u>20</u>	<u>1,548,312</u>	<u>30</u>
Non-current liabilities						
2530	Bonds payable	6(14)	1,099,076	15	-	-
2540	Long-term borrowings	6(15) and 8	464,802	6	186,922	4
2550	Non-current provisions	6(19)	7,027	-	13,744	-
2570	Deferred income tax liabilities	6(31)	2,674	-	1,958	-
2580	Non-current lease liabilities		48,975	1	41,784	1
2600	Other non-current liabilities		3,461	-	430	-
25XX	Non-current liabilities		<u>1,626,015</u>	<u>22</u>	<u>244,838</u>	<u>5</u>
2XXX	Total liabilities		<u>3,078,895</u>	<u>42</u>	<u>1,793,150</u>	<u>35</u>
Equity attributable to owners of parent						
	Share capital	6(20)				
3110	Ordinary shares		2,044,238	28	1,909,364	38
3130	Certificate of entitlement to new shares from convertible bonds		4,738	-	2,185	-
3140	Advance receipts for share capital		1,022	-	3,195	-
	Capital surplus	6(21)				
3200	Capital surplus		1,745,779	24	953,517	19
	Retained earnings	6(22)				
3310	Legal reserve		41,030	1	30,119	1
3320	Special reserve		68,451	1	76,332	2
3350	Retained earnings		119,874	2	170,621	3
	Other equity interest	6(23)				
3400	Other equity interest		(101,320)	(2)	(68,452)	(2)
3500	Treasury shares	6(20)	(73,952)	(1)	-	-
31XX	Equity attributable to owners of the parent		<u>3,849,860</u>	<u>53</u>	<u>3,076,881</u>	<u>61</u>
36XX	Non-controlling interests	6(33)	<u>396,664</u>	<u>5</u>	<u>208,566</u>	<u>4</u>
3XXX	Total equity		<u>4,246,524</u>	<u>58</u>	<u>3,285,447</u>	<u>65</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 7,325,419</u>	<u>100</u>	<u>\$ 5,078,597</u>	<u>100</u>

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

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items		Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24)	\$ 3,393,871	100	\$ 3,109,948	100
5000	Operating costs	6(6)(17)(18)(29)(30) and 7	(2,595,390)	(76)	(2,358,117)	(76)
5900	Gross profit from operations		798,481	24	751,831	24
	Operating expenses	6(17)(18)(29)(30)				
6100	Selling expenses		(108,557)	(3)	(105,292)	(3)
6200	Administrative expenses		(335,639)	(10)	(241,941)	(8)
6300	Research and development expenses		(377,098)	(11)	(329,461)	(11)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	5,824	-	22,213	(1)
6000	Total operating expenses		(815,470)	(24)	(698,907)	(23)
6900	Operating (loss) profit		(16,989)	-	52,924	1
	Non-operating income and expenses					
7100	Interest income	6(25)	14,051	-	35,878	1
7010	Other income	6(26)	22,415	1	9,578	-
7020	Other gains and losses	6(27)	28,262	1	38,040	1
7050	Finance costs	6(28)	(20,443)	(1)	(18,830)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	-	-	(5,205)	-
7000	Total non-operating income and expenses		44,285	1	59,461	2
7900	Profit before income tax		27,296	1	112,385	3
7950	Income tax expense	6(31)	(18,135)	(1)	(8,333)	-
8200	Profit for the year		\$ 9,161	-	\$ 104,052	3
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss	6(3)(23)(31)				
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(\$ 17,346)	-	\$ 22,559	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		2,508	-	(6,192)	-
8310	Total other comprehensive (loss) income that will not be reclassified to profit or loss, net of tax		(14,838)	-	16,367	1
	Components of other comprehensive income that will be reclassified to profit or loss	6(23)(31)				
8361	Exchange differences on translation		(27,104)	(1)	45,722	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		5,709	-	(9,146)	-
8360	Total other comprehensive (loss) income that will be reclassified to profit or loss, net of tax		(21,395)	(1)	36,576	1
8300	Other comprehensive (loss) income for the year, net of tax		(\$ 36,233)	(1)	\$ 52,943	2
8500	Total comprehensive (loss) income for the year		(\$ 27,072)	(1)	\$ 156,995	5
	Profit (loss), attributable to:					
8610	Owners of the parent		\$ 52,939	1	\$ 116,045	4
8620	Non-controlling interest		(43,778)	(1)	(11,993)	(1)
			\$ 9,161	-	\$ 104,052	3
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 15,265	-	\$ 168,988	5
8720	Non-controlling interest		(42,337)	(1)	(11,993)	-
			(\$ 27,072)	(1)	\$ 156,995	5
	Basic earnings per share	6(32)				
9750	Basic earnings per share		\$ 0.27		\$ 0.61	
	Diluted earnings per share	6(32)				
9850	Diluted earnings per share		\$ 0.26		\$ 0.61	

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

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												
		Share capital				Retained earnings			Other equity interest					
			Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Capital surplus, additional paid-in capital				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
	Notes	Ordinary shares				Legal reserve	Special reserve	Retained earnings			Treasury shares	Total	Non-controlling interest	Total equity
<u>2024</u>														
		\$ 1,845,849	\$ 55,073	\$ 2,264	\$ 899,048	\$ 4,497	\$ 1,563	\$ 295,125	(\$ 73,333)	(\$ 54,992)	\$ -	\$ 2,975,094	\$ -	\$ 2,975,094
		-	-	-	-	-	-	116,045	-	-	-	116,045	(11,993)	104,052
	6(23)	-	-	-	-	-	-	-	36,576	16,367	-	52,943	-	52,943
		-	-	-	-	-	-	116,045	36,576	16,367	-	168,988	(11,993)	156,995
	6(18)(21)	-	-	-	26,827	-	-	-	-	-	-	26,827	-	26,827
	6(18)(20)(21)	8,416	-	931	21,599	-	-	-	-	-	-	30,946	-	30,946
	6(3)(23)	-	-	-	-	-	-	-	-	-	-	-	-	-
	6(14)(20)(21)	55,099	(52,888)	-	6,043	-	-	(6,930)	-	6,930	-	8,254	-	8,254
	6(22)	-	-	-	-	25,622	-	(25,622)	-	-	-	-	-	-
		-	-	-	-	-	74,769	(74,769)	-	-	-	-	-	-
		-	-	-	-	-	-	(133,228)	-	-	-	(133,228)	-	(133,228)
	6(34)	-	-	-	-	-	-	-	-	-	-	-	220,559	220,559
		<u>\$ 1,909,364</u>	<u>\$ 2,185</u>	<u>\$ 3,195</u>	<u>\$ 953,517</u>	<u>\$ 30,119</u>	<u>\$ 76,332</u>	<u>\$ 170,621</u>	<u>(\$ 36,757)</u>	<u>(\$ 31,695)</u>	<u>\$ -</u>	<u>\$ 3,076,881</u>	<u>\$ 208,566</u>	<u>\$ 3,285,447</u>
<u>2025</u>														
		\$ 1,909,364	\$ 2,185	\$ 3,195	\$ 953,517	\$ 30,119	\$ 76,332	\$ 170,621	(\$ 36,757)	(\$ 31,695)	\$ -	\$ 3,076,881	\$ 208,566	\$ 3,285,447
		-	-	-	-	-	-	52,939	-	-	-	52,939	(43,778)	9,161
	6(23)	-	-	-	-	-	-	-	(22,836)	(14,838)	-	(37,674)	1,441	(36,233)
		-	-	-	-	-	-	52,939	(22,836)	(14,838)	-	15,265	(42,337)	(27,072)
	6(18)(21)	-	-	-	27,939	-	-	-	-	-	-	27,939	-	27,939
	6(18)(20)(21)	19,941	-	(2,173)	44,656	-	-	-	-	-	-	62,424	-	62,424
	6(3)(23)	-	-	-	-	-	-	(4,806)	-	4,806	-	-	-	-
	6(21)	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	260,212	-	-	-	-	-	-	260,212	(260,212)	-
	6(14)(20)(21)	114,933	2,553	-	320,830	-	-	-	-	-	-	438,316	-	438,316
	6(21)	-	-	-	176,965	-	-	-	-	-	-	176,965	-	176,965
	6(20)	-	-	-	-	-	-	-	-	-	(73,952)	(73,952)	-	(73,952)
	6(22)	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	10,911	-	(10,911)	-	-	-	-	-	-
		-	-	-	-	-	(7,881)	7,881	-	-	-	-	-	-
		-	-	-	-	-	-	(95,850)	-	-	-	(95,850)	-	(95,850)
	6(21)	-	-	-	(38,340)	-	-	-	-	-	-	(38,340)	-	(38,340)
	6(33)	-	-	-	-	-	-	-	-	-	-	-	490,647	490,647
		<u>\$ 2,044,238</u>	<u>\$ 4,738</u>	<u>\$ 1,022</u>	<u>\$ 1,745,779</u>	<u>\$ 41,030</u>	<u>\$ 68,451</u>	<u>\$ 119,874</u>	<u>(\$ 59,593)</u>	<u>(\$ 41,727)</u>	<u>(\$ 73,952)</u>	<u>\$ 3,849,860</u>	<u>\$ 396,664</u>	<u>\$ 4,246,524</u>

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

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 27,296	\$ 112,385
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on decline for inventory	6(6)	12,188	9,273
Share of loss of associates accounted for using equity method	6(7)	-	5,205
Interest income	6(25)	(14,051)	(35,878)
Dividend income	6(26)	(6,334)	(3,633)
Gain recognised in bargain purchase transaction	6(26)	-	(129)
Net gain on financial assets (liabilities) at fair value through profit or loss	6(27)	(36,743)	(1,328)
(Gain) loss on disposal of property, plant and equipment	6(27)	(2,039)	1,330
Profit from lease modification	6(27)	(34)	-
Loss on disposal of investments accounted for using equity method	6(27)	-	793
Interest expense	6(28)	20,443	18,830
Depreciation	6(29)	181,331	174,472
Amortisation	6(29)	37,000	28,882
Share-based payments	6(30)	27,939	26,827
Expected credit impairment (gain) loss	12(2)	(5,824)	22,213
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		17,298	3,055
Notes receivable		3,295	5,370
Accounts receivable		(136,795)	159,912
Other receivables		(36,547)	9,792
Inventories		(31,521)	(20,956)
Other current assets		1,953	(33,547)
Changes in operating liabilities			
Contract liabilities		7,295	66,066
Notes payable		(234)	(702)
Accounts payable		50,704	(106,136)
Other payables		(2,319)	(21,199)
Other payables - related parties		-	(195)
Current provisions		(14,352)	16,456
Other current liabilities		(5,006)	(3,004)
Cash inflow generated from operations		94,943	434,154
Interest received		14,988	37,005
Interest paid		(11,315)	(18,851)
Income tax paid		(20,092)	(1,814)
Dividend received		6,334	3,633
Net cash flows from operating activities		84,858	454,127

(Continued)

SYSGRATION LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 616,125)	(\$ 15,930)
Proceeds from disposal of financial assets at fair value through profit or loss		585,808	565
Acquisition of investments accounted for using equity method	6(7)	-	(5,940)
Proceeds from disposal of financial assets at fair value through other comprehensive income		46,162	30,106
Acquisition of financial assets at fair value through other comprehensive income		(553,862)	(2,211)
Decrease (increase) in financial assets at amortised cost		3,489	(50,600)
Acquisition of property, plant and equipment	6(35)	(782,972)	(662,547)
Proceeds from disposal of property, plant and equipment		3,879	2,507
Acquisition of intangible assets	6(11)	(61,930)	(64,458)
Increase (decrease) in refundable deposits		(983)	493
Increase in prepayments for business facilities		(23,886)	(1,681)
Increase in other non-current assets		(10,456)	(6,690)
Acquisition of subsidiaries	6(34)	-	172,734
Net cash flows used in investing activities		(1,410,876)	(603,652)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(36)	309,028	(1,044)
Proceeds from long-term borrowings	6(36)	460,883	-
Repayment of long-term borrowings	6(36)	(206,255)	(110,111)
Treasury stock acquired	6(20)	(73,952)	-
Proceeds from convertible bond issuance	6(36)	1,282,339	-
Exercise of employee share options	6(20)	62,424	30,946
Payments of lease liabilities	6(36)	(42,107)	(42,577)
Decrease in guarantee deposits received		(263)	(716)
Cash dividends paid	6(21)(22)	(134,190)	(133,228)
Change in non-controlling interest		490,647	-
Net cash flows from (used in) financing activities		2,148,554	(256,730)
Effect of exchange rate changes on cash and cash equivalents		(8,032)	39,719
Net increase (decrease) in cash and cash equivalents		814,504	(366,536)
Cash and cash equivalents at beginning of year	6(1)	1,797,789	2,164,325
Cash and cash equivalents at end of year	6(1)	\$ 2,612,293	\$ 1,797,789

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

SYSGRATION LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANIZATION

SYSGRATION LTD. (the ‘Company’) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on October 14, 1977, and the Company’s shares have been approved by Securities and Futures Commission, Ministry of Finance to be officially traded on Taipei Exchange from December 1995. The Company and its subsidiaries (the ‘Group’) primarily engage in the manufacture and sale of automobile electronics products and power management products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on March 10, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

- A. Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.

The conditions for the exception are that the entity making the payment does not have:

- (a) the practical ability to withdraw, stop or cancel the payment instruction;
- (b) the practical ability to access the cash used for settlement; and
- (c) significant settlement risk.

- B. Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

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

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

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

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Note
			December 31, 2025	December 31, 2024	
SYSGRATION LTD.	SYSGRATION USA INC.	Sale of electronic products	100	100	
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	Investment holding of overseas companies	100	100	
SYSGRATION LTD.	POWER TANK ENERGY LTD.	Manufacturing and sale of energy management products	72.41	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Note
			December 31, 2025	December 31, 2024	
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	Investment holding of overseas companies	100	100	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	Manufacturing and sale of electronic products	100	100	
POWER TANK ENERGY LTD.	SYSGRATION TECHNOLOGY (SAMOA) LTD.	Investment holding of overseas companies	100	100	
SYSGRATION TECHNOLOGY (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy management products	100	100	
SYSGRATION (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	100	100	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	Manufacturing and sale of solar energy and green capable equipment	38.2	36.62	Note 2

Note 1: POWER TANK ENERGY LTD. issued 6,000 thousands new shares on April 11, 2025.

The Group acquired 5,100 thousands shares partially; executed employee stock option by converting 3,600 thousands shares on June 6, 2025; On September 11, 2025, POWER TANK ENERGY LTD issued 7,000 thousands new shares. The Board of Directors of company resolved to waive participation in this capital increase, resulting in the Group's shareholding percentage decreasing to 72.41%.

Note 2: LEADRAY ENERGY CO, LTD. held a shareholders' meeting on June 28, 2024. The Group obtained more than half of the total number of directors; therefore, from that date, it was determined that the Group had control over LEADRAY ENERGY, and included LEADRAY ENERGY in the consolidated financial statements. Please refer to Note 6(7)A(c) for the related information. LEADRAY ENERGY CO, LTD. issued 5,000 thousands new shares on July 16, 2025. The Group acquired 2,435 thousands shares resulting in the Group's shareholding percentage increasing to 38.2%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's 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 based on the nature of those transactions 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 group entities and associates 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 period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) 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 that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;

- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- 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 in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income 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 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.

(9) Financial assets at amortized cost

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

- (a) The objective of the Group'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 Group 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 Group'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.

(10) 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.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) — operating leases

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

(14) 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 (allocated based on normal operating capacity). 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 costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' 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 Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in "capital surplus" in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- 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 Group 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	2~55	years
Machinery	1~20	years
Maintenance equipment and tools	2~20	years
Office equipment	1~30	years
Transportation equipment	4~5	years
Leasehold improvements	1~5	years or lease period (whichever is shorter)
Others	1~20	years

(17) 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:
 - (a) Fixed payments, less any lease incentives receivable.
 - (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(19) Intangible assets

Intangible assets, mainly computer software and patent rights, are amortized on a straight-line basis over their estimated useful lives of 1 ~ 10 years.

(20) Impairment of non-financial assets

The Group 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. 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.

(21) 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.

(22) Notes and 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.

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

- A. Financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
 - (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Convertible bonds payable

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

- A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the

amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable or as stated above. Conversion options are not subsequently remeasured.

- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(25) Derecognition of financial liabilities

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

(26) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(27) Provisions

Provisions (including warranties) are recognized when the Group 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.

(28) 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

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.

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 recognize 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' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. 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.

(29) Employee share-based payment

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.

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(31) 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 carrying amount 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.

(32) 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.

(33) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells automobile electronics products and power management products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) 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.

B. Construction revenue

- (a) The Group undertakes and outsources construction projects such as solar power generation systems. As the costs incurred for construction are directly related to the stage of completion of the performance obligation, the Group recognizes revenue based on costs incurred relative to the total expected costs of that performance obligation.
- (b) The contract assets are recognized based on the proportion of costs incurred for construction over time. Contract assets are reclassified to accounts receivable at the point at which invoices have been billed to customers monthly and at the amount to which the Group has the right to invoice. 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.

(34) Government grants

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

(35) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(36) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group's accounting policies

Judgement of whether the Group has substantive control over its investees

The Group holds 38.2% of the voting shares and is the sole largest shareholder of LEADRAY ENERGY CO, LTD.. LEADRAY ENERGY CO, LTD. held a shareholders' meeting on June 28, 2024. The Group obtained more than half of the total number of directors; therefore, it was determined that the Group had control over LEADRAY ENERGY and included LEADRAY ENERGY in the consolidated financial statements.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

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	\$ 797	\$ 826
Checking accounts and demand deposits	2,431,496	979,113
Time deposits	180,000	817,850
	<u>\$ 2,612,293</u>	<u>\$ 1,797,789</u>

A. The Group 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 amounting to \$41,232 and \$46,921, respectively, were pledged to others as collateral on long-term and short-term borrowings and were classified as financial assets at amortized cost.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 35,299	\$ 8,515
Derivatives	43	197
	<u>35,342</u>	<u>8,712</u>
Valuation adjustment	(208)	652
	<u>\$ 35,134</u>	<u>\$ 9,364</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private equity fund	\$ 30,000	\$ 30,000
Unlisted stocks	29,325	-
	<u>59,325</u>	<u>30,000</u>
Valuation adjustment	12,413	(697)
	<u>\$ 71,738</u>	<u>\$ 29,303</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	\$ 13,110	(\$ 4,800)
Equity instruments	24,932	2,237
Derivatives	(154)	641
	<u>\$ 37,888</u>	<u>(\$ 1,922)</u>

- B. Derivatives are call options of the convertible bonds issued by the Group.
- C. Details of the Group's financial assets at fair value through profit or loss not pledged to others as collateral.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2025	December 31, 2024
Non-current items:		
Equity instruments		
Listed stocks	\$ 320,511	\$ 5,693
Emerging stocks	61,905	60,786
Unlisted stocks	<u>386,215</u>	<u>199,258</u>
	768,631	265,737
Valuation adjustment	(52,157)	(39,617)
	<u>\$ 716,474</u>	<u>\$ 226,120</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.
- B. For the years ended December 31, 2025 and 2024, the Company has disposed stock of the investee company. Realized gain (loss) has been transferred to retained earnings from other equity.
- C. 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:

	Year ended December 31, 2025	Year ended December 31, 2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 17,346)	\$ 22,559
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 4,806)	(\$ 6,930)
Dividend income recognised in profit or loss		
Held at end of period	\$ 5,034	\$ 3,633

- D. 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 financial assets at fair value through other comprehensive income held by the Group were \$716,474 and \$226,120 as at December 31, 2025 and 2024, respectively.
- E. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits	\$ 55,237	\$ 53,037
Pledged time deposits	6,544	4,687
	<u>\$ 61,781</u>	<u>\$ 57,724</u>
Non-current items:		
Reserve account	\$ 4,803	\$ -
Pledged time deposits	29,885	42,234
	<u>\$ 34,688</u>	<u>\$ 42,234</u>
	<u>\$ 96,469</u>	<u>\$ 99,958</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	<u>\$ 1,962</u>	<u>\$ 1,011</u>

- B. 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 financial assets at amortized cost held by the Group were \$96,469 and \$99,958, respectively.
- C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 924	\$ 4,219
Less: Allowance for uncollectible accounts	-	(14)
	<u>\$ 924</u>	<u>\$ 4,205</u>
Accounts receivable	\$ 965,821	\$ 830,532
Less: Allowance for uncollectible accounts	(18,662)	(20,979)
	<u>\$ 947,159</u>	<u>\$ 809,553</u>

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

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 702,530	\$ 924	\$ 485,383	\$ 4,205
Up to 30 days	118,119	-	77,274	-
31 to 120 days	122,749	-	228,433	-
121 to 180 days	3,761	-	15,453	-
Over 180 days	-	-	3,010	-
	<u>\$ 947,159</u>	<u>\$ 924</u>	<u>\$ 809,553</u>	<u>\$ 4,205</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to \$986,079.
- 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 receivable were \$924 and \$4,205, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$947,159 and \$809,553, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

December 31, 2025			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 319,478	(\$ 42,422)	\$ 277,056
Work in progress	22,148	(379)	21,769
Finished goods	130,370	(10,696)	119,674
	<u>\$ 471,996</u>	<u>(\$ 53,497)</u>	<u>\$ 418,499</u>
December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 275,985	(\$ 33,983)	\$ 242,002
Work in progress	38,059	(1,244)	36,815
Finished goods	126,551	(6,202)	120,349
	<u>\$ 440,595</u>	<u>(\$ 41,429)</u>	<u>\$ 399,166</u>

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2025	Year ended December 31, 2024
Cost of goods sold	\$ 2,424,329	\$ 2,303,966
Cost of construction and other	158,873	44,878
Loss on decline in market value	12,188	9,273
	<u>\$ 2,595,390</u>	<u>\$ 2,358,117</u>

The Group had no inventories pledged to others as collateral.

(7) Investments accounted for using equity method

	2024
At January 1	\$ 127,494
Addition of investments accounted for using equity method	5,940
Share of profit and loss of investments accounted for using new equity method	(5,205)
Effects of new consolidated entities	(128,229)
At December 31	<u>\$ -</u>
	<u>December 31, 2024</u>
Associates:	
LEADRAY ENERGY CO., LTD	<u>\$ -</u>

A. Associates

- (a) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2024, the carrying amount of the Group's individually immaterial associates was \$0.

	Nine months ended December 31, 2024 (Note)
Loss for the period from continuing operations	(\$ 5,205)
Total comprehensive loss	(\$ 5,205)

Note: Share of operation result from January 1 to June 28 of 2024.

- (b) The Group is the single largest shareholder of LEADRAY ENERGY CO., LTD. with a 36.62% equity interest. The Group obtained more than half of the total number of directors at the shareholders' meeting of LEADRAY ENERGY on June 28, 2024, and determined that the Group had control over it. Therefore, starting from June 28, 2024, LEADRAY ENERGY has been included in the consolidated financial statements.

(8) Property, plant and equipment

	2025									
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Unfinished projects and equipment to be inspected	Total
At January 1										
Cost	\$ 34,593	\$ 421,299	\$ 458,568	\$ 26,018	\$ 44,120	\$ 17,636	\$ 23,964	\$ 321,606	\$ 577,539	\$ 1,925,343
Accumulated depreciation and impairment	-	(169,533)	(274,969)	(15,782)	(34,897)	(10,928)	(20,707)	(109,628)	-	(636,444)
	<u>\$ 34,593</u>	<u>\$ 251,766</u>	<u>\$ 183,599</u>	<u>\$ 10,236</u>	<u>\$ 9,223</u>	<u>\$ 6,708</u>	<u>\$ 3,257</u>	<u>\$ 211,978</u>	<u>\$ 577,539</u>	<u>\$ 1,288,899</u>
Opening net book amount as at January 1	\$ 34,593	\$ 251,766	\$ 183,599	\$ 10,236	\$ 9,223	\$ 6,708	\$ 3,257	\$ 211,978	\$ 577,539	\$ 1,288,899
Additions	-	33,484	53,239	8,209	13,857	10,317	872	21,602	639,459	781,039
Disposals	-	-	(132)	-	(1)	(1,204)	-	(503)	-	(1,840)
Transfer	84,810	(7,795)	19,892	4,143	-	-	-	37	(77,015)	24,072
Depreciation charge	-	(15,484)	(58,011)	(4,562)	(9,401)	(3,843)	(2,099)	(44,891)	-	(138,291)
Net exchange differences	680	160	(221)	21	(23)	(3)	(28)	(565)	(19,360)	(19,339)
Closing net book amount as at December 31	<u>\$ 120,083</u>	<u>\$ 262,131</u>	<u>\$ 198,366</u>	<u>\$ 18,047</u>	<u>\$ 13,655</u>	<u>\$ 11,975</u>	<u>\$ 2,002</u>	<u>\$ 187,658</u>	<u>\$ 1,120,623</u>	<u>\$ 1,934,540</u>
At December 31										
Cost	\$ 120,083	\$ 441,357	\$ 437,993	\$ 31,345	\$ 27,970	\$ 21,257	\$ 24,378	\$ 302,150	\$ 1,120,623	\$ 2,527,156
Accumulated depreciation and impairment	-	(179,226)	(239,627)	(13,298)	(14,315)	(9,282)	(22,376)	(114,492)	-	(592,616)
	<u>\$ 120,083</u>	<u>\$ 262,131</u>	<u>\$ 198,366</u>	<u>\$ 18,047</u>	<u>\$ 13,655</u>	<u>\$ 11,975</u>	<u>\$ 2,002</u>	<u>\$ 187,658</u>	<u>\$ 1,120,623</u>	<u>\$ 1,934,540</u>

	2024									
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Unfinished projects and equipment to be inspected	Total
At January 1										
Cost	\$ 18,807	\$ 312,056	\$ 505,858	\$ 20,336	\$ 145,574	\$ 20,780	\$ 23,802	\$ 32,947	\$ -	\$ 1,080,160
Accumulated depreciation and impairment	-	(138,689)	(224,656)	(14,769)	(94,165)	(10,700)	(21,675)	(20,729)	-	(525,383)
	<u>\$ 18,807</u>	<u>\$ 173,367</u>	<u>\$ 281,202</u>	<u>\$ 5,567</u>	<u>\$ 51,409</u>	<u>\$ 10,080</u>	<u>\$ 2,127</u>	<u>\$ 12,218</u>	<u>\$ -</u>	<u>\$ 554,777</u>
Opening net book amount as at January 1	\$ 18,807	\$ 173,367	\$ 281,202	\$ 5,567	\$ 51,409	\$ 10,080	\$ 2,127	\$ 12,218	\$ -	\$ 554,777
Additions	-	9,239	32,642	5,248	3,799	18	2,576	9,364	579,456	642,342
Acquired from business combinations	15,786	80,555	-	-	-	175	-	55,157	40,021	191,694
Disposals	-	(175)	(1,997)	(753)	(168)	-	-	(744)	-	(3,837)
Transfer	-	-	(71,137)	1,528	(37,303)	-	-	177,051	(41,938)	28,201
Depreciation charge	-	(11,220)	(62,485)	(1,564)	(10,123)	(3,688)	(1,514)	(40,923)	-	(131,517)
Net exchange differences	-	-	5,374	210	1,609	123	68	(145)	-	7,239
Closing net book amount as at December 31	<u>\$ 34,593</u>	<u>\$ 251,766</u>	<u>\$ 183,599</u>	<u>\$ 10,236</u>	<u>\$ 9,223</u>	<u>\$ 6,708</u>	<u>\$ 3,257</u>	<u>\$ 211,978</u>	<u>\$ 577,539</u>	<u>\$ 1,288,899</u>
At December 31										
Cost	\$ 34,593	\$ 421,299	\$ 458,568	\$ 26,018	\$ 44,120	\$ 17,636	\$ 23,964	\$ 321,606	\$ 577,539	\$ 1,925,343
Accumulated depreciation and impairment	-	(169,533)	(274,969)	(15,782)	(34,897)	(10,928)	(20,707)	(109,628)	-	(636,444)
	<u>\$ 34,593</u>	<u>\$ 251,766</u>	<u>\$ 183,599</u>	<u>\$ 10,236</u>	<u>\$ 9,223</u>	<u>\$ 6,708</u>	<u>\$ 3,257</u>	<u>\$ 211,978</u>	<u>\$ 577,539</u>	<u>\$ 1,288,899</u>

- A. The significant components of buildings and structures include main plants and structure improvements, which are depreciated over 55 and 2~45 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. The Group's property, plant and equipment were all for self-use.

(9) Leasing arrangements — lessee

- A. The Group leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 5 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 and sublet without agreement.
- B. Short-term leases with a lease term of 12 months or less comprise offices. On December 31, 2025 and 2024, payments of lease commitments for short-term leases amounted to \$4,328 and \$1,593, respectively.
- 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>
Buildings	\$ 52,933	\$ 42,042
Land	19,971	23,003
Transportation equipment	8,204	4,850
	<u>\$ 81,108</u>	<u>\$ 69,895</u>

	<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>
Buildings	\$ 36,309	\$ 36,948
Land	3,032	2,807
Transportation equipment	3,562	3,062
	<u>\$ 42,903</u>	<u>\$ 42,817</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$59,167 and \$41,214, respectively.
- E. The information on profit and loss 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	\$ 1,771	\$ 1,688
Expense on short-term lease contracts	4,328	1,593
Gains arising from lease modifications	(34)	-

- F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$48,206 and \$45,858 respectively.

(10) Investment property

	2025	2024
	<u>Buildings</u>	<u>Buildings</u>
At January 1		
Cost	\$ 7,000	\$ 7,000
Accumulated depreciation	(3,250)	(3,112)
	<u>\$ 3,750</u>	<u>\$ 3,888</u>
Opening net book amount as at January 1	\$ 3,750	\$ 3,888
Depreciation charge	(137)	(138)
Closing net book amount as at December 31	<u>\$ 3,613</u>	<u>\$ 3,750</u>
At December 31		
Cost	\$ 7,000	\$ 7,000
Accumulated depreciation and impairment	(3,387)	(3,250)
	<u>\$ 3,613</u>	<u>\$ 3,750</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31, 2025	Year ended December 31, 2024
Rental income from investment property	<u>\$ 247</u>	<u>\$ 247</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 137</u>	<u>\$ 138</u>

B. The fair values of the investment property held by the Group as of December 31, 2025 and 2024, were all \$7,000, which was based on the trading prices of similar prices in the neighboring areas.

C. The Group had no investment property pledged to others as collateral.

(11) Intangible assets

	2025		
	Patent right	Software	Total
At January 1			
Cost	\$ 502	\$ 85,461	\$ 85,963
Accumulated amortization and impairment	(411)	(23,255)	(23,666)
	<u>\$ 91</u>	<u>\$ 62,206</u>	<u>\$ 62,297</u>
Opening net book amount as at January 1	\$ 91	\$ 62,206	\$ 62,297
Additions	-	61,930	61,930
Amortization charge	(49)	(36,951)	(37,000)
Net exchange differences	-	(13)	(13)
Closing net book amount as at December 31	<u>\$ 42</u>	<u>\$ 87,172</u>	<u>\$ 87,214</u>
At December 31			
Cost	\$ 504	\$ 128,016	\$ 128,520
Accumulated amortization and impairment	(462)	(40,844)	(41,306)
	<u>\$ 42</u>	<u>\$ 87,172</u>	<u>\$ 87,214</u>
	2024		
	Patent right	Software	Total
At January 1			
Cost	\$ 485	\$ 95,914	\$ 96,399
Accumulated amortization and impairment	(348)	(69,423)	(69,771)
	<u>\$ 137</u>	<u>\$ 26,491</u>	<u>\$ 26,628</u>
Opening net book amount as at January 1	\$ 137	\$ 26,491	\$ 26,628
Additions	-	64,458	64,458
Amortization charge	(50)	(28,832)	(28,882)
Net exchange differences	4	89	93
Closing net book amount as at December 31	<u>\$ 91</u>	<u>\$ 62,206</u>	<u>\$ 62,297</u>
At December 31			
Cost	\$ 502	\$ 85,461	\$ 85,963
Accumulated amortization and impairment	(411)	(23,255)	(23,666)
	<u>\$ 91</u>	<u>\$ 62,206</u>	<u>\$ 62,297</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Operating costs	\$ 5,958	\$ 4,296
Selling expenses	1,349	1,356
Administrative expenses	15,912	9,897
Research and development expenses	13,781	13,333
	<u>\$ 37,000</u>	<u>\$ 28,882</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 257,984	1.85%-2.65%	None
Secured borrowings	60,000	1.85%	Note
	<u>\$ 317,984</u>		
Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 8,956	3.00%	None

Note: Information about the assets that were pledged to short-term borrowings as collateral is provided in Note 8.

For the year ended December 31, 2025, interest expense was recognized in profit or loss in Note 6(28).

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

Items	December 31, 2025	December 31, 2024
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Derivative instruments	\$ 8,430	\$ -

A. Amounts recognized in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Financial assets designated as at fair value through profit or loss		
Derivative instruments	(\$ 1,145)	\$ 3,250

B. Derivatives are call options of the convertible bonds issued by the Group.

(14) Bonds payable

	December 31, 2025	December 31, 2024
Bonds payable	\$ 1,242,600	\$ 491,400
Less: Discount on bonds payable	(101,528)	(18,729)
	1,141,072	472,671
Less: Current portion or exercise of put options	(41,996)	(472,671)
	<u>\$ 1,099,076</u>	<u>\$ -</u>

A. The issuance of domestic convertible bonds by the Company:

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

- i. The Company issued \$500,000, 0% of coupon rate, fifth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (August 8, 2023 ~ August 8, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 8, 2023.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (November 9, 2023) of the bonds issue to the maturity date (August 8, 2026), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT\$39.7 (in dollars) per share. Due to the distribution of cash dividends of the common shares, it has been adjusted in accordance with Article 11 of the Regulations for the Issuance and Conversion of the fifth Unsecured Convertible Corporate Bonds in Taiwan. Since June 17, 2024, the conversion price was adjusted from NT\$39.7 per share to NT\$38.9 per share. In addition, since June 10, 2025, the conversion price was adjusted from NT\$38.9 per share to NT\$38.2 per share.
- iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.
- v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (November 9, 2023) to 40 days before

the maturity date (June 29, 2026).

- vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - vii. As of December 31, 2025, convertible bonds with a total face value of \$457,400 have been converted into 11,969,688 shares of common stock, of which 473,808 shares were approved by the Board of Directors on January 14, 2026, with the capital increase base date set on January 14, 2025.
- (b) The terms of the sixth domestic secured convertible bonds issued by the Company are as follows:
- i. The Company issued \$700,000, 0% of coupon rate, sixth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 5 years from the issue date (December 12, 2025 ~ December 12, 2030) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on December 12, 2025.
 - ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (March 13, 2026) of the bonds issue to the maturity date (December 12, 2030), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT\$63.5 (in dollars) per share.
 - iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 3.0301% of the face value as interests upon three years from the issue date.
 - v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (March 13, 2026) to 40 days before the maturity date (November 2, 2030), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (March 13, 2026) to 40 days before the maturity date (November 2, 2030).

- vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (c) The terms of the seventh domestic secured convertible bonds issued by the Company are as follows:
- i. The Company issued \$500,000, 0% of coupon rate, seventh domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (December 15, 2025 ~ December 15, 2028) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on December 15, 2025.
 - ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (March 16, 2026) of the bonds issue to the maturity date (December 15, 2028), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT\$55 (in dollars) per share.
 - iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 1.0025% of the face value as interests upon two years from the issue date.
 - v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after 3 months of the bonds issue (March 16, 2026) to 40 days before the maturity date (November 5, 2028), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (March 16, 2026) to 40 days before the maturity date (November 5, 2028).
 - vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of the fifth, sixth, and seventh domestic secured convertible bonds, the non-equity conversion options, call options, put options and conversion price resetting options embedded in bonds payable were separated from their host contracts which were classified as

‘capital surplus—share options’ amounting to \$30,085, \$64,230, and \$112,735, respectively. In addition, they were recognized in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation were 2.4894%, 2.1668%, and 2.1392%, respectively.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	2.125%	Note	\$ 4,460
Secured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	2.070%	Note	2,833
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	2.125%	Note	1,408
Secured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.820%	Note	11,500
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.775%	Note	12,800
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	2.055%	Note	22,666
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.625%	Note	8,401
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.625%	Note	10,184
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.625%	Note	14,216
Secured borrowings	Borrowing period is from December 26, 2023 to December 26, 2028; interest is repayable monthly.	1.975%	Note	18,408
Secured borrowings	Borrowing period is from September 2, 2025 to September 2, 2027; interest is repayable monthly.	1.990%	Note	30,000
Secured borrowings	Borrowing period is from October 2, 2025 to September 2, 2027; interest is repayable monthly.	1.990%	Note	50,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Secured borrowings	Borrowing period is from October 17, 2025 to October 15, 2027; interest is repayable monthly.	1.990%	Note	\$ 50,000
Secured borrowings	Borrowing period is from October 29, 2025 to October 29, 2027; interest is repayable monthly.	1.990%	Note	70,000
Secured borrowings	Borrowing period is from November 24, 2025 to November 24, 2027; interest is repayable monthly.	1.990%	Note	100,000
Secured borrowings	Borrowing period is from December 10, 2025 to December 10, 2028; interest is repayable monthly.	2.020%	Note	50,000
Secured borrowings	Borrowing period is from December 16, 2014 to December 16, 2029; interest is repayable monthly.	2.790%	Note	1,360
Secured borrowings	Borrowing period is from March 25, 2021 to March 25, 2028; interest is repayable monthly.	3.720%	Note	2,155
Secured borrowings	Borrowing period is from March 25, 2021 to March 25, 2028; interest is repayable monthly.	2.930%	Note	13,501
Secured borrowings	Borrowing period is from August 20, 2021 to August 20, 2028; interest is repayable monthly.	3.090%	Note	11,183
Secured borrowings	Borrowing period is from June 4, 2024 to June 4, 2029; interest is repayable monthly.	2.220%	Note	24,500
Secured borrowings	Borrowing period is from January 3, 2025 to January 3, 2032; interest is repayable monthly.	2.690%	Note	13,599
Secured borrowings	Borrowing period is from January 3, 2025 to January 3, 2032; interest is repayable monthly.	2.690%	Note	14,909
Unsecured borrowings	Borrowing period is from February 17, 2025 to February 17, 2028; interest is repayable monthly.	2.475%	None.	21,890
				559,973
Less: Current portion				(95,171)
				<u>\$ 464,802</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.875%	None.	\$ 11,000
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.785%	None.	5,593
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	2.125%	Note	17,840
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	2.070%	None.	9,633
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	2.125%	Note	5,631
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.820%	None.	20,700
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.775%	Note	22,400
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	2.055%	Note	38,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.625%	Note	12,983
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.625%	Note	15,738
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.625%	Note	21,970
Secured borrowings	Borrowing period is from December 26, 2023 to December 26, 2028; interest is repayable monthly.	1.975%	Note	24,544
Secured borrowings	Borrowing period is from December 16, 2014 to December 16, 2029; interest is repayable monthly.	2.790%	Note	1,677
Secured borrowings	Borrowing period is from March 25, 2021 to March 25, 2028; interest is repayable monthly.	3.720%	Note	3,057
Secured borrowings	Borrowing period is from March 25, 2021 to March 25, 2028; interest is repayable monthly.	2.930%	Note	19,223

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Secured borrowings	Borrowing period is from August 20, 2021 to August 20, 2028; interest is repayable monthly.	3.090%	Note	\$ 12,340
Secured borrowings	Borrowing period is from December 21, 2022 to December 21, 2034; interest is repayable monthly.	3.180%	Note	1,441
Secured borrowings	Borrowing period is from December 21, 2022 to December 21, 2034; interest is repayable monthly.	2.980%	Note	10,045
Secured borrowings	Borrowing period is from December 21, 2022 to December 21, 2034; interest is repayable monthly.	3.180%	Note	9,994
Secured borrowings	Borrowing period is from December 21, 2022 to December 21, 2034; interest is repayable monthly.	2.980%	Note	9,369
Secured borrowings	Borrowing period is from June 4, 2024 to June 4, 2029; interest is repayable monthly.	2.220%	Note	31,500
				305,345
Less: Current portion				(118,423)
				<u>\$ 186,922</u>

Note: Information about the assets that were pledged to long-term borrowings as collaterals is provided in Note 8.

A. For the years ended December 31, 2025 and 2024, interest expense were recognized in profit or loss is provided in Note 6(28).

B. Aforementioned borrowings from financial institutions are guaranteed by related parties as joint guarantor, please refer to Note 7 for details.

(16) Other payables

	December 31, 2025	December 31, 2024
Wages and salaries payable	\$ 106,351	\$ 131,800
Labour and health insurance payable	9,240	8,948
Payables for machinery and equipment	8,075	10,008
Pension payable	6,678	5,794
Environmental tax payable	2,231	-
Others	81,955	65,026
	<u>\$ 214,530</u>	<u>\$ 221,576</u>

(17) Pensions

- A. Effective July 1, 2005, the Company and its domestic subsidiaries 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 and its domestic subsidiaries 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. SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD, SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD. and SYSGRATION America Corporation have defined contribution pension plans under local regulations.
- C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were \$26,081 and \$25,495 respectively.

(18) Share-based payment

- A. On November 12, 2019 and December 27, 2016, the Board of Directors of the Company resolved to issue employees’ options of 5,000 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 5,000,000 shares with the exercise price of \$33.80 (in dollars)) and 4,500 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 4,500,000 shares with the exercise price of \$10.00 (in dollars)), except for the 4,731 units were issued out of 5,000 units on August 20, 2020, others were issued 5,000 units on October 15, 2018. The exercise price under the aforementioned stock-based employee compensation plan is at least the closing price of the Company’s common stock at the grant date. There will be adjustment to the exercise price in accordance with specific formula if there is any change in the Company’s ordinary shares or distribution of cash dividend after the issuance of stock options. The life of the option is 5 years. After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.
- B. To attract and retain talents, encourage employees and strengthen coherence of the Company, the Board of Directors at their meeting on October 18, 2022, resolved to issue employees’ stock options of 10,000 units. The issuance had been approved by the competent authority and could be issued over several installments within two years. The first issuance of 7,000 units was on July 7, 2023 (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 7,000,000 shares with exercise price of \$38.55 (in dollars)) and the second issuance of 3,000 units was on September 6, 2024 (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 3,000,000 shares with exercise price of \$35.8 (in dollars)).
- C. As of December 31, 2025, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2020.08.20	4,731	5 years	2 ~ 4 years' service
Employee stock options	2023.07.07	7,000	5 years	2 ~ 4 years' service
Employee stock options	2024.09.06	3,000	5 years	2 ~ 4 years' service

D. Details of the share-based payment arrangements are as follows:

(a). Employees' options which were issued in 2024

	2025		2024	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	2,970	\$ 35.80	-	\$ -
Options granted	-	-	3,000	35.80
Options exercised	-	-	-	-
Options forfeited (Note)	(420)	-	(30)	-
Options outstanding at the end of the year	<u>2,550</u>	\$ 35.10	<u>2,970</u>	\$ 35.80
Options exercisable at the end of the year	<u>-</u>		<u>-</u>	

Note: Due to employees' retirement or termination.

(b). Employees' options which were issued in 2023

	2025		2024	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	5,868	\$ 37.80	6,246	\$ 38.55
Options granted	-	-	-	-
Options exercised	(975)	37.10	-	-
Options forfeited (Note)	(556)	-	(378)	-
Options outstanding at the end of the year	<u>4,337</u>	\$ 37.10	<u>5,868</u>	\$ 37.80
Options exercisable at the end of the year	<u>-</u>		<u>-</u>	

Note: Due to employees' retirement or termination.

(c). Employees' options which were issued in 2020

	2025		2024	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	915	\$ 33.10	1,927	\$ 33.80
Options granted	-	-	-	-
Options exercised	(802)	32.95	(935)	33.10
Options forfeited (Note)	(113)	-	(77)	-
Options outstanding at the end of the year	<u>-</u>	<u>\$ -</u>	<u>915</u>	<u>\$ 33.10</u>
Options exercisable at the end of the year	<u>-</u>		<u>915</u>	

Note: Due to employees' retirement or termination.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2025		December 31, 2024	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2020.08.20	2025.08.19	-	\$ -	915	\$ 33.10
2023.07.07	2028.07.06	4,337	37.10	5,868	37.80
2024.09.06	2029.09.05	2,550	35.10	2,970	35.80

F. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2020.08.20	\$33.80	49.75% ~53.32%	3.5~4.5 years	0%	0.28% ~0.31%	13.02 ~13.74
Employee stock options	2023.07.07	\$38.55	46.02%	3.5~4.5 years	0%	1.07% ~1.10%	13.33 ~15.04
Employee stock options	2024.09.06	\$35.80	42.21% ~43.05%	3.5~4.5 years	0%	1.41% ~1.44%	11.61 ~13.36

G. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2025	Year ended December 31, 2024
Equity-settled	<u>\$ 27,939</u>	<u>\$ 26,827</u>

(19) Provisions

	2025	2024
	Warranty	Warranty
At January 1	\$ 81,650	\$ 39,323
Additional provisions	53,069	43,261
Provisions for liabilities acquired through merger	-	25,871
Used during the period	(67,421)	(26,805)
At December 31	\$ 67,298	\$ 81,650

	December 31, 2025	December 31, 2024
Current	\$ 60,271	\$ 67,906
Non-current	\$ 7,027	\$ 13,744

The Group gives warranties on automobile electronics products and lighting equipment sold. Provision for warranty are estimated based on historical warranty data of the product.

(20) Share capital

A. As of December 31, 2025, the Company's authorized capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,044,238 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:

	2025 (Note)	2024 (Note)
At January 1	190,936	184,585
Employee stock options exercised	11,494	841
Conversion of convertible bonds	1,994	5,510
Treasury stock acquired	(2,115)	-
At December 31	202,309	190,936

Note: Expressed in thousands of shares.

B. The Company's Board of Directors resolved on January 17, 2024 to convert employee stock warrants into 86.4 thousand shares of common stock, 79 thousand shares with a subscription price of NT\$10 per share and 7.4 thousand shares with a subscription price of NT\$33.8 per share. The base date for the capital increase is set on January 17, 2024. The registration of the change has been completed.

C. The Company's Board of Directors resolved on May 10, 2024 to convert employee stock warrants into 150.5 thousand shares of common stock, with a subscription price of NT\$33.8 per share. The base date for the capital increase is set on May 10, 2024. The registration of the change has been completed.

D. The Company's Board of Directors resolved on November 12, 2024 to convert employee stock warrants into 604.7 thousand shares of common stock, with a subscription price of NT\$33.1 per share. The base date for the capital increase is set on November 12, 2024. The registration of the

change has been completed.

- E. The Company's Board of Directors resolved on January 7, 2025 to convert employee stock warrants into 319.5 thousand shares of common stock, with a subscription price of NT\$10 per share. The base date for the capital increase is set on January 7, 2025. The registration of the change has been completed.
- F. The Company's Board of Directors resolved on May 7, 2025 to convert employee stock warrants into 307 thousand shares of common stock, with a subscription price of NT\$33.1 per share. The base date for the capital increase is set on May 7, 2025. The registration of the change has been completed.
- G. The Company's Board of Directors resolved on August 13, 2025 to convert employee stock warrants into 12 thousand shares of common stock, with a subscription price of NT\$33.1 per share. The base date for the capital increase is set on August 13, 2025. The registration of the change has been completed.
- H. The Company's Board of Directors resolved on November 12, 2025 to convert employee stock warrants into 1,355.6 thousand shares of common stock, with a subscription price of NT\$32.5~37.1 per share. The base date for the capital increase is set on November 12, 2025. The registration of the change has been completed.
- I. The Company's Board of Directors resolved on January 14, 2026 to convert employee stock warrants into 102.2 thousand shares of common stock, with a subscription price of NT\$37.1 per share. The base date for the capital increase is set on January 14, 2026. The registration of the change has been completed.

J. Treasury shares

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

Name of company holding the shares	Reason for reacquisition	December 31, 2025	
		Number of shares	Carrying amount
The Company	To be reissued to employees	2,115 thousand shares	\$ 73,952

- (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.

(21) Capital surplus

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

B. Movements of the Company's capital surplus in 2025 and 2024 are as follows:

	2025				
	Share premium	Employee stock options	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Total
At January 1	\$ 836,386	\$ 87,359	\$ 29,772	\$ -	\$ 953,517
Share-based compensation cost	-	27,939	-	-	27,939
Employee stock options exercised	88,952	(44,296)	-	-	44,656
Change on subsidiaries recognized by shareholding percentage	-	-	-	260,212	260,212
Exercise of conversion right of convertible bonds	348,039	-	(27,209)	-	320,830
Recognition of the equity component of convertible bonds	-	-	176,965	-	176,965
Capital surplus used to issue cash to shareholders (Note)	(38,340)	-	-	-	(38,340)
At December 31	<u>\$ 1,235,037</u>	<u>\$ 71,002</u>	<u>\$ 179,528</u>	<u>\$ 260,212</u>	<u>\$ 1,745,779</u>

Note: The Company's Board of Directors resolved on February 26, 2025 to use capital surplus to issue cash to shareholders of 0.2 per share.

	2024			
	Share premium	Employee stock options	Share options	Total
At January 1	\$ 812,286	\$ 56,472	\$ 30,290	\$ 899,048
Share-based compensation cost	-	26,827	-	26,827
Employee stock options exercised	17,539	4,060	-	21,599
Exercise of conversion right of convertible bonds	6,561	-	(518)	6,043
At December 31	<u>\$ 836,386</u>	<u>\$ 87,359</u>	<u>\$ 29,772</u>	<u>\$ 953,517</u>

(22) 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 year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.
- B. For the long-term business development of the Company, the needs of capital in the future and long-term business plan, the distributable earnings can be distributed no higher than 90% as shareholders' bonus every year. However, the distributable earnings may not to be distributed if the accumulated distributable earnings lower than 5% of paid-in capital. The cash dividend cannot be lower than 10% of total dividends. However, when the cash dividend per share is lower than \$0.5, it can be distributed in stock dividend at full amount.
- C. The appropriations of 2024 and 2023 earnings had been resolved at the shareholders' meeting on May 7, 2025 and May 6 2024, respectively. Details are summarised as follows:

	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 10,911		\$ 25,622	
Special reserve	(7,881)		74,769	
Cash dividends	95,850	\$ 0.5	133,228	\$ 0.7
	<u>\$ 98,880</u>		<u>\$ 233,619</u>	

- D. 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.
- E. 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.

(23) Other equity items

	2025		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 31,695)	(\$ 36,757)	(\$ 68,452)
Revaluation adjustment	(14,838)	-	(14,838)
Disposal of financial assets at fair value through other comprehensive income	4,806	-	4,806
Currency translation differences	-	(22,836)	(22,836)
At December 31	<u>(\$ 41,727)</u>	<u>(\$ 59,593)</u>	<u>(\$ 101,320)</u>
	2024		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 54,992)	(\$ 73,333)	(\$ 128,325)
Revaluation adjustment	16,367	-	16,367
Disposal of financial assets at fair value through other comprehensive income	6,930	-	6,930
Currency translation differences	-	36,576	36,576
At December 31	<u>(\$ 31,695)</u>	<u>(\$ 36,757)</u>	<u>(\$ 68,452)</u>

(24) Operating revenue

	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from contracts with customers	<u>\$ 3,393,871</u>	<u>\$ 3,109,948</u>

A. Disaggregation of revenue from contracts with customers.

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Year ended	Automobile			
December 31, 2025	Electronics	Power management	All other	Total
	Products	products	segments	
Total segment revenue	\$ 3,777,534	\$ 875,549	\$ 200,497	\$ 4,853,580
Inter-segment revenue	(1,066,643)	(388,472)	(4,594)	(1,459,709)
Revenue from external customer contracts	<u>\$ 2,710,891</u>	<u>\$ 487,077</u>	<u>\$ 195,903</u>	<u>\$ 3,393,871</u>
Timing of revenue recognition				
At a point in time	\$ 2,710,891	\$ 487,077	\$ 29,648	\$ 3,227,616
Over time	-	-	166,255	166,255
Revenue from external customer contracts	<u>\$ 2,710,891</u>	<u>\$ 487,077</u>	<u>\$ 195,903</u>	<u>\$ 3,393,871</u>
Year ended	Automobile			
December 31, 2024	Electronics	Power management	All other	Total
	Products	products	segments	
Total segment revenue	\$ 3,825,444	\$ 380,728	\$ 81,300	\$ 4,287,472
Inter-segment revenue	(1,016,163)	(159,961)	(1,400)	(1,177,524)
Revenue from external customer contracts	<u>\$ 2,809,281</u>	<u>\$ 220,767</u>	<u>\$ 79,900</u>	<u>\$ 3,109,948</u>
Timing of revenue recognition				
At a point in time	\$ 2,809,281	\$ 220,767	\$ 26,046	\$ 3,056,094
Over time	-	-	53,854	53,854
Revenue from external customer contracts	<u>\$ 2,809,281</u>	<u>\$ 220,767</u>	<u>\$ 79,900</u>	<u>\$ 3,109,948</u>

B. Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities as of December 31, 2025, December 31, 2024 and January 1, 2024:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract assets–			
construction contract	\$ 61,200	\$ 78,498	\$ -
Less:			
Allowance for uncollectible accounts	(8,301)	(13,354)	-
	<u>\$ 52,899</u>	<u>\$ 65,144</u>	<u>\$ -</u>
	December 31, 2025	December 31, 2024	January 1, 2024
Contract assets–			
Current	\$ 38,868	\$ 37,082	\$ -
Non-current	14,031	28,062	-
	<u>\$ 52,899</u>	<u>\$ 65,144</u>	<u>\$ -</u>

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities – Advance sales receipts	\$ 79,009	\$ 69,748	\$ 6,209
Contract liabilities – construction contract	2,874	4,840	-
	<u>\$ 81,883</u>	<u>\$ 74,588</u>	<u>\$ 6,209</u>

- (a) Significant changes in contract assets and liabilities: the Group included LEADRAY ENERGY in the consolidated financial statements starting from June 28, 2024, the balances of contract assets and liabilities have significantly increased. For more information on the business combination, please refer to Note 6(34).
- (b) Revenue recognized that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2025	Year ended December 31, 2024
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Construction contract	\$ 4,600	\$ 1,378
Advance sales receipts	51,007	4,024
	<u>\$ 55,607</u>	<u>\$ 5,402</u>

- (c) Information relating to credit risk of contract assets is provided in Note 12(2).

(25) Interest income

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income from bank deposits	\$ 11,798	\$ 34,808
Interest income from financial assets measured at amortised cost	1,962	1,011
Other interest income	291	59
	<u>\$ 14,051</u>	<u>\$ 35,878</u>

(26) Other income

	Year ended December 31, 2025	Year ended December 31, 2024
Government grant revenues	\$ 7,455	\$ 974
Dividend income	6,334	3,633
Gains on write-off of past due payable	3,034	-
Rent income	2,523	1,921
Gain recognised in bargain purchase transaction	-	129
Other income, others	3,069	2,921
	<u>\$ 22,415</u>	<u>\$ 9,578</u>

(27) Other gains and losses

	Year ended December 31, 2025	Year ended December 31, 2024
Gains on financial assets (liabilities) at fair value through profit or loss	\$ 36,743	\$ 1,328
Compensation losses (Note)	(6,509)	-
Foreign exchange (losses) gains	(3,979)	39,960
Gains (losses) on disposals of property, plant and equipment	2,039	(1,330)
Losses on disposal of investments	-	(793)
Gains arising from lease modifications	34	-
Other losses	(66)	(1,125)
	<u>\$ 28,262</u>	<u>\$ 38,040</u>

Note: This pertains to the compensation loss arising from the litigation case between the company and TSUZUKI DENKI CO., LTD. Both parties have agreed that the company will pay USD 198 thousand, and all other claims will be abandoned. For more detailed of the resolution are provided in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(28) Finance costs

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense	\$ 9,177	\$ 5,550
Interest expense on convertible bonds	8,628	11,592
Interest expense on lease liabilities	1,771	1,688
Others	867	-
	<u>\$ 20,443</u>	<u>\$ 18,830</u>

(29) Expenses by nature

	Year ended December 31, 2025	Year ended December 31, 2024
Employee benefit expense	\$ 693,480	\$ 623,339
Depreciation charges on property, plant and equipment	138,291	131,517
Depreciation charges on right-of-use assets	42,903	42,817
Amortisation charges on intangible assets	37,000	28,882
Depreciation charges on investment property	137	138
	<u>\$ 911,811</u>	<u>\$ 826,693</u>

(30) Employee benefit expense

	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries	\$ 547,338	\$ 483,489
Labour and health insurance fees	58,191	55,073
Employee stock options	27,939	26,827
Pension costs	26,081	25,495
Other personnel expenses	33,931	32,455
	<u>\$ 693,480</u>	<u>\$ 623,339</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors remuneration. The ratio shall be between 10%~15% for employees' compensation, with at least 2% allocated to grassroots employees and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$7,000 and \$14,000, respectively; while directors' remuneration was accrued at \$2,000 and \$4,000, respectively.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on 10.38% and 2.96% of distributable profit of current year for the year ended December 31, 2026.
- D. Employees' compensation and directors' remuneration of 2024 as resolved by the Board of Directors 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 at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2025	Year ended December 31, 2024
Current tax:		
Current tax on profits for the period	\$ 15,772	\$ 7,460
Prior year income tax underestimation	2,721	1,634
Total current tax	<u>\$ 18,493</u>	<u>\$ 9,094</u>
Deferred tax:		
Origination and reversal of temporary differences	(358)	(761)
Total deferred tax	<u>(358)</u>	<u>(761)</u>
Income tax expense	<u>\$ 18,135</u>	<u>\$ 8,333</u>

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

	Year ended December 31, 2025	Year ended December 31, 2024
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 2,508	(\$ 6,192)
Currency translation differences	5,709	(9,146)
	<u>\$ 8,217</u>	<u>(\$ 15,338)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2025	Year ended December 31, 2024
Tax calculated based on profit before tax and statutory tax rate (note)	(\$ 7,271)	(\$ 8,556)
Expenses disallowed by tax regulation	(33,839)	5,356
Temporary differences not recognised as deferred tax assets	(12,558)	54,860
Taxable loss not recognised as deferred tax assets	66,762	-
Use tax losses not recognised in prior years	-	(44,961)
Effect from Alternative Minimum Tax	3,408	-
Taxable loss not recognised as deferred tax assets	(1,088)	-
Prior year income tax underestimation	2,721	1,634
Income tax expense	<u>\$ 18,135</u>	<u>\$ 8,333</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

2025				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
— Deferred tax assets:				
- Temporary differences:				
Allowance for doubtful debts	\$ 88	\$ 110	\$ -	\$ 198
Allowance for obsolescence and market value decline	4,528	3,268	-	7,796
Valuation of financial assets measured at fair value through other comprehensive income	7,924	-	2,508	10,432
Exchange differences on translation of foreign financial statements	9,190	-	5,709	14,899
Unrealised foreign exchange loss	-	1,296	-	1,296
Others	5,592	(3,600)	-	1,992
	<u>27,322</u>	<u>1,074</u>	<u>8,217</u>	<u>36,613</u>
— Deferred tax liabilities:				
Investment income	(483)	-	-	(483)
Unrealised foreign exchange gain	(1,475)	1,475	-	-
Unrealized gain on fair value measurement	-	(2,191)	-	(2,191)
	<u>(1,958)</u>	<u>(716)</u>	<u>-</u>	<u>(2,674)</u>
	<u>\$ 25,364</u>	<u>\$ 358</u>	<u>\$ 8,217</u>	<u>\$ 33,939</u>

2024				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
— Deferred tax assets:				
- Temporary differences:				
Allowance for doubtful debts	\$ -	\$ 88	\$ -	\$ 88
Allowance for obsolescence and market value decline	4,509	19	-	4,528
Unrealised foreign exchange loss	3,202	(3,202)	-	-
Exchange differences on translation of foreign financial statements	18,336	-	(9,146)	9,190
Valuation of financial assets measured at fair value through other comprehensive income	14,116	-	(6,192)	7,924
Others	778	4,814	-	5,592
Total	<u>\$ 40,941</u>	<u>\$ 1,719</u>	<u>(\$ 15,338)</u>	<u>\$ 27,322</u>
— Deferred tax liabilities:				
Investment income	(483)	-	-	(483)
Unrealised foreign exchange gain	(517)	(958)	-	(1,475)
	(1,000)	(958)	-	(1,958)
	<u>\$ 39,941</u>	<u>\$ 761</u>	<u>(\$ 15,338)</u>	<u>\$ 25,364</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2025					
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2016	\$ 71,587	\$ 71,587	\$ 71,587	2026	
2017	65,579	65,579	65,579	2027	
2018	208,225	208,225	208,225	2028	
2019	84,690	84,690	84,690	2029	
2020	291,633	145,153	145,153	2030	
2021	27,521	27,521	27,521	2031	
2022	19,024	19,024	19,024	2032	
2023	112,225	112,225	112,225	2033	
2024	157,416	157,416	157,416	2034	
2025	329,985	329,985	329,985	2035	

December 31, 2024

Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 87,660	\$ 67,253	\$ 67,253	2025
2016	71,587	71,587	71,587	2026
2017	65,579	65,579	65,579	2027
2018	208,225	208,225	208,225	2028
2019	84,690	84,690	84,690	2029
2020	291,633	145,153	145,153	2030
2021	27,521	27,521	27,521	2031
2022	19,024	19,024	19,024	2032
2023	112,225	112,225	112,225	2033
2024	157,416	157,416	157,416	2034

E. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	<u>\$ 737,560</u>	<u>\$ 816,739</u>

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

(32) Earnings per share

Year ended December 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 52,939	194,549	\$ 0.27
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 52,939	194,549	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	54	9,091	
Employee stock options	-	991	
Employees' compensation	-	152	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 52,993	204,783	\$ 0.26
Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 116,045	190,627	\$ 0.61
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 116,045	190,627	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	Note	
Employee stock options	-	Note	
Employees' compensation	-	472	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 116,045	191,099	\$ 0.61

Note: Since it would have an anti-dilutive effect, it is not included in the calculation of diluted earnings per share.

(33) Transactions with non-controlling interest

Subsidiary POWER TANK ENERGY LTD. of the Group increased its capital by issuing new shares on April 7, 2025, June 6, 2025, and September 11, 2025. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary. As a result, the Group decreased its share interest by 27.59%.

Subsidiary LEADRAY ENERGY CO, LTD. of the Group increased its capital by issuing new shares on July 16, 2025. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary. As a result, the Group increased its share interest by 1.58%.

The above transactions in aggregate increased non-controlling interest by \$230,435 and increased the equity attributable to owners of the parent by \$260,212. The effect of changes in interests in POWER TANK ENERGY LTD. and LEADRAY ENERGY CO, LTD. on the equity attributable to owners of the parent for the year ended December 31, 2025 is shown below:

	Year ended December 31, 2025
Cash	\$ 490,647
Increase in the carrying amount of non-controlling interest	(230,435)
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u>\$ 260,212</u>

The Group had no transactions with non-controlling interests for the year 2024.

(34) Business combinations

A. The Group holds 36.62% of the voting shares and is the sole largest shareholder of LEADRAY ENERGY CO., LTD. The Group obtained more than half of the total number of directors at LEADRAY ENERGY's shareholders' meeting on June 28, 2024 ; therefore, it was determined that the Group had control over LEADRAY ENERGY and included LEADRAY ENERGY in the consolidated financial statements from June 28, 2024.

B. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>June 28, 2024</u>
Purchase consideration	
Fair value of equity interest in Leadray Energy held before the business combination.	\$ 127,307
Non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets	<u>220,559</u>
	<u>\$ 347,866</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	\$ 172,734
Contract assets	81,553
Accounts receivable	14,791
Other receivables	261
Current income tax assets	153
Inventories	17,357
Other current assets	3,547
Property, plant and equipment	191,694
Financial assets at amortised cost	32,658
Other non-current assets	15,242
Short-term borrowings	(10,000)
Accounts payable	(4,364)
Other payables	(31,305)
Long-term borrowings	(107,425)
Other current liabilities	(2,599)
Provisions	(25,871)
Other non-current liabilities	(431)
Total identifiable net assets	<u>347,995</u>
Gain recognised in bargain purchase transaction	<u>\$ 129</u>

Note: The allocation of the acquisition price was completed in the fourth quarter of 2024.

- C. Prior to the combination, the Group held a 36.62% interest in LEADRAY ENERGY. The gain or loss recognized due to remeasurement at fair value amounted to \$793 for the fourth quarter of the year 2024.
- D. The Group consolidated LEADRAY ENERGY starting from June 28, 2024. Assuming LEADRAY ENERGY had been consolidated since January 1, 2024, the contributed operating revenue and net loss after tax would have been \$89,790 and (\$17,321), respectively.

(35) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended <u>December 31, 2025</u>	Year ended <u>December 31, 2024</u>
Purchase of property, plant and equipment	\$ 781,039	\$ 642,342
Add: Opening balance of payable on equipment	10,008	30,213
Less: Ending balance of payable on equipment	(8,075)	(10,008)
Cash paid during the period	<u>\$ 782,972</u>	<u>\$ 662,547</u>

B. Financing activities with no cash flow effects

	Year ended December 31, 2025	Year ended December 31, 2024
Convertible bonds being converted to capital stocks	\$ 438,316	\$ 8,254

(36) Changes in liabilities from financing activities

	2025			
	At January 1	Changes in cash flow from financing activities	Changes in other non-cash items	At December 31
Short-term borrowings	\$ 8,956	\$ 309,028	\$ -	\$ 317,984
Long-term borrowings	305,345	254,628	-	559,973
Lease liabilities	70,704	(42,107)	54,072	82,669
Bonds payable	472,671	1,282,339	(613,938)	1,141,072
Liabilities from financing activities-gross	<u>\$ 857,676</u>	<u>\$ 1,803,888</u>	<u>(\$ 559,866)</u>	<u>\$ 2,101,698</u>

	2024			
	At January 1	Changes in cash flow from financing activities	Changes in other non-cash items	At December 31
Short-term borrowings	\$ -	(\$ 1,044)	\$ 10,000	\$ 8,956
Long-term borrowings	308,031	(110,111)	107,425	305,345
Lease liabilities	71,601	(42,577)	41,680	70,704
Bonds payable	469,333	-	3,338	472,671
Liabilities from financing activities-gross	<u>\$ 848,965</u>	<u>(\$ 153,732)</u>	<u>\$ 162,443</u>	<u>\$ 857,676</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company has no parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Lee, I-Ren	The Company's Chairman
Huang, Ming-Chin	Other related party

(3) Key management compensation

	Year ended December 31, 2025	Year ended December 31, 2024
Short-term employee benefits	\$ 50,461	\$ 64,727
Share-based payments	2,077	1,509
Post-employment benefits	799	729
	<u>\$ 53,337</u>	<u>\$ 66,965</u>

(4) Endorsements and guarantees provided by related parties

As of December 31, 2025 and 2024, the Company borrowed from financial institutions. Lee, I-Ren is the guarantor, and the aforementioned financing facilities which were provided by related parties were \$59,934 and \$200,000, respectively. Huang, Ming-Chin is the guarantor, and the aforementioned financing facilities which were provided by related parties were \$81,207 and \$98,646, respectively.

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2025	December 31, 2024	
Time deposit (classified as financial assets at amortised cost)	\$ 41,232	\$ 46,921	Short-term, long-term borrowings, performance bond, and product warranty guarantees
Land	22,806	22,806	Short-term and long-term borrowings
Buildings and structures	199,954	207,827	"
Machinery	91,035	56,981	"
Guarantee deposits paid	12,346	9,283	Performance bond
	<u>\$ 367,373</u>	<u>\$ 343,818</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2025	December 31, 2024
Property, plant and equipment	<u>\$ 374,031</u>	<u>\$ 19,161</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) On January 14, 2026, the Board of Directors resolved to approve the transfer of treasury shares to employees. The record date for the employee subscription was January 14, 2026. The average cost of the repurchased treasury shares was NT\$34.97 per share, while the transfer price for employees was NT\$35 per share. The number of shares available for transfer was 1,237 thousand shares, and 1,220 thousand shares were actually transferred.
- (2) On January 14, 2026, the Board of Directors resolved to approved the conversion of the fifth issue of the Company's convertible bonds into 473,808 common shares. The record date for the capital increase was January 14, 2026, and the registration of the change has been completed.
- (3) On January 14, 2026, the Board of Directors resolved to approve the exercise of employee stock options, which were converted into 102.2 thousand common shares at a subscription price of NT\$37.1 per share. The record date for the capital increase was January 14, 2026, and the registration of the change has been completed.
- (4) On May 7, 2025, the shareholders' meeting resolved to approve a cash capital increase through a private placement, for up to 25,000 thousand common shares with a par value of NT\$10 per share. The purpose of the capital increase is to seek cooperation with strategic investors and to supplement working capital. The shares are to be issued in one or multiple tranches within one year from the date of the shareholders' resolution.

On February 5, 2026, the Board of Directors resolved to issue the shares in a first and a second tranche, comprising 22,000 thousand and 3,000 thousand common shares, respectively. The record date for the capital increase was February 12, 2026. The issue price was set at NT\$55 per share, for total proceeds of NT\$1,375,000 thousand. The registration of the change has not yet been completed. The rights and obligations of these privately placed common shares are the same as those of other outstanding common shares, with the exception of transfer restrictions stipulated by the Securities and Exchange Act. These shares can only be listed for public trading three years after their delivery date and upon the completion of a supplementary public offering.

- (5) On March 10, 2026, the Board of Directors of the Company resolved to distribute cash dividends of \$45,894 after setting aside a legal reserve of 10% of the remaining profit of \$4,813 and a reversal of special reserve of \$32,869.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital in order to provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares, issue convertible bonds or sell assets to reduce debt.

	December 31, 2025	December 31, 2024
Total liabilities	\$ 3,078,895	\$ 1,793,150
Total equity	4,246,524	3,285,447
Total capital	\$ 7,325,419	\$ 5,078,597
Gearing ratio	42%	35%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 106,872	\$ 38,667
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	716,474	226,120
Financial assets at amortised cost		
Cash and cash equivalents	2,612,293	1,797,789
Financial assets at amortised cost	96,469	99,958
Notes receivable	924	4,205
Accounts receivable	947,159	809,553
Other receivables	50,117	14,507
Refundable deposits	30,642	29,659
	<u>\$ 4,560,950</u>	<u>\$ 3,020,458</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair	\$ 8,430	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	317,984	8,956
Notes payable	-	234
Accounts payable	587,101	536,397
Other payables	214,530	221,576
Bonds payable (including current portion)	1,141,072	472,671
Long-term borrowings (including current portion)	559,973	305,345
Guarantee deposits received	167	430
	<u>\$ 2,829,257</u>	<u>\$ 1,545,609</u>
Lease liabilities	<u>\$ 82,669</u>	<u>\$ 70,704</u>

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD and other certain subsidiaries' functional currency: RMB and USD). 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: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	34,766	31.43	\$ 1,092,695	1%	\$ 10,927	\$ -
USD:RMB		15,092	6.99	474,297	1%	4,743	-
EUR:NTD		95	36.90	3,506	1%	35	-
HKD:NTD		686	4.04	2,771	1%	28	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:RMB	\$	5,837	6.99	\$ 183,440	1%	\$ 1,834	\$ -
USD:NTD		10,137	31.43	318,606	1%	3,186	-
HKD:NTD		584	4.04	2,359	1%	24	-
HKD:RMB		1,762	0.90	7,130	1%	71	-
December 31, 2024							
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	24,904	32.79	\$ 816,602	1%	\$ 8,166	\$ -
USD:RMB		915	7.32	29,993	1%	300	-
EUR:NTD		1,148	34.14	39,193	1%	392	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:RMB	\$	3,932	7.32	\$ 128,887	1%	\$ 1,289	\$ -
USD:NTD		7,715	32.79	252,975	1%	2,530	-
HKD:NTD		1,848	4.22	7,799	1%	78	-
HKD:RMB		1,151	0.94	4,845	1%	48	-

vi. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024, amounted to (\$3,979) and \$39,960, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in

accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares 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 by 1% with all other variables held constant, post-tax (loss) profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$1,069 and \$387, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$7,165 and \$2,261, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars, RMB Dollars and USD Dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2025 and 2024 would have increased/decreased by \$8,780 and \$3,143, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group 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 fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions with no recent major defaults are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing 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 utilization of credit limits is regularly monitored.
- iii. The Company assumes that if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; if past due over 360 days, a default has been occurred.
- iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on

the loss rate methodology to estimate expected credit loss.

- v. The following indicators are used to determine whether the credit impairment of debt instruments have 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 Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2025 and 2024, the provision matrix and loss rate methodology is as follows:

<u>At December 31, 2025</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 705,466	(\$ 2,012)
Up to 30 days	1%	120,590	(2,471)
31 to 120 days	1%~5%	127,882	(5,133)
121 to 180 days	10%	4,101	(340)
Over 181 days	40%~100%	8,706	(8,706)
		<u>\$ 966,745</u>	<u>(\$ 18,662)</u>
<u>At December 31, 2024</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 491,012	(\$ 1,424)
Up to 30 days	1%	77,998	(724)
31 to 120 days	1%~5%	235,248	(6,815)
121 to 180 days	10%	24,338	(8,885)
Over 181 days	40%~100%	6,155	(3,145)
		<u>\$ 834,751</u>	<u>(\$ 20,993)</u>

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, notes receivable and contract assets are as follows:

	<u>2025</u>			
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Contract assets</u>	<u>Total</u>
At January 1	\$ 20,979	\$ 14	\$ 13,354	\$ 34,347
Reveral of impairment loss	(757)	(14)	(5,053)	(5,824)
Write-offs	(1,506)	-	-	(1,506)
Effect of foreign exchange	(54)	-	-	(54)
At December 31	<u>\$ 18,662</u>	<u>\$ -</u>	<u>\$ 8,301</u>	<u>\$ 26,963</u>

	2024			
	Accounts receivable	Notes receivable	Contract assets	Total
At January 1	\$ 11,065	\$ 45	\$ -	\$ 11,110
Provision for (reversal of) impairment loss	8,890	(31)	13,354	22,213
Increase in business combination	2,885	-	-	2,885
Effect of foreign exchange	(1,861)	-	-	(1,861)
At December 31	<u>\$ 20,979</u>	<u>\$ 14</u>	<u>\$ 13,354</u>	<u>\$ 34,347</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group'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 Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, listed stocks (classified as current financial assets at fair value through profit or loss), unlisted stocks (classified as non-current financial assets at fair value through profit or loss), and private equity fund (classified as non-current financial assets at fair value through profit or loss), 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 Group held money market position of \$2,611,496 and \$1,796,963, respectively, listed stocks (classified as current financial assets at fair value through profit or loss) of \$35,091 and \$9,167, respectively, unlisted stocks (classified as non-current financial assets at fair value through profit or loss) of \$29,325 and \$0, respectively, and private equity fund (classified as non-current financial assets at fair value through profit or loss) of \$42,413 and \$29,303, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. As of December 31, 2025 and 2024, the Group has the undrawn borrowing of \$1,873,858 and \$881,816, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

December 31, 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 317,984	\$ -	\$ -	\$ -
Financial liabilities at fair value through profit or loss	8,430	-	-	-
Accounts payable	587,101	-	-	-
Other payables	214,530	-	-	-
Lease liabilities	33,694	12,446	28,731	7,798
Bonds payable	41,996	-	1,099,076	-
Long-term borrowings	95,171	361,323	81,451	22,028
December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 8,956	\$ -	\$ -	\$ -
Notes payable	234	-	-	-
Accounts payable	536,397	-	-	-
Other payables	221,576	-	-	-
Lease liabilities	28,920	18,100	11,837	11,847
Bonds payable	472,671	-	-	-
Long-term borrowings	118,423	85,906	77,862	23,154

(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 Group's investment in listed stocks 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. The fair value of the Group's investment in convertible bonds and unlisted stocks is included in Level 2.

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

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of the Group's financial instruments, including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, and other payables which not measured at fair value are approximate to their fair values.

D. 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:

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 43	\$ -	\$ 43
Equity instruments	35,091	-	-	35,091
Financial assets at fair value through profit or loss-non-current				
Equity instruments	-	-	29,325	29,325
Private equity fund	-	-	42,413	42,413
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	414,862	76,696	224,916	716,474
	<u>\$ 449,953</u>	<u>\$ 76,739</u>	<u>\$ 296,654</u>	<u>\$ 823,346</u>
<u>Liabilities</u>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 8,430	\$ -	\$ 8,430
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 197	\$ -	\$ 197
Equity instruments	9,167	-	-	9,167
Financial assets at fair value through profit or loss-non-current				
Private equity fund	-	-	29,303	29,303
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	27,612	104,914	93,594	226,120
	<u>\$ 36,779</u>	<u>\$ 105,111</u>	<u>\$ 122,897</u>	<u>\$ 264,787</u>

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

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

- ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

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

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

	2025	
	Equity instrument	Debt instrument
At January 1	\$ 93,594	\$ 29,303
Losses recognized in profit or loss	-	13,110
Losses recognized in other comprehensive income	(64,584)	-
Acquired in the period	289,451	-
Sold in the period	(64,220)	-
At December 31	<u>\$ 254,241</u>	<u>\$ 42,413</u>
	2024	
	Equity instrument	Debt instrument
At January 1	\$ 65,023	\$ 25,103
Gains recognized in profit or loss	-	(4,800)
Losses recognized in other comprehensive income	26,361	-
Acquired in the period	2,210	9,000
At December 31	<u>\$ 93,594</u>	<u>\$ 29,303</u>

G. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of external financial instruments entrusted by finance segment.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 254,241	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	42,413	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 93,594	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	29,303	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

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

			December 31, 2025			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	No open market saleability discount	±1%	\$ -	\$ -	\$ 2,542	(\$ 2,542)
Debt instrument	Net asset value method	±1%	\$ 424	(\$ 424)	\$ -	\$ -

			December 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	No open market saleability discount	±1%	\$ -	\$ -	\$ 936	(\$ 936)
Debt instrument	Net asset value method	±1%	\$ 293	(\$ 293)	\$ -	\$ -

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 significant 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 \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Receivables from related parties reaching \$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 9.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing and sale of automobile electronic products and power management products from a product type perspective. On the manufacturing and sale of products, the Group divided them into two main segments which include automobile electronics business and power management business. As the nature, production and sales mode of the 2 segments differ from each other, also the Group's management performs the financial management and assesses operating performances separately, these 2 main segments are summarized as the reportable segments in the operating segment information.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on operating revenue and net operating profit (loss) (excluding administration costs). All operating segments apply the same accounting policies. Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
<u>Year ended December 31, 2025</u>					
Revenue from external customers	\$ 2,710,891	\$ 487,077	\$ 195,903	\$ -	\$ 3,393,871
Inter-segment revenue	1,066,643	388,472	4,594	(1,459,709)	-
Total segment revenue	<u>\$ 3,777,534</u>	<u>\$ 875,549</u>	<u>\$ 200,497</u>	<u>(\$ 1,459,709)</u>	<u>3,393,871</u>
Segment income (loss)	<u>\$ 409,494</u>	<u>(\$ 86,618)</u>	<u>(\$ 12,733)</u>	<u>\$ 2,683</u>	<u>\$ 312,826</u>
Company general income					77,127
Company general expense					(342,214)
Interest expense					(20,443)
Loss from continuing operations before tax					<u>\$ 27,296</u>
	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
<u>Year ended December 31, 2024</u>					
Revenue from external customers	\$ 2,809,281	\$ 220,767	\$ 79,900	\$ -	\$ 3,109,948
Inter-segment revenue	1,016,163	159,961	1,400	(1,177,524)	-
Total segment revenue	<u>\$ 3,825,444</u>	<u>\$ 380,728</u>	<u>\$ 81,300</u>	<u>(\$ 1,177,524)</u>	<u>\$ 3,109,948</u>
Segment income (loss)	<u>\$ 408,480</u>	<u>(\$ 86,527)</u>	<u>(\$ 5,021)</u>	<u>\$ 145</u>	<u>\$ 317,077</u>
Company general income					86,743
Company general expense					(272,605)
Interest expense					(18,830)
Profit from continuing operations before tax					<u>\$ 112,385</u>

(4) Reconciliation for segment income (loss)

- A. Sales between segments is carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. Details of the adjusted consolidated total profit (loss) and reconciliation for profit before tax of reportable segment for the current period are provided in Note 14(3).

(5) Information on products

Information on products for the years ended December 31, 2025 and 2024 is as follows:

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Automobile electronic products	\$ 2,710,891	\$ 2,809,281
Power management products	487,077	220,767
Other products	195,903	79,900
	<u>\$ 3,393,871</u>	<u>\$ 3,109,948</u>

(6) Geographical information

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

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
		Non-current		Non-current
	Revenue	assets	Revenue	assets
Taiwan	\$ 720,515	\$ 798,651	\$ 288,320	\$ 758,609
Asia regions	1,082,073	140,091	1,120,818	144,435
American regions	1,373,068	1,233,745	1,516,004	577,539
European region	216,887	-	184,806	-
Others	1,328	-	-	-
	<u>\$ 3,393,871</u>	<u>\$ 2,172,487</u>	<u>\$ 3,109,948</u>	<u>\$ 1,480,583</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	Revenue	Segment	Revenue	Segment
A	\$ 1,041,550	Automobile electronic products	\$ 1,059,049	Automobile electronic products
B	468,942	Automobile electronic products	915,856	Automobile electronic products
C	635,921	Automobile electronic products		
D	428,336	Power management products		

SYSGRATION LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Other receivables	Y	\$ 66,142	\$ 65,029	\$ 65,029	-	Having business relationship	\$ 1,064,181	-	\$ -	None	\$ -	\$ 1,539,944	\$ 1,539,944	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on April 30, 2020, the ceiling on total loans granted and to individuals of the Company's were as follows:

(1) The ceiling on total loans granted to others is 40% of the Company's net assets.

(2) Loans granted to a single party for business transactions: Limit on loans granted to a single party for business transactions is the total value of business transactions in 1 year or 12 months. The value of business transactions refers to the higher of purchase or sales.

SYSGRATION LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
			Relationship with the endorser/ guarantor (Note 2)		Amount of endorsements/ guarantees	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)			Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)		Provision of endorsements/ guarantees to the party in Mainland China (Note 7)			
0	SYSGRATION LTD.	SYSGRATION LTD.	1	\$ 1,154,958	\$ 3,000	\$ 3,000	\$ 384	\$ -	0.08%	\$ 1,732,437	N	N	N	
0	SYSGRATION LTD.	POWER TANK ENERGY LTD.	2	1,154,958	514,800	514,800	21,889	-	13.37%	1,732,437	Y	N	N	
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	2	1,154,958	271,819	271,819	8,992	-	7.06%	1,732,437	Y	N	Y	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed.

Note 3: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on June 14, 2019, the limit on endorsements/guarantees provided for subsidiaries whose 50% of the shares are directly and indirectly held is 30% of the Company's net assets and the ceiling on total amount of endorsements/guarantees provided is 45% of the Company's net assets based on the Company's latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

SYSGRATION LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2025				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership	Fair value	
SYSGRATION LTD.	SOLTEAM INCORPORATION	None	Financial assets at fair value through profit or loss - current	440,000	\$ 20,922	1%	\$ 20,922	
"	LIBO PHARMA CORP.	"	"	288,000	14,169	-	14,169	
"	FUYOU PRIVATE EQUITY	"	Financial assets at fair value through profit or loss - non-current	-	42,413	3%	42,413	
"	GROQ	"	"	-	29,325	-	29,325	
"	NEXTRONICS ENGINEERING CORP.	"	Financial assets at fair value through other comprehensive income - non-current	240,100	25,090	1%	25,090	
"	CELXPRT ENERGY CORP.	"	"	9,720,000	389,772	10%	389,772	
"	ION ELECTRONIC MATERIALS CO., LTD.	"	"	1,126,229	76,696	3%	76,696	
"	SINTRONIC TECHNOLOGY INC.	"	"	16,019	-	-	-	
"	COREMATE TECHNICAL CO.,	"	"	265,200	-	-	-	
"	ORO TECHNOLOGY CO., LTD.	"	"	256,000	-	-	-	
"	GOMORE INC.	"	"	7,886,441	-	2%	-	
"	IMEIER GREEN TECHNOLOGY CO., LTD.	"	"	3,000,000	5,040	12%	5,040	
"	ADAT Technology CO., LTD.	"	"	979,536	7,660	4%	7,660	
"	BIOMEDICA CORPORATION	"	"	156,225	9,428	3%	9,428	
"	REALWEAR INC.	"	"	1,694,964	32,804	2%	32,804	
"	VANTAGE ROBOTICS	"	"	-	9,654	-	9,654	
"	Space X	"	"	5,405	33,130	-	33,130	
"	Skild AI	"	"	38,380	31,500	-	31,500	
"	TAIWAN TRUEWIN TECHNOLOGY CO., LTD.	"	"	1,500,000	95,700	2%	95,700	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

SYSGRATION LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Affiliate	Purchases	\$ 1,064,181	56%	120 days	Note	Note	(\$ 464,599)	(62%)	

Note: Based on the mutual agreement since no similar transaction can be compared with.

SYSGRATION LTD. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	Affiliate	\$ 464,599	3.01	\$ -	-	\$ 112,390	\$ -

SYSGRATION LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount		
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Accounts receivable	\$ 464,599	Note 6	6%
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Sales of goods	1,064,181	Note 6	31%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Transaction amount that did not reach NT\$100 million or 20% of paid-in capital or more will not be disclosed. Additionally, the counter related parties' of the transaction will also not be disclosed.

Note 4: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 5: The loans granted and endorsement and guarantees between the Company and subsidiaries, please refer to tables 1 and 2.

Note 6: There are no comparable transaction to non-related parties. The conditions of transactions are agreed upon by both parties.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income(loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership	Book value	(Note 2(2))	(Note 2(3))	
SYSGRATION LTD.	POWER TANK ENERGY LTD.	TAIWAN	Manufacturing and sale of energy management products	\$ 464,884	\$ 413,884	30,186,800	72.41%	\$ 496,682	(\$ 91,284)	(\$ 75,390)	
POWER TANK ENERGY LTD.	SYSGRATION TECHNOLOGY (SAMOA) LTD.	SAMOA	Investment holding of overseas companies	218,659	218,659	21,800,000	100%	132,849	(15,339)	(16,390)	
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	SAMOA	Investment holding of overseas companies	505,131	505,131	15,938,000	100%	341,919	34,612	35,630	
SYSGRATION LTD.	SYSGRATION USA INC.	U.S.A.	Sale of electronic products	10,062	10,062	300,000	100%	4,648	146	146	
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	U.S.A.	Investment holding of overseas companies	1,396,211	970,806	30,000,000	100%	1,367,692	(30,100)	(30,100)	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	U.S.A.	Manufacturing and sale of electronic products	1,364,974	753,910	30,000,000	100%	1,327,174	(32,606)	(32,606)	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	TAIWAN	Manufacturing and sale of solar energy and green lighting equipments	158,088	133,736	14,593,028	38.20%	127,025	(43,800)	(16,932)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2025' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2025' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognized by the Company for the year ended December 31, 2025' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2025

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025 (Note 5 and Note 8)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025 (Note 5)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025 (Note 5 and Note 8)	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	\$ 678,888	2	\$ 220,695	Remitted to Mainland China	Remitted back to Taiwan	\$ 220,695	(\$ 19,396)	100%	(\$ 19,396)	\$ 136,302	-	Note 6
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	116,291	2	116,291	-	-	116,291	31,752	100%	31,752	278,956	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025 (Note 3, Note 5, and Note 8)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)	Footnote
POWER TANK ENERGY LTD.	\$ 220,695	\$ 220,695	\$ 411,670	
SYSGRATION LTD.	116,291	116,291	2,309,916	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1)Directly invest in a company in Mainland China.
- (2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3)Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2025' column:

- (1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that were audited and attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.' through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10100477000, No.10200372350, No.10300319430, No.1040023080, No.10500055360 and No.10500105990. Because the Company split its energy storage business segment to newly established company through a spin-off, the Company reinvested in 'SYSGRATION TECHNOLOGY (SAMOA) LTD. 'and 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.'through 'POWER TANK ENERGY LTD.' which was approved by Jing-Shen-II-Zi No.11200074130 and No.11200124140. Additionally, the Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.' through 'SYSGRATION (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10400006240, No.10400023090, No.10400163350, No.10400251280 and No.10500072680.

Note 4: The ceiling is NT\$80 million and 60% of the net assets or consolidated net assets, whichever is higher.

Note 5: It was translated to NTD at the exchange rate on December 31, 2025.

Note 6: Through SYSGRATION TECHNOLOGY (SAMOA) LTD..

Note 7: Through SYSGRATION (SAMOA) LTD..

SYSGRATION LTD. AND SUBSIDIARIES

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2025

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

	Provision of endorsements/guarantees												
	Sale (purchase)		Property transaction		Accounts receivable (payable)		or collaterals		Financing (Other receivables)				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2025	%	Balance at December 31, 2025	Purpose	Maximum balance during the year ended December 31, 2025	Balance at December 31, 2025	Interest rate	Interest for the year ended December 31, 2025	Others
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU)	(\$ 1,064,181)	56%	\$ -	-	(\$ 464,599)	-62%	\$ -	-	\$ 66,142	\$ 65,029	-	\$ -	
SYSGRATION ELECTRONICS TECHNOLOGY	-	-	-	-	-	-	271,819	Loan Guarantees	-	-	-	-	