

**ELITE ADVANCED LASER
CORPORATION**

**Financial Statements for the Years
Ended December 31, 2025 and 2024
and Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Elite Advanced Laser Corporation:

Opinion

We have audited the accompanying financial statements of Elite Advanced Laser Corporation (the "Company"), which comprise the balances sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2025 is as follows:

The veracity of the sales revenue of specific customers

The Company's operating income in 2025 was \$1,903,838 thousand, with an operating revenue growth rate of approximately 39%. However, among customers with material annual sales

amounts, the total operating revenue of those with revenue growth rates higher than the overall operating revenue growth rate (excluding subsidiaries) accounted for approximately 48% of the overall operating revenue, which has a significant impact on the individual financial statements. Therefore, we have included the authenticity of the sales revenue from the aforementioned specific customers as a key audit matter for the 2025 individual financial statements. Please refer to Note 4 (12) of the Financial Statements for the description of the income recognition policy.

The sales authenticity to specific customer of a subsidiary accounted for using the equity method

The Company's operating revenue for 2025 increased compared to 2024. However, among customers with material sales amounts this year, the total revenue of those with revenue growth rates higher than the subsidiary's overall revenue growth rate accounted for approximately 30% of the total revenue, which has a significant impact on the financial statements. Thus, we have considered sales authenticity related to the aforementioned specific customers as a key audit matter in the 2025 financial statements.

Our accounting procedures on the sales revenue of the above-mentioned specific customers and the sales revenue of specific customers of the subsidiary accounted for using the equity method include:

1. By understanding the relevant internal control systems and operating procedures of the sales transaction cycle, we design the internal control auditing procedures according to the veracity of the sales revenue and confirm and evaluate the relevant internal control procedure during the sales transactions for whether the design and implementation are effective.
2. We obtain the list of the above-mentioned specific customers in 2025, and evaluate whether their relevant background, transaction amount, credit line and company size are reasonable.
3. We select samples from the above-mentioned specific customer sales details, examine the sales slips, customs declarations, bills of lading, sales invoices, payment collections, and major sales returns after the balance sheet date to confirm the veracity of the sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the reviews resulting in this independent auditors' review report are Keng-Hsi, Chang and Chiang-Hsun, Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2026

Notice to Readers

The accompanying individual financial statements are intended only to present the individual financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such individual financial statements are those generally applied in the Republic of China.

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

ELITE ADVANCED LASER CORPORATION
BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 387,733	5	\$ 307,446	5
1140	Current contract assets (Notes 4, 5, 19 and 26)	179,456	2	116,730	2
1150	Notes receivable (Notes 4, 5, 7 and 23)	79,442	1	-	-
1170	Accounts receivable (Notes 4, 5, 7 and 19)	357,504	4	130,457	2
1180	Accounts receivable due from related parties (Notes 4, 5, 19 and 26)	57,494	1	205,626	3
1200	Other receivables (Notes 4, 5 and 7)	562,015	7	236,207	4
1210	Accounts receivable due from related parties (Notes 4, 5 and 26)	130,060	1	238,333	4
130X	Inventories (Notes 4 and 8)	293,589	4	379,470	6
1410	Prepayments (Note 13)	<u>255,970</u>	<u>3</u>	<u>212,265</u>	<u>3</u>
11XX	Total current assets	<u>2,303,263</u>	<u>28</u>	<u>1,826,534</u>	<u>29</u>
	NON-CURRENT ASSETS				
1550	Investments accounted for using equity method (Notes 4 and 9)	2,936,752	36	2,690,368	43
1600	Property, plant and equipment (Notes 4, 10 and 27)	2,488,767	31	1,604,408	25
1755	Right-of-use assets (Notes 4 and 11)	23,798	-	32,139	-
1780	Intangible assets (Notes 4 and 12)	1,678	-	48	-
1840	Deferred tax assets (Notes 4 and 21)	52,438	1	46,408	1
1930	Long-term notes receivable (Notes 4, 5, 7 and 23)	27,022	-	-	-
1990	Other non-current assets (Notes 4, 7 and 13)	<u>322,155</u>	<u>4</u>	<u>123,537</u>	<u>2</u>
15XX	Total non-current assets	<u>5,852,610</u>	<u>72</u>	<u>4,496,908</u>	<u>71</u>
1XXX	TOTAL	<u>\$ 8,155,873</u>	<u>100</u>	<u>\$ 6,323,442</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4 and 14)	\$ 407,848	5	\$ 50,000	1
2130	Current contract liabilities (Notes 4 and 19)	20,544	-	7,072	-
2170	Accounts payable	179,211	2	591,711	10
2200	Other payables (Notes 15 and 23)	1,015,651	13	525,671	8
2220	Other payable due from related parties (Note 26)	-	-	1,318	-
2230	Current tax liabilities (Notes 4 and 21)	118,483	2	35,866	1
2250	Current provisions (Notes 4 and 16)	12,760	-	9,714	-
2280	Current lease liabilities (Notes 4 and 11)	6,643	-	7,589	-
2300	Other current liabilities (Note 15)	1,771	-	1,929	-
2320	Long-term borrowings due within 1 year (Notes 4, 14 and 27)	<u>92,441</u>	<u>1</u>	<u>64,527</u>	<u>1</u>
21XX	Total current liabilities	<u>1,855,352</u>	<u>23</u>	<u>1,295,397</u>	<u>21</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 4, 14 and 27)	841,679	10	222,281	4
2570	Deferred tax liabilities (Notes 4 and 21)	342,742	4	322,527	5
2580	Non-current lease liabilities (Notes 4 and 11)	17,961	-	25,343	-
2640	Non-current net defined benefit liabilities (Notes 4 and 17)	34,628	1	29,107	-
2670	Others (Notes 15 and 26)	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>
25XX	Total non-current liabilities	<u>1,237,030</u>	<u>15</u>	<u>599,278</u>	<u>9</u>
2XXX	Total liabilities	<u>3,092,382</u>	<u>38</u>	<u>1,894,675</u>	<u>30</u>
	EQUITY (Notes 4 and 18)				
	Capital stock				
3110	Common stock	<u>1,456,814</u>	<u>18</u>	<u>1,456,814</u>	<u>23</u>
3200	Capital surplus	<u>456,222</u>	<u>6</u>	<u>456,473</u>	<u>7</u>
	Retained earnings				
3310	Legal reserve	849,127	10	793,144	13
3320	Special reserve	23,078	-	86,025	1
3350	Unappropriated earnings	<u>2,319,329</u>	<u>29</u>	<u>1,659,389</u>	<u>26</u>
3300	Total retained earnings	<u>3,191,534</u>	<u>39</u>	<u>2,538,558</u>	<u>40</u>
3400	Other equity	(<u>41,079</u>)	(<u>1</u>)	(<u>23,078</u>)	(<u>-</u>)
3XXX	Total equity	<u>5,063,491</u>	<u>62</u>	<u>4,428,767</u>	<u>70</u>
	TOTAL	<u>\$ 8,155,873</u>	<u>100</u>	<u>\$ 6,323,442</u>	<u>100</u>

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

ELITE ADVANCED LASER CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the years ended December 31			
		2025		2024	
		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 19 and 26)				
4100	Sales revenue	\$ 1,727,154	91	\$ 1,167,445	85
4800	Other operating revenue	<u>176,684</u>	<u>9</u>	<u>202,963</u>	<u>15</u>
4000	Total revenue	<u>1,903,838</u>	<u>100</u>	<u>1,370,408</u>	<u>100</u>
	OPERATING COSTS (Notes 8, 20 and 26)				
5110	Cost of goods sold	(1,237,513)	(65)	(968,690)	(71)
5800	Other operating costs	(<u>77,354</u>)	(<u>4</u>)	(<u>29,320</u>)	(<u>2</u>)
5000	Total operating costs	(<u>1,314,867</u>)	(<u>69</u>)	(<u>998,010</u>)	(<u>73</u>)
5900	GROSS PROFIT	588,971	31	372,398	27
5910	UNREALIZED SALES GAIN	(911)	-	(1,588)	-
5920	REALIZED SALES GAIN	<u>1,588</u>	<u>-</u>	<u>-</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>589,648</u>	<u>31</u>	<u>370,810</u>	<u>27</u>
	OPERATING EXPENSES (Notes 7, 9, 19, 20 and 26)				
6100	Selling and distribution expense	(30,527)	(2)	(29,893)	(2)
6200	General and administrative expense	(207,533)	(11)	(145,977)	(11)
6300	Research and development expense	(140,673)	(7)	(114,074)	(8)
6450	Gain on reversal of expected credit loss (impairment loss)	<u>2,634</u>	<u>-</u>	(<u>1,244</u>)	<u>-</u>
6000	Total operating expenses	(<u>376,099</u>)	(<u>20</u>)	(<u>291,188</u>)	(<u>21</u>)
6500	OTHER GAINS AND LOSSES (Notes 4, 10 and 20)	<u>-</u>	<u>-</u>	(<u>8,534</u>)	(<u>1</u>)
6900	INCOME FROM OPERATIONS	<u>213,549</u>	<u>11</u>	<u>71,088</u>	<u>5</u>

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Code		For the years ended December 31			
		2025		2024	
		Amount	%	Amount	%
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 20 and 26)				
7100	Interest income	\$ 3,124	-	\$ 1,753	-
7010	Other income	4,878	-	2,338	-
7020	Other gains and losses	140,656	7	(17,135)	(1)
7050	Finance costs	(18,771)	(1)	(5,340)	(1)
7070	Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	<u>544,859</u>	<u>29</u>	<u>574,743</u>	<u>42</u>
7000	Total non-operating income and expenses	<u>674,746</u>	<u>35</u>	<u>556,359</u>	<u>40</u>
7900	INCOME BEFORE INCOME TAX	888,295	46	627,447	45
7950	INCOME TAX EXPENSES (Notes 4 and 21)	(<u>158,492</u>)	(<u>8</u>)	(<u>71,021</u>)	(<u>5</u>)
8200	NET INCOME	<u>729,803</u>	<u>38</u>	<u>556,426</u>	<u>40</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 17, 18 and 21)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(4,984)	-	4,256	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	998	-	(851)	-
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Foreign operations - foreign currency translation differences	(22,501)	(1)	78,684	6
8399	Income tax profit (expense) related to items that will be reclassified subsequently	<u>4,500</u>	<u>-</u>	(<u>15,737</u>)	(<u>1</u>)
8300	Other comprehensive income(loss) for the period, net of income tax	(<u>21,987</u>)	(<u>1</u>)	<u>66,352</u>	<u>5</u>
8500	TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 707,816</u>	<u>37</u>	<u>\$ 622,778</u>	<u>45</u>
	EARNINGS PER SHARE (Note 22)				
9710	Basic earnings per share	<u>\$ 5.01</u>		<u>\$ 3.82</u>	
9810	Diluted earnings per share	<u>\$ 4.99</u>		<u>\$ 3.81</u>	

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

ELITE ADVANCED LASER CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

Code		Capital stock		Retained earnings			Other equity	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Foreign operations - foreign currency translation differences	
A1	BALANCE AT JANUARY 1, 2024	\$ 1,456,814	\$ 455,236	\$ 793,144	\$ 67,718	\$ 1,117,865	(\$ 86,025)	\$ 3,804,752
B3	Distribution of 2023 earnings (Note 18) Special reserve	-	-	-	18,307	(18,307)	-	-
		-	-	-	18,307	(18,307)	-	-
M7	Changes in subsidiaries' ownership (Notes 9 and 18)	-	861	-	-	-	-	861
N1	Remuneration costs of employee stock options recognized by subsidiary (Note 18)	-	376	-	-	-	-	376
D1	Net income in 2024	-	-	-	-	556,426	-	556,426
D3	Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	3,405	62,947	66,352
D5	Total comprehensive income (loss) in 2024	-	-	-	-	559,831	62,947	622,778
Z1	BALANCE AT DECEMBER 31, 2024	1,456,814	456,473	793,144	86,025	1,659,389	(23,078)	4,428,767
B1	Distribution of 2024 earnings (Note 18) Legal reserve	-	-	55,983	-	(55,983)	-	-
B3	Special reserve	-	-	-	(62,947)	62,947	-	-
B5	Cash dividends to shareholders	-	-	-	-	(72,841)	-	(72,841)
		-	-	55,983	(62,947)	(65,877)	-	(72,841)
M7	Changes in subsidiaries' ownership (Notes 9 and 18)	-	(251)	-	-	-	-	(251)
D1	Net income in 2025	-	-	-	-	729,803	-	729,803
D3	Other comprehensive income (loss) in 2025, net of income tax	-	-	-	-	(3,986)	(18,001)	(21,987)
D5	Total comprehensive income (loss) in 2025	-	-	-	-	725,817	(18,001)	707,816
Z1	BALANCE AT DECEMBER 31, 2025	\$ 1,456,814	\$ 456,222	\$ 849,127	\$ 23,078	\$ 2,319,329	(\$ 41,079)	\$ 5,063,491

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

ELITE ADVANCED LASER CORPORATION
STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Code		For the years ended December 31	
		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 888,295	\$ 627,447
A20010	Adjustments for:		
A20100	Depreciation expense	216,706	178,987
A20200	Amortization expense	202	169
A20300	Expected credit impairment losses (gain on reversal of expected credit impairment losses)	(2,634)	1,244
A20900	Finance costs	18,771	5,340
A21200	Interest income	(3,124)	(1,753)
A22400	Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	(544,859)	(574,743)
A22500	Gains on disposal of property, plant and equipment	(87,772)	-
A23500	Impairment loss on property, plant and equipment	-	8,534
A23700	Inventory loss (reversal of write-down of inventories)	39,528	18,810
A23700	Impairment loss on investments using the equity method	-	32,577
A23900	Unrealized profit from subsidiaries	911	1,588
A24000	Realized profit from subsidiaries	(1,588)	-
A24100	Foreign currency exchange (gain) loss	27,337	(19,048)
A29900	Liability provisions	3,046	1,865
A29900	Gains from lease modification	(54)	-
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(61,960)	(72,956)
A31150	Accounts receivable	(225,605)	85,828
A31160	Accounts receivable due from related parties	138,671	(193,523)
A31180	Other receivables	(324,259)	(102,526)
A31190	Other receivables - related parties	97,119	(232,905)
A31200	Inventories	46,353	(343,401)
A31230	Prepayments	(43,705)	(6,868)
A32125	Contract liabilities	13,472	(868)
A32150	Accounts payable	(407,032)	493,860
A32180	Other payables	523,176	213,030
A32190	Other payables - related parties	(1,256)	662
A32230	Other current liabilities	(158)	200
A32240	Non-current net defined benefit liabilities	537	518
A33000	Net cash generated by operating activities	310,118	122,068

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Code		For the years ended December 31	
		2025	2024
A33100	Interest received	\$ 3,124	\$ 1,753
A33300	Interest paid	(17,976)	(5,318)
A33500	Income taxes paid	(56,192)	(53,305)
AAAA	Net cash flows from operating activities	<u>239,074</u>	<u>65,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B02700	Acquisition of property, plant and equipment	(1,078,644)	(153,593)
B02800	Disposal of property, plant and equipment	7,194	-
B03700	Increase in refundable deposits	(950)	(200)
B03800	Decrease in refundable deposits	46	153
B04300	Increase in other receivables - from related parties	-	(71)
B04400	Decrease in other receivables - from related parties	520	-
B04500	Acquisition of intangible assets	(1,832)	-
B07100	Increase in prepayments for equipment	(278,389)	(122,125)
B07600	Dividends from subsidiaries	<u>276,400</u>	<u>230,333</u>
BBBB	Net cash used in investing activities	<u>(1,075,655)</u>	<u>(45,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term borrowings	757,848	50,000
C00200	Decrease in short-term borrowings	(400,000)	-
C01600	Long-term borrowings	1,027,000	195,000
C01700	Repay long-term borrowings	(379,688)	(113,192)
C04020	Repayment of the principal portion of lease liabilities	(8,355)	(7,298)
C04500	Dividends to owners of the Company	(72,841)	-
CCCC	Net cash generated by financing activities	<u>923,964</u>	<u>124,510</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>(7,096)</u>	<u>5,262</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	80,287	149,467
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>307,446</u>	<u>157,979</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 387,733</u>	<u>\$ 307,446</u>

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

ELITE ADVANCED LASER CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

- a. Elite Advanced Laser Corporation (hereinafter referred to as “the Company”) was established in New Taipei City in September 2000 and started operation in September of the same year. The registered capital of establishment was \$5,000 thousand. After years of capital increase and decrease, the current total capital is \$1,456,814 thousand. The Company’s business affairs consists of optical information and optical communication products.
- b. The Company’s stock has been listed on the Taiwan Stock Exchange since April 2006.
- c. The Company has no ultimate parent company due to dispersed shareholding.
- d. The financial statements are expressed in New Taiwan Dollars, the Company’s functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s Board of Directors on March 12, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 - Lack of Exchangeability

The application of the amendment to IAS 21, "Lack of Exchangeability," is not expected to cause a significant change to the Company’s accounting policies.

- b. Applicable FSC - approved IFRS Accounting Standards in 2026

<u>New, revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
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
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (Including the 2020 and 2021 Amendments)	January 1, 2023

As of the publication date of this financial statement, the Company has concluded that there is no material impact of amendments of above standards and interpretations on the individual financial position and financial performance.

- c. New IFRSs Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NA
IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027 (Note 2)
IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures" (Including the 2025 Amendments)	January 1, 2027
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	January 1, 2027

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will be mandatory for Taiwanese companies starting January 1, 2028, with an option for early adoption once the FSC has approved the standard.

IFRS 18 - Presentation and Disclosure in Financial Statements and related consequential amendments

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include:

- The Company shall assess whether it possesses specific main business activities, such as investing in specific types of assets and providing financing to customers. Based on this assessment, income and expense items in the statement of profit or loss shall be classified into operating, investing, financing, income tax, and discontinued operations categories.
- An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, pre-tax profit or loss before financing, and profit or loss.
- Requirements for provision of guidance to enhance aggregation and disaggregation: The Company should identify assets, liabilities, equity, income, expenses, losses, and cash flows in each transaction or other events, and classify and aggregate them based on shared characteristics so that the main line items presented in the financial statements share at least one similar characteristic. Items should be disaggregated based on non-similar characteristics. The Company should label such items as "other" only if it cannot find a more informative title.
- Increasing the disclosure of management-defined performance measures (MPMs): When the Company engages in public communications outside financial statements and communicate to management's view of an aspect of the financial performance of the entity as a whole, the Company should disclose information about its MPMs in a single note to the financial statements, including a description of how the MPM is measured, how the MPM is calculated, and a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

Furthermore, IAS 7 "Statement of Cash Flows" has undergone the following consequential amendments:

- When the Company prepares cash flows from operating activities using the indirect method, "operating profit or loss" shall be used as the starting point for reconciliation.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Company is assessed to have specific main business activities, it must consider the classification of dividend income, interest income, and interest expense presented in the statement of profit or loss to determine the classification of dividends received, interest received, and interest paid within the statement of cash flows; provided, however, that each such cash flow may only be classified within a single activity in the statement of cash flows.

In addition to the above impacts, as of the reporting date of this financial statement, the Company continues to assess other impacts of amendments to the standards and interpretations on the financial position and financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

This financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the net defined benefit liability recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and its significance:

- 1) Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- 2) Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data).
- 3) Level 3 Inputs: unobservable inputs and are used when relevant observable inputs are not available.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method, the share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method and the related equity items, as appropriate, in these financial statements

c. Criteria for classifying assets and liabilities into current and non-current.

Current assets:

- 1) Assets held primarily for the purpose of trading;
 - 2) Assets expected to be realized within 12 months after the balance sheet date;
- and

- 3) Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within 12 months of the balance sheet date, and
- 3) Liabilities for which there is no substantive right at the balance sheet date to defer settlement of the liability for at least 12 months after the balance sheet date.

Current assets or current liabilities other than those stated above are classified as non-current assets or liabilities.

d. Foreign currencies

When preparing the financial statements, transactions in currencies other than the parent company's functional currency (foreign currency) shall be converted into functional currency at the exchange rate on the transaction day.

Monetary items denominated in foreign currencies are translated at the closing rates at each balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items shall be recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and shall not be re-translated.

For the purpose of presenting financial statements, the assets and liabilities of the domestic and foreign entities (including subsidiaries, associates or branches in other countries that use currencies that are different from the currency of the Company) are translated into the New Taiwan Dollar at the exchange rate on each balance sheet date. Income and expense items are translated at the average exchange rate for the current period, and the exchange differences recognized in profit or loss.

e. Inventories

Inventories include raw materials, supplies and finished goods. Inventories shall be measured at the lower of cost and net realizable value, and the comparison between cost and net realizable value is based on individual items except for inventories of the same category. Net realizable value is the estimated selling price under normal circumstances less the estimated cost to complete the project and the estimated cost to complete the sale. The Company's inventory is recorded at standard cost during daily operation and adjusted to approximate weighted-average cost at the end of the reporting period.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

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

When the Company's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate and joint venture), the Company continues to recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements of the cash-generating unit as whole. When an impairment loss is subsequently reversed, the carrying amount of an asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization expenses or depreciation expenses) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

The unrealized gains and losses from transactions between the Company and its subsidiaries are eliminated in the financial reports. When a Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment shall be recognized at cost, and subsequent measurement shall be presented at costs subtracted by accumulated depreciation and accumulated impairment losses.

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 shall be depreciated separately portion with a straight-line method over their useful lives. The Company shall review the estimated useful life, residual value and depreciation method at least at each financial year-end, and the impact of changes in accounting estimates shall be applied prospectively.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

h. Intangible assets

1) Additions

Intangible assets with a limited useful life acquired separately shall be initially measured at cost, and subsequent measurement shall be presented at costs subtracted by accumulated depreciation and accumulated impairment losses. Intangible assets shall be amortized with a straight-line method within the useful life where the Company shall review the estimated useful life, residual value and amortization method at least at each financial year-end, and the impact of changes in accounting estimates shall be applied prospectively.

2) Derecognition

Any gain or loss arising on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Company assess the property, plant and equipment, right-of-use assets, investment property, and intangible assets for whether there is any indication of impairment at the balance sheet date. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for the individual asset. If it is

not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the cash-generating unit to which the asset belongs. The groups of assets are allocated to the smallest group of cash-generating units that can be allocated on a reasonable and consistent basis.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. (net of amortization or depreciation) A reversal of an impairment loss is recognized immediately in profit or loss.

j. Financial instrument

Financial assets and liabilities shall be recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular way purchases or sales of financial assets are recognized and derecognized on a trade date.

(1) Category of financial assets and measurement

The types of financial assets held by the Company are financial assets measured at amortized cost.

Financial assets measured at amortized cost

Financial assets that meet following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivables), overdue receivables and refundable deposit, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- (i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- (ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

(2) Impairment of financial assets and contract assets

On each balance sheet date, the Company evaluates the impairment loss of financial assets (including notes receivable, accounts receivable, other receivables and deposits) and contract assets measured at amortized cost based on expected credit losses.

Accounts receivable and contract assets are recognized as allowance losses based on lifetime expected credit losses. Other financial assets are evaluated on whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the loss provision shall be recognized as the 12-month expected credit loss, and if there has been a significant increase, the loss provision shall be recognized as the expected credit loss during the duration.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Consolidated Company):

- (i) Internal or external information show that the debtor is unlikely to pay its creditors.
- (ii) When a financial asset is due longer than 180 days, unless the Group has reasonable and corroborative information to support a more lagged default criterion.

As for the impairment losses on all financial assets, the carrying amounts there are reduced directly or through an allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at acquisition price less direct issuance cost.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. Its carrying amount is calculated using the weighted-average method based on the type of stock. The purchase, sale, issue, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3) Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method, except where the recognition of interest on short-term payables is not material.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

k. Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

Warranties

The warranty obligation to ensure that the product conforms to the agreed specifications is recognized when the relevant product is recognized as revenue based on the management's best estimate of the expense required to settle the obligations of the Company.

l. Revenue recognition

When a performance obligation is satisfied, the Company shall recognize as revenue the amount of the transaction price that is allocated to that performance obligation.

Operating revenue

1) Service revenue

Revenue from packaging and testing

The Company's packaging service creates or enhances an asset that the customer controls as the asset is created or enhanced; the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs

The relevant revenue will be transferred to the customer with the promised goods or services, and the sales revenue will be recognized when the performance obligations are met over time. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

2) Lease and other services

Other service revenue is recognized as revenue when the service contract conditions are met in accordance with the relevant contract when the economic benefits are likely to flow into the Company and the revenue can be measured reliably. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

m. Lease

The Company assesses whether the contract is a lease on the contract establishment date.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

The right-of-use asset is initially measured at cost (including the original measurement amount of the lease liability and the lease payment paid before the lease commencement date), and subsequently measured at the cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets shall be recognized separately in the balance sheet.

The lessee shall depreciate the right-of-use asset on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities are measured at the present value of the lease payments including fixed payments and variable lease payments which depend on an index or a rate. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications not accounted for as a separate lease: For a decrease in lease scope, the remeasurement of the lease liability results in a reduction of the right-of-use asset, with any gain or loss recognized for the partial or full termination of the lease. For all other modifications, the remeasurement of the lease liability results in a corresponding adjustment to the right-of-use asset. Lease liabilities shall be recognized separately in the balance sheet.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Net defined benefit assets cannot exceed present value of the plan's returned contributions or possible decrease in future contributions.

p. Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

The Company determines the current income (loss) in accordance with the laws and regulations formulated by the income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are recognized only to the extent that it is probable that

there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When consolidated company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Company will take the possible impacts of inflation and market interest rate fluctuations, foreign exchange market fluctuations, and U.S. reciprocal tariff measures into consideration when making major estimates, such as cash flow estimates, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of notes receivables, account receivables, other receivables and contract assets is based on the Company's assumptions about the loss given default and probability of default. The Company takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments. Please refer to Note 7 and Note 19 for the key assumptions and inputs used. If the actual future cash flow is less than the Company's expectations, there may be significant impairment losses.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and working fund	\$ 100	\$ 100
Demand deposit in banks	<u>387,633</u>	<u>307,346</u>
	<u>\$ 387,733</u>	<u>\$ 307,446</u>

As of December 31, 2025 and 2024, the interest rate ranges for bank deposits were 0.03% to 0.71%, and 0.002% to 0.8%, respectively.

7. NOTES RECEIVABLES, ACCOUNT RECEIVABLES, UNCOLLECTIBLE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable (Note 23)</u>		
At amortized cost		
Total amount	\$ 81,375	\$ -
Less: Unrealized interest income	(1,933)	-
	<u>\$ 79,442</u>	<u>\$ -</u>
Non-operating	\$ 81,375	\$ -
Less: Unrealized interest income	(1,933)	-
	<u>\$ 79,442</u>	<u>\$ -</u>
<u>Accounts receivable</u>		
At amortized cost		
Total amount	\$ 358,358	\$ 131,672
Less: Loss allowances	(854)	(1,215)
	<u>\$ 357,504</u>	<u>\$ 130,457</u>
<u>Uncollectible receivables</u>		
At amortized cost		
Total amount	\$ -	\$ -
Less: Loss allowances	-	-
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
OEM collection and payment	\$ 530,775	\$ 220,665
Income tax refund receivable	30,123	15,185
Others	<u>1,117</u>	<u>357</u>
	<u>\$ 562,015</u>	<u>\$ 236,207</u>
<u>Long-term notes receivable</u> (Note 23)		
At amortized cost		
Total amount	\$ 27,125	\$ -

	December 31, 2025	December 31, 2024
Less: Unrealized interest income	(<u>103</u>) <u>\$ 27,022</u>	<u>-</u> <u>\$ -</u>
Non-operating	\$ 27,125	\$ -
Less: Unrealized interest income	(<u>103</u>) <u>\$ 27,022</u>	<u>-</u> <u>\$ -</u>

a. Notes receivables

It refers to notes receivable arising from the sale of property, plant, and equipment. When determining the recoverability of notes receivable, the Company considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. The Company continues to monitor and refer to the counterparty's past default records and analyze its current financial position to assess whether the credit risk of the notes receivables has increased significantly since the original recognition and to measure expected credit losses. As of December 31, 2025, the Company assessed that there was no need to recognize expected credit losses for notes receivables.

The aging analysis of notes receivable (including current and non-current) is as follows:

	December 31, 2025	December 31, 2024
	Not past due	Not past due
Total amount	\$ 108,500	\$ -
Less: Unrealized interest income	(<u>2,036</u>)	<u>-</u>
Amortized cost	<u>\$ 106,464</u>	<u>\$ -</u>

The above is an aging analysis based on days overdue.

b. Accounts receivable

The Company's average credit period for commodity sales ranges from prepayment to net 90 days end of the month, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Company considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Company performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

The Company recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Company's credit loss experience shows that there is no

significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, the Company will write off the relevant accounts receivable and loss allowance, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Company measures the loss allowance of accounts receivable according to the provision matrix as follows:

December 31, 2025

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61-90 days</u>	<u>Past due 91-120 days</u>	<u>Past due over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.23%	1.87%~12.62%	28.57%	50%	100%	
Total amount	\$ 356,468	\$ 1,890	\$ -	\$ -	\$ -	\$ 358,358
Loss allowance (lifetime expected credit losses)	(819)	(35)	-	-	-	(854)
Amortized cost	<u>\$ 355,649</u>	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,504</u>

December 31, 2024

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61-90 days</u>	<u>Past due 91-120 days</u>	<u>Past due over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.84%	1.27%~6.88%	18.35%	33.33%	100%	
Total amount	\$ 130,246	\$ 1,088	\$ -	\$ 337	\$ 1	\$ 131,672
Loss allowance (lifetime expected credit losses)	(1,088)	(14)	-	(112)	(1)	(1,215)
Amortized cost	<u>\$ 129,158</u>	<u>\$ 1,074</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 130,457</u>

Movements of the loss allowance for accounts receivable

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Opening balance	\$ 1,215	\$ 579
Impairment losses for the current period	-	636
Reversal	(361)	-
Ending balance	<u>\$ 854</u>	<u>\$ 1,215</u>

Uncollectible receivables

The Company recognizes loss allowance for uncollectible receivable based on lifetime expected credit losses. Lifetime expected credit losses considers experience, current market conditions and business outlook. As of December 31, 2024, the expected credit loss ratio for overdue notes receivable was 100%.

Movements of the loss allowance for uncollectible receivable

	<u>For the year ended December 31, 2024</u>
Opening balance	\$ 6,936
Write-offs	(6,936)
Ending balance	<u>\$ -</u>

c. Other receivables

The Company accounts for other receivables such as OEM collection and payment and income tax refund receivable. The Company's policy is to only conduct business with customers with good credit. The Company continues to track and refer to the past default records of the counterparty and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure the expected credit loss. If there is evidence that the counterparty has signs of default or the recoverable amount cannot be reasonably expected due to termination of the contract, the Company will write off the relevant other receivables and loss allowance, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of December 31, 2025 and 2024, the Company assessed other receivables without the need to report expected credit losses.

8. INVENTORIES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ -	\$ 7
Raw materials	284,038	357,798
Inventory in transit	<u>9,551</u>	<u>21,665</u>
	<u>\$ 293,589</u>	<u>\$ 379,470</u>

The nature of cost of goods sold is as follows:

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cost of inventories sold	\$ 1,197,985	\$ 949,880
Inventory loss (reversal of write-down of inventories)	<u>39,528</u>	<u>18,810</u>
	<u>\$ 1,237,513</u>	<u>\$ 968,690</u>

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

10.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Investments in subsidiaries</u>		
Centera Photonics Inc.	\$ 542,669	\$ 384,266
GEM Services, Inc.	<u>2,394,083</u>	<u>2,306,102</u>
	<u>\$ 2,936,752</u>	<u>\$ 2,690,368</u>

**Proportion of Ownership and Voting
Rights**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Centera Photonics Inc.	54.23%	54.56%
	(Note 4)	(Notes 1, 2 and 3)
GEM Services, Inc.	51%	51%

Note 1: In September 2024, the Company did not participate in the cash capital increase by its subsidiary Centera Photonics Inc. in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 56.41% to 55.26%. As the transaction did not change the Company's

control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2024 due to the aforementioned transaction was for the adjustment of the capital surplus by \$873 thousand. Please refer to Note 30 to the 2024 consolidated financial statements for details of equity transactions with non-controlling interests.

Note 2: Centera Photonics Inc. issued 630,000 new shares on October 23, 2024 due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 55.26% to 54.56%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2024 due to the aforementioned transaction was for the adjustment of the capital surplus downward by \$12 thousand. Please refer to Note 30 to the 2024 consolidated financial statements for details of equity transactions with non-controlling interests.

Note 3: Because the future recoverable amount of the subsidiary, Centera Photonics Inc., assessed in 2024 based on a financial forecast was less than its book value, the Company recorded an impairment loss of \$32,577 thousand in 2024, and the discount rate used was 11.40%.

Note 4: Centera Photonics Inc. issued 400 thousand new shares on June 30, 2025 due to the capitalization of employee remuneration, causing the Company's shareholding in the subsidiary to fall from 54.56% to 54.23%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2025 due to the aforementioned transaction was for the adjustment of the capital surplus downward by \$251 thousand. Please refer to Note 30 to the 2025 consolidated financial statements for details of equity transactions with non-controlling interests.

For the details of the investments indirectly held by the Company, please refer to Tables 3 and 4.

The calculation of the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the subsidiaries' audited financial statements in 2025 and 2024.

11. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Cost									
Balance at January 1, 2025	\$ 743,384	\$ 478,364	\$ 1,010,098	\$ -	\$ 13,696	\$ 99,534	\$ -	\$ 83,811	\$ 2,428,887
Additions	-	19,861	945,505	2,913	22,998	3,169	6,930	36,478	1,037,854
Reclassification (Note)	-	-	164,486	-	-	-	-	(83,811)	80,675
Disposal	-	(5,081)	(216,681)	-	(5,268)	(97,134)	-	-	(324,164)
Balance at December 31, 2025	\$ 743,384	\$ 493,144	\$ 1,903,408	\$ 2,913	\$ 31,426	\$ 5,569	\$ 6,930	\$ 36,478	\$ 3,223,252
Accumulated depreciation and impairment									
Balance at January 1, 2025	\$ -	\$ 161,274	\$ 565,887	\$ -	\$ 8,439	\$ 88,879	\$ -	\$ -	\$ 824,479
Depreciation expense	-	27,901	165,879	405	4,581	8,802	716	-	208,284
Disposal	-	(5,081)	(192,490)	-	(5,234)	(95,473)	-	-	(298,278)
Balance at December 31, 2025	\$ -	\$ 184,094	\$ 539,276	\$ 405	\$ 7,786	\$ 2,208	\$ 716	\$ -	\$ 734,485
Carrying amount at December 31, 2025	\$ 743,384	\$ 309,050	\$ 1,364,132	\$ 2,508	\$ 23,640	\$ 3,361	\$ 6,214	\$ 36,478	\$ 2,488,767
Cost									
Balance at January 1, 2024	\$ 743,384	\$ 499,615	\$ 1,112,660	\$ -	\$ 14,275	\$ 100,177	\$ -	\$ -	\$ 2,470,111
Additions	-	9,533	139,581	-	1,541	-	-	83,811	234,466
Reclassification (Note)	-	-	4,575	-	-	-	-	-	4,575
Disposal	-	(30,784)	(246,718)	-	(2,120)	(643)	-	-	(280,265)
Balance at December 31, 2024	\$ 743,384	\$ 478,364	\$ 1,010,098	\$ -	\$ 13,696	\$ 99,534	\$ -	\$ 83,811	\$ 2,428,887
Accumulated depreciation and impairment									
Balance at January 1, 2024	\$ -	\$ 168,020	\$ 670,130	\$ -	\$ 7,155	\$ 79,344	\$ -	\$ -	\$ 924,649
Depreciation expense	-	24,038	133,941	-	3,404	10,178	-	-	171,561

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Impairment losses	-	-	8,534	-	-	-	-	-	8,534
Disposal	-	(30,784)	(246,718)	-	(2,120)	(643)	-	-	(280,265)
Balance at December 31, 2024	\$ -	\$ 161,274	\$ 565,887	\$ -	\$ 8,439	\$ 88,879	\$ -	\$ -	\$ 824,479
Carrying amount at December 31, 2024	\$ 743,384	\$ 317,090	\$ 444,211	\$ -	\$ 5,257	\$ 10,655	\$ -	\$ 83,811	\$ 1,604,408

Note: It was transferred from other non-current assets - prepaid equipment.

Due to the influence of the industry and market environment, the Company's sales failed to meet the expected target. It was assessed that future cash inflows would be reduced, resulting in its recoverable amount being less than the carrying amount. Therefore, impairment losses of \$8,534 thousand was recognized for 2024. The impairment loss has been accounted for under other income and expenses and losses in the statement of comprehensive income. The Company adopts value in use as the recoverable amount of such machinery and equipment, and the discount rates used was 19%.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Buildings

Factory main building	50 years
Building improvement	5 to 10 years
Machinery and equipment	3 to 10 years
Transportation equipment	5 years
Office equipment	3 years
Leasehold improvements	9 to 10 years
Miscellaneous equipment	2 years

Please refer to Note 27 for the amount of property, plant and equipment pledged as collateral.

12. **LEASE ARRANGEMENTS**

a. Right-of-use assets

	December 31, 2025	December 31, 2024
Carrying amount		
Buildings	\$ 21,701	\$ 29,376
Office equipment	<u>2,097</u>	<u>2,763</u>
	<u>\$ 23,798</u>	<u>\$ 32,139</u>
	For the years ended December 31	
	2025	2024
Addition of right-of-use assets	<u>\$ 2,720</u>	<u>\$ 3,140</u>
Depreciation of right-of-use assets		
Buildings	\$ 7,756	\$ 6,748
Office equipment	<u>666</u>	<u>678</u>
	<u>\$ 8,422</u>	<u>\$ 7,426</u>

No impairment losses were recognized or reversed in 2025 and 2024.

b. Lease liabilities

	December 31, 2025	December 31, 2024
Carrying amounts		
Current	<u>\$ 6,643</u>	<u>\$ 7,589</u>
Non-current	<u>\$ 17,961</u>	<u>\$ 25,343</u>

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2025	December 31, 2024
Buildings	1.87% ~ 1.91%	0.99% ~ 1.87%
Office equipment	1.36%	1.36%

c. Important lease activities and terms

The lease period of the buildings and office equipment leased by the Company is about 2 to 10 years. Among them, the rent of the building is adjusted according to the fluctuation of the price indices and the terms are reviewed during the lease period. At the end of the lease period, the Company has no bargain purchase price option to purchase the leased buildings and office equipment.

d. Other lease information

	For the years ended December 31	
	2025	2024
Expense relating to short-term leases	<u>\$ 3,536</u>	<u>\$ 880</u>
Total cash outflow for leases	<u>(\$ 12,425)</u>	<u>(\$ 8,735)</u>

The Company has chosen to apply the recognition exemption to building leases that qualify as short-term leases and will not recognize the related right-of-use assets and lease liabilities.

13. INTANGIBLE ASSETS

	Computer software
<u>Cost</u>	
Balance at January 1, 2025	\$ 248
Additions	1,832
Disposal	(248)
Balance at December 31, 2025	<u>\$ 1,832</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2025	\$ 200
Amortization expense	202
Disposal	(248)
Balance at December 31, 2025	<u>\$ 154</u>
Carrying amount at December 31, 2025	<u>\$ 1,678</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 759

Disposal	(<u>511</u>)
Balance at December 31, 2024	<u>\$ 248</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 542
Amortization expense	169
Disposal	(<u>511</u>)
Balance at December 31, 2024	<u>\$ 200</u>
Carrying amount at December 31, 2024	<u>\$ 48</u>

Amortization expenses are accrued on a straight-line basis over the economic life:
Computer software 2 to 3 years

14. OTHER ASSETS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Prepayments		
Tax credit	\$ 228,282	\$ 193,205
Others	<u>27,688</u>	<u>19,060</u>
	<u>\$ 255,970</u>	<u>\$ 212,265</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 319,839	\$ 122,125
Refundable deposits (Note)	<u>2,316</u>	<u>1,412</u>
	<u>\$ 322,155</u>	<u>\$ 123,537</u>

Note: The Company considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the refundable deposit. As of December 31, 2025 and 2024, the Company assessed that it was not necessary to report expected credit losses for refundable deposits.

15. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Unsecured borrowings</u>		
Credit line borrowings	<u>\$ 407,848</u>	<u>\$ 50,000</u>

The interest rate of the bank revolving loans was 1.87%-1.98% and 1.92% as of December 31, 2025 and 2024, respectively.

b. Long-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Secured borrowings</u> (Note 27)		
Bank borrowings	\$ 934,120	\$ 286,808
Less: Current portion	<u>(92,441)</u>	<u>(64,527)</u>

Long-term borrowings

\$ 841,679

\$ 222,281

The borrowings of the Company include:

	Due date	Material terms	December 31, 2025		December 31, 2024	
			Amount	Effective rate %	Amount	Effective rate %
Floating rate borrowing						
Taiwan Cooperative Bank						
Secured borrowings for land and buildings	October 13, 2032	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting November 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2026.	\$ 135,000	1.87	\$ -	-
Secured borrowings for land and buildings	May 20, 2032	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting June 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting June 2026.	135,000	1.87	-	-
Secured borrowings for land and buildings	March 5, 2032	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting April 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting April 2026.	135,000	1.87	-	-
Machinery and equipment secured borrowings	August 20, 2032	The borrowings amount of \$219,000 thousand is divided into 72 monthly installments starting September 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting September 2026.	219,000	2.15	-	-
Machinery and equipment secured borrowings	August 20, 2032	The borrowings amount of \$133,000 thousand is divided into 70 monthly installments starting November 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2026.	133,000	2.15	-	-
Machinery and equipment secured borrowings	October 20, 2026	The borrowing amount of \$80,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	33,696	1.87	73,447	1.87
Machinery and equipment secured borrowings	October 20, 2026	The borrowing amount of \$20,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	8,424	1.87	18,361	1.87
Secured borrowings for land and buildings	September 23, 2031	The borrowings amount of \$60,000 thousand is divided into 84 monthly installments starting October 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting October 2025. (Early repayment in March 2025).	-	-	60,000	1.87

	Due date	Material terms	December 31, 2025		December 31, 2024	
			Amount	Effective rate %	Amount	Effective rate %
Secured borrowings for land and buildings	May 29, 2031	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting June 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting June 2025. (Early repayment in May 2025).	-	-	135,000	1.87
E.SUN Bank Secured borrowings for land and buildings	December 10, 2028	The borrowings amount of \$135,000 thousand is divided into 37 monthly installments starting from December 2025 where the interest is paid monthly in the first year, and the principal is repaid quarterly in equal installments starting from January 2027.	135,000	1.97	-	-
			934,120		286,808	
Less: Current portion			(92,441)		(64,527)	
Balance of long-term bank borrowings			<u>\$ 841,679</u>		<u>\$ 222,281</u>	

16. OTHER LIABILITIES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Other payables		
OEM collection and payment	\$ 638,462	\$ 211,967
Salaries payable and bonus	222,464	168,042
Payable for equipment (Note 23)	49,814	90,604
Engineering service fee	51,273	9,786
Repair and maintenance expense	12,779	8,394
Insurance premium	\$ 9,283	\$ 7,527
Professional service fee	6,393	7,380
Pension	4,678	4,014
Interest	934	139
Others	<u>19,571</u>	<u>17,818</u>
	<u>\$1,015,651</u>	<u>\$ 525,671</u>
Other liabilities		
Receipts under custody	\$ 1,761	\$ 1,919
Temporary receipts	<u>10</u>	<u>10</u>
	<u>\$ 1,771</u>	<u>\$ 1,929</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits (Note 26)	<u>\$ 20</u>	<u>\$ 20</u>

17. PROVISIONS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Warranties	<u>\$ 12,760</u>	<u>\$ 9,714</u>

	For the years ended December 31	
	<u>2025</u>	<u>2024</u>
Opening balance	\$ 9,714	\$ 7,849
Additions	<u>3,046</u>	<u>1,865</u>
Ending balance	<u>\$ 12,760</u>	<u>\$ 9,714</u>

The warranties provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranties obligations by the management of the Company according to the contract for the sale of goods. This estimate is based on historical warranties and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

18. **RETIREMENT BENEFIT PLANS**

a. **Determined contribution plans**

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. **Defined benefit plans**

The defined benefit plan adopted by the Company in accordance with the "Labor Standards Act" is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the Supervisory Committee of Business Entities' Labor Retirement Reserve. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, if the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, Elite Advanced Laser Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2025	December 31, 2024
	<u> </u>	<u> </u>
Present value of defined benefit obligation	\$ 52,444	\$ 45,168
Fair value of plan assets	(<u>17,816</u>)	(<u>16,061</u>)
Deficit	<u>34,628</u>	<u>29,107</u>
Net defined benefit liabilities	<u>\$ 34,628</u>	<u>\$ 29,107</u>

Movements in net defined benefit liabilities (asset) were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (asset)
January 1, 2025	\$ 45,168	(\$ 16,061)	\$ 29,107
Service cost			
Current service cost	496	-	496
Interest expense (income)	<u>677</u>	<u>(244)</u>	<u>433</u>
Recognized in profit or loss	<u>1,173</u>	<u>(244)</u>	<u>929</u>
Remeasurement			
Return on plan assets (excluding the amounts included in net interest)	-	(1,162)	(1,162)
Actuarial (profit) loss - changes in financial assumptions	335	-	335
Actuarial (profit) loss - experience adjustment	<u>5,811</u>	<u>-</u>	<u>5,811</u>
Recognized in other comprehensive income	<u>6,146</u>	<u>(1,162)</u>	<u>4,984</u>
Contributions from the employer	<u>-</u>	<u>(392)</u>	<u>(392)</u>
Benefits paid	<u>(43)</u>	<u>43</u>	<u>-</u>
December 31, 2025	<u>\$ 52,444</u>	<u>(\$ 17,816)</u>	<u>\$ 34,628</u>
January 1, 2024	\$ 48,385	(\$ 15,540)	\$ 32,845
Service cost			
Current service cost	502	-	502
Interest expense (income)	<u>605</u>	<u>(197)</u>	<u>408</u>
Recognized in profit or loss	<u>1,107</u>	<u>(197)</u>	<u>910</u>
Remeasurement			
Return on plan assets (excluding the amounts included in net interest)	-	(1,648)	(1,648)
Actuarial (profit) loss - changes in financial assumptions	(774)	-	(774)
Actuarial (profit) loss - experience adjustment	<u>(1,834)</u>	<u>-</u>	<u>(1,834)</u>
Recognized in other comprehensive income	<u>(2,608)</u>	<u>(1,648)</u>	<u>(4,256)</u>
Contributions from the employer	<u>-</u>	<u>(392)</u>	<u>(392)</u>
Benefits paid	<u>(1,716)</u>	<u>1,716</u>	<u>-</u>
December 31, 2024	<u>\$ 45,168</u>	<u>(\$ 16,061)</u>	<u>\$ 29,107</u>

Through the defined benefit plans under the “Labor Standards Act”, the Company is exposed to the following risks:

- 1) Investment risk: The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management which is invested in domestic and foreign equity and debt securities, bank deposits, etc. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.38%	1.50%
Expected rates of salary increase	3.00%	3.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2025	December 31, 2024
Discount rate		
Increase by 0.25%	(\$ 665)	(\$ 748)
Decrease by 0.25%	\$ 688	\$ 774
Expected rates of salary increase		
Increase by 0.25%	\$ 666	\$ 752
Decrease by 0.25%	(\$ 648)	(\$ 731)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2025	December 31, 2024
Expected contributions to the plan for the next year	\$ 404	\$ 404
Average duration of the defined benefit obligation	5.1 years	6.6 years

19. EQUITY

a. Capital stock
Common stock

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>
Authorized capital (NTD in thousand)	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and paid shares (in thousands)	<u>145,681</u>	<u>145,681</u>
Issued capital (NTD in thousand)	<u>\$ 1,456,814</u>	<u>\$ 1,456,814</u>

The authorized shares include 10,000 thousand shares allocated for the exercise of employee stock options.

A holder of issued common shares with par value of \$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to capital</u> (Note 1)		
Additional paid-in capital	\$ 322,130	\$ 322,130
Treasury stocks	<u>6,420</u>	<u>6,420</u>
	<u>\$ 328,550</u>	<u>\$ 328,550</u>
<u>May only be used to offset a deficit</u> From share of changes in equities of subsidiaries (Note 2)	<u>\$ 127,672</u>	<u>\$ 127,923</u>

Note 1: Such capital surplus can be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

Note 2: This capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the Company does not subscribe to the subsidiary's equity in proportion to its shareholding, or the adjusted amount recognized by the Company using the equity method to recognize the subsidiary's capital surplus.

c. Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy in the Articles of Association, if there is a surplus after the annual financial report, the Company will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary. If the legal reserve has reached the

Company's paid-in capital, this allocation may cease. Furthermore, a special reserve shall be allocated or reversed in accordance with relevant laws and regulations. The accumulated undistributed earnings from the previous year shall be added to the distributable earnings. The Board of Directors shall then draft a proposal for earnings distribution to be submitted to the shareholders' meeting for a resolution. The distributable earnings mentioned above may be retained by the Board of Directors as needed for the Company's operations. When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period. The Company's dividend policy is based on an assessment of the Company's future capital needs for sustained investment, research and development, and operations, in order to maintain a sound financial structure for sustainable development. Earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on the Company's operation. The total amount of dividends shall be at least 5% of the earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

Please refer to Note 20 (8) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of the Company Act, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

The Company set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs (IFRS Accounting Standards)". The Company held regular shareholders' meetings on May 28, 2025 and June 7, 2024, and the resolutions were passed respectively to approve the 2024 and 2023 annual earnings distribution proposals as shown below:

	For the years ended December 31	
	2024	2023
Legal reserve	<u>\$ 55,983</u>	<u>\$ -</u>
Special reserve	<u>(\$ 62,947)</u>	<u>\$ 18,307</u>
Cash dividends	<u>\$ 72,841</u>	<u>\$ -</u>
Cash dividend per share (NT\$)	\$ 0.5	\$ -

On March 12, 2026, the Company's Board of Directors proposed the 2025 earnings distribution as follows:

	For the year ended December 31, 2025
Legal reserve	<u>\$ 72,582</u>
Special reserve	<u>\$ 18,001</u>
Cash dividends	<u>\$ 145,681</u>
Cash dividend per share (NT\$)	\$ 1

The 2025 earnings distribution plan is yet to be resolved at the shareholders' meeting which is expected to be held on May 29, 2026.

d. Special reserve

	For the years ended December 31	
	2025	2024
Opening balance	\$ 86,025	\$ 67,718
Appropriations in respect of debits to other equity items	-	18,307
(Reversal of) Reduction of other equity items	(62,947)	-
Balance, end of period	<u>\$ 23,078</u>	<u>\$ 86,025</u>

e. Others

Exchange differences on translation of foreign financial statements:

	For the years ended December 31	
	2025	2024
Opening balance	(\$ 23,078)	(\$ 86,025)
Recognized in the current period		
Foreign operations - foreign currency translation differences	(22,501)	78,684
Related tax	4,500	(15,737)
Other comprehensive income	(18,001)	62,947
Ending balance	<u>(\$ 41,079)</u>	<u>(\$ 23,078)</u>

20. REVENUE

	For the years ended December 31	
	2025	2024
Revenue from contracts with customers		
Packaging and testing (Note 26)	\$ 1,727,154	\$ 1,167,445
Others (Note 26)	176,684	202,963
	<u>\$ 1,903,838</u>	<u>\$ 1,370,408</u>

a. Detail of customer contracts

1) Packaging and testing

The customer contract signed by the Company includes two performance obligations of packaging and testing services. The customer pays the contract transaction price after obtaining the packaged or tested product. Since the time interval between the transfer of labor services and the customer's payment is less than a year, the significant financial component of the contract transaction price will not be adjusted. The stand-alone selling prices for packaging and testing services are determined using the expected cost plus a margin approach and are used to allocate the transaction price to each performance obligation.

2) Lease and other services

Other service contracts signed by the Company are from the customers contracting the Company to install and test its production equipment and provide product development services, and the transaction price of the services is negotiated in accordance with the contract.

b. Contract balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Accounts receivable (Note 7)	\$ 357,504	\$ 130,457	\$ 208,888
Accounts receivable due from related parties (Note 26)	<u>57,494</u> <u>\$ 414,998</u>	<u>205,626</u> <u>\$ 336,083</u>	<u>7,742</u> <u>\$ 216,630</u>
Contract liabilities (including related parties) (Note 26)			
Packaging and testing	\$ 207,073	\$ 146,620	\$ 69,803
Less: Loss allowances	<u>(27,617)</u>	<u>(29,890)</u>	<u>(29,282)</u>
	<u>\$ 179,456</u>	<u>\$ 116,730</u>	<u>\$ 40,521</u>
Contract liabilities Packaging and testing	<u>\$ 20,544</u>	<u>\$ 7,072</u>	<u>\$ 7,940</u>

Changes in contract assets and contract liabilities are due to the difference between the timing of meeting performance obligations and the timing of payment. Other major changes are as follows:

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Contract assets</u>		
Balance at beginning of the period transfers to accounts receivable	(\$ 116,871)	(\$ 38,153)

The Company recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Company is 20 to 60 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Company refers to the historical experience of the counterparty's relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence indicating that the performance obligations of the contract have been suspended for a period exceeding the normal manufacturing process and the Company cannot reasonably anticipate the contract resumption time, the Company will recognize the loss allowance at full amount, but will continue to pursue the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious debt difficulties where the recoverable amount cannot be reasonably estimated, the Company will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	December 31, 2025	December 31, 2024
Expected credit loss rate	13%	20%
Total amount	\$ 207,073	\$ 146,620
Loss allowance (lifetime expected credit losses)	(<u>27,617</u>)	(<u>29,890</u>)
	<u>\$ 179,456</u>	<u>\$ 116,730</u>

Movements of the loss allowance for contract assets

	For the years ended December 31	
	2025	2024
Opening balance	\$ 29,890	\$ 29,282
Add: Impairment losses for the current period	-	608
Less: Reversal of impairment loss for the current period	(<u>2,273</u>)	<u>-</u>
Ending balance	<u>\$ 27,617</u>	<u>\$ 29,890</u>

The amount recognized as revenue in the current year from the contract liabilities at the beginning of the period and the performance obligations that have been satisfied in the previous period is as follows:

	For the years ended December 31	
	2025	2024
Contract liabilities at the beginning of the period	<u>\$ 6,362</u>	<u>\$ 6,823</u>

21. NET PROFIT FROM CONTINUING OPERATION

a. Other income and (losses)

	For the years ended December 31	
	2025	2024
Impairment loss on property, plant and equipment	<u>\$ -</u>	(<u>\$ 8,534</u>)

b. Interest income

	For the years ended December 31	
	2025	2024
Bank deposit	\$ 2,569	\$ 1,753
Notes receivables	<u>555</u>	<u>-</u>
	<u>\$ 3,124</u>	<u>\$ 1,753</u>

c. Other income

	For the years ended December 31	
	2025	2024
Lease revenue (Note 26)	\$ 225	\$ 204
Others (Note 26)	<u>4,653</u>	<u>2,134</u>
	<u>\$ 4,878</u>	<u>\$ 2,338</u>

d.	Other gains and losses	For the years ended December 31	
		2025	2024
	Foreign exchange gains	\$ 54,037	\$ 15,931
	Impairment loss on investments using the equity method	-	(32,577)
	Gains on disposal of property, plant and equipment	87,772	-
	Gains from lease modification	54	-
	Others	(1,207)	(489)
		<u>\$ 140,656</u>	<u>(\$ 17,135)</u>
e.	Finance costs	For the years ended December 31	
		2025	2024
	Bank borrowings interest	\$ 18,237	\$ 4,783
	Interest expense on lease liability	534	557
		<u>\$ 18,771</u>	<u>\$ 5,340</u>
f.	Depreciation and amortization	For the years ended December 31	
		2025	2024
	Depreciation expenses summarized by function		
	Cost of revenue	\$ 194,742	\$ 160,853
	Operating expenses	21,964	18,134
		<u>\$ 216,706</u>	<u>\$ 178,987</u>
	Amortization expenses summarized by function		
	General and administrative expense	\$ 202	\$ 169
g.	Employee benefits expenses	For the years ended December 31	
		2025	2024
	Post-employment benefits		
	Determined contribution plans	\$ 15,870	\$ 14,463
	Defined benefit plans (Note 17)	929	910
		16,799	15,373
	Others	629,041	504,843
	Total employee benefits expenses	<u>\$ 645,840</u>	<u>\$ 520,216</u>
	Summarized by function		
	Cost of revenue	\$ 380,001	\$ 300,853
	Operating expenses	265,839	219,363
		<u>\$ 645,840</u>	<u>\$ 520,216</u>

h. Remuneration to the employees and directors

According to the Articles of Association, the Company allocates 8% to 15% of the employee's remuneration and no more than 3% of the director's remuneration according to the pre-tax profit before deducting the employee' and director's remuneration in the current year. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company's 2025 shareholders' meeting approved by resolution an amendment to its Articles of Incorporation. This amendment will stipulate that at least 1% of the current year's employee remuneration allocated be distributed to entry-level employees. The estimated employee remuneration (including remuneration for entry-level employees) and director remuneration for 2025 and 2024 were approved by the Board of Directors on March 12, 2026, and March 11, 2025, respectively, as follows:

Estimated ratio

	For the years ended December 31	
	2025	2024
Remuneration to employees	11.41%	12.32%
Remuneration to directors	2.71%	2.71%

Amount

	For the years ended December 31	
	2025	2024
	<u>Cash</u>	<u>Cash</u>
Remuneration to employees	<u>\$ 118,000</u>	<u>\$ 91,000</u>
Remuneration to directors	<u>\$ 28,000</u>	<u>\$ 20,000</u>

If there is still a change in the amount after the annual financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2024 and 2023, respectively.

The information about the appropriations of the Company's remuneration to employees and remuneration to directors is available at the Market Observation Post System website.

i. Foreign exchange gains and losses

	For the years ended December 31	
	2025	2024
Foreign currency exchange gains	\$ 184,532	\$ 55,311
Foreign currency exchange losses	(130,495)	(39,380)
Net gains	<u>\$ 54,037</u>	<u>\$ 15,931</u>

22. INCOME TAX

a. Income tax expense recognized in profit or loss
Income tax expense consisted of the following:

	For the years ended December 31	
	2025	2024
Current income tax		
Recognized in the current period	\$ 123,502	\$ 51,551
Levied undistributed surplus earnings	24,698	-
Income tax adjustments on prior years	(9,391)	(8,110)
	<u>138,809</u>	<u>43,441</u>
Deferred income tax		
Recognized in the current period	17,903	27,580
Income tax adjustments on prior years	1,780	-
	<u>19,683</u>	<u>27,580</u>
Income tax expense recognized in profit or loss	<u>\$ 158,492</u>	<u>\$ 71,021</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the years ended December 31	
	2025	2024
Income before income tax	<u>\$ 888,295</u>	<u>\$ 627,447</u>
Income tax expense calculated at the statutory rate	\$ 177,659	\$ 125,489
Nondeductible expenses in determining taxable income	1,409	7,570
Tax exempt income	(31,731)	(46,888)
Levied undistributed surplus earnings	24,698	-
Adjustments for prior years' tax	(9,391)	(8,110)
Adjustments of deferred tax expenses from prior years in the current year	1,780	-
Investment credits	(5,932)	(7,040)
Income tax expense recognized in profit or loss	<u>\$ 158,492</u>	<u>\$ 71,021</u>

b. Income tax recognized in other comprehensive income

	For the years ended December 31	
	2025	2024
<u>Deferred income tax</u>		
Recognized in the current period		
- Remeasurement of defined benefit plans	(\$ 998)	\$ 851
- Foreign operations – foreign currency translation differences	(4,500)	15,737
	<u>(\$ 5,498)</u>	<u>\$ 16,588</u>

c. Current tax liabilities

	December 31, 2025	December 31, 2024
Current tax liabilities		
Income tax payable	<u>\$ 118,483</u>	<u>\$ 35,866</u>

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:
2025

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary difference				
Inventory loss (reversal of write-down of inventories)	\$ 7,717	\$ 6,223	\$ -	\$ 13,940
Defined benefit retirement plan	3,833	-	998	4,831
Unrealized exchange loss	2,399	(2,399)	-	-
Allowance for losses - accounts receivable	1,779	(1,779)	-	-
Unrealized pension expense	1,235	109	-	1,344
Impairment loss on property, plant and equipment	5,855	(1,776)	-	4,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,900	-	-	9,900
Exchange differences on translating the financial statements of foreign operations	5,769	-	4,500	10,269
Allowance for losses - contract assets	5,978	(455)	-	5,523
Provisions	<u>1,943</u>	<u>609</u>	<u>-</u>	<u>2,552</u>
	<u>\$ 46,408</u>	<u>\$ 532</u>	<u>\$ 5,498</u>	<u>\$ 52,438</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 288,328	\$ 23,219	\$ -	\$ 311,547
Changes in subsidiaries' ownership	28,482	-	-	28,482
Unrealized exchange profit	<u>5,717</u>	<u>(3,004)</u>	<u>-</u>	<u>2,713</u>
	<u>\$ 322,527</u>	<u>\$ 20,215</u>	<u>\$ -</u>	<u>\$ 342,742</u>

2024

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
<u>Deferred tax assets</u>				
Temporary difference				
Inventory loss (reversal of write-down of inventories)	\$ 8,715	(\$ 998)	\$ -	\$ 7,717
Defined benefit retirement plan	4,684	-	(851)	3,833
Unrealized exchange loss	2,218	181	-	2,399
Allowance for losses - accounts receivable	3,183	(1,404)	-	1,779
Unrealized pension expense	1,132	103	-	1,235
Impairment loss on property, plant and equipment	7,228	(1,373)	-	5,855
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,900	-	-	9,900
Exchange differences on translating the financial statements of foreign operations	\$ 21,506	\$ -	(\$ 15,737)	\$ 5,769
Allowance for losses - contract assets	5,857	121	-	5,978
Provisions	<u>1,570</u>	<u>373</u>	<u>-</u>	<u>1,943</u>
	<u>\$ 65,993</u>	<u>(\$ 2,997)</u>	<u>(\$ 16,588)</u>	<u>\$ 46,408</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 267,178	\$ 21,150	\$ -	\$ 288,328
Changes in subsidiaries' ownership	28,482	-	-	28,482
Unrealized exchange profit	<u>2,284</u>	<u>3,433</u>	<u>-</u>	<u>5,717</u>
	<u>\$ 297,944</u>	<u>\$ 24,583</u>	<u>\$ -</u>	<u>\$ 322,527</u>

e. **Income tax examination**

The filings of the Company's profit-seeking enterprise income tax up to 2023 were approved by the tax collection authority and there is no significant difference between the approved number and the filed number. The Company had no pending tax litigation as of December 31, 2025.

23. **EARNINGS PER SHARE**

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Basic EPS	<u>\$ 5.01</u>	<u>\$ 3.82</u>
Diluted EPS	<u>\$ 4.99</u>	<u>\$ 3.81</u>

EPS is computed as follows:

Net income

	For the years ended December 31	
	2025	2024
Net income	<u>\$ 729,803</u>	<u>\$ 556,426</u>
Net Income used to calculate basic earnings per share	\$ 729,803	\$ 556,426
Effects of all dilutive potential common shares:		
Subsidiaries' stock option	<u> -</u>	<u> -</u>
Net profit used to calculate diluted earnings per share	<u>\$ 729,803</u>	<u>\$ 556,426</u>

Common shares

	Unit: thousand shares	
	For the years ended December 31	
	2025	2024
Weighted average number of common shares used to calculate basic EPS	145,681	145,681
Effects of all dilutive potential common shares:		
Remuneration to employees	<u> 504</u>	<u> 317</u>
Weighted average number of common shares used to calculate diluted EPS	<u>146,185</u>	<u>145,998</u>

If the Company can choose to pay employee remuneration in shares or cash, when calculating diluted EPS, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

24. CASH FLOW INFORMATION

a. Non-cash transaction

The Company conducted the following non-cash investment activities in 2025 and 2024:

- 1) As of December 31, 2025 and 2024, the purchase price of unpaid properties, plant and equipment acquired by the Company were \$49,814 thousand and \$90,604 thousand respectively, and were accounted as other payables.
- 2) As of December 31, 2025, the Company had an uncollected balance of \$106,464 thousand from the sale of property, plant, and equipment, which is recorded under notes receivable and long-term notes receivable.

b. Reconciliation of liabilities arising from financing activities
2025

	January 1, 2025	Cash flow	Non-cash changes				December 31, 2025
			Lease addition	Lease modification	Finance costs	Others	
Short-term borrowings	\$ 50,000	\$ 357,848	\$ -	\$ -	\$ -	\$ -	\$ 407,848
Long-term borrowings	286,808	647,312	-	-	-	-	934,120
Guarantee deposits	20	-	-	-	-	-	20
Lease liabilities	<u>32,932</u>	<u>(8,355)</u>	<u>2,720</u>	<u>(2,693)</u>	<u>534</u>	<u>(534)</u>	<u>24,604</u>
	<u>\$ 369,760</u>	<u>\$ 996,805</u>	<u>\$ 2,720</u>	<u>(\$ 2,693)</u>	<u>\$ 534</u>	<u>(\$ 534)</u>	<u>\$ 1,366,592</u>

2024

	January 1, 2024	Cash flow	Non-cash changes			December 31, 2024
			Lease addition	Finance costs	Others	
Short-term borrowings	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Long-term borrowings	205,000	81,808	-	-	-	286,808
Guarantee deposits	20	-	-	-	-	20
Lease liabilities	<u>37,090</u>	<u>(7,298)</u>	<u>3,140</u>	<u>557</u>	<u>(557)</u>	<u>32,932</u>
	<u>\$ 242,110</u>	<u>\$ 124,510</u>	<u>\$ 3,140</u>	<u>\$ 557</u>	<u>(\$ 557)</u>	<u>\$ 369,760</u>

25. CAPITAL RISK MANAGEMENT

The Company conducts capital management to ensure it continues to operate, and maximizes shareholder returns with the best mix of debt and equity.

The Company's capital structure consists of net debt (i.e., borrowings minus cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings and other equity items).

The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENT

a. Fair value of financial instruments that are not measured at fair value

The management of the Company considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 1,573,463	\$ 1,104,296
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,300,425	1,275,945

Note 1: Including cash and cash equivalents, note receivable, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivable), uncollectible receivables and refundable deposits and other financial assets.

Note 2: Including financial liabilities measured at amortized cost such as short-term borrowings, accounts payable, other payables (including related parties; excluding salaries payable and bonuses, insurance premium payable, pension payable), long-term borrowings and guarantee deposit.

c. Financial risk management objectives and policies

The major financial instruments of the Company include cash and cash equivalents, receivables, payables, lease liabilities and borrowings. Among the financial instruments held by the Company, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market Risk

The main financial risks borne by the Company's operating activities are the exchange rate risk (see 1) below) and the interest rate risk (see 2) below).

(1) Foreign currency risk

The Company is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Company to be exposed to exchange rate risk. The Company regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the carrying amounts of monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 29.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of USD and JPY.

The table below details the sensitivity analysis when the exchange rate of each functional currency (NTD) of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Company to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the NTD depreciates by 1% relative to each related currency (mainly USD and JPY), the pre-tax net profit or equity will increase by a number of the same amount; when the NTD appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of USD		The impact of JPY	
	For the years ended December 31		For the years ended December 31	
	2025	2024	2025	2024
Gains or (losses)	\$ 2,643 (i)	\$ 1,359 (i)	(\$ 311)(ii)	\$ 2 (ii)

(i) Mainly from the Company's USD-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Company's sensitivity to the USD exchange rate increase in the current period, which was due to the increase in receivables denominated in USD.

(ii) Mainly from the Company's JPY-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Company's sensitivity to the JPY exchange rate increased in the current period, which was due to the increase in payables denominated in JPY.

(2) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits, notes receivable, lease liabilities and borrowings within the Company include fixed and floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Company subject to interest rate risk exposure on the balance sheet date are as follows:

	December 31, 2025	December 31, 2024
Fair value interest rate risk		
- Financial assets	\$ 106,464	\$ -
- Financial liabilities	192,452	32,932
Cash flow interest rate risk		
- Financial assets	387,633	307,346
- Financial liabilities	1,174,120	336,808

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Company to key management is a 1% increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Company's profit before tax in 2025 and 2024 will increase/decrease by \$7,865 thousand and \$295 thousand respectively, mainly due to the risk of interest rate changes arising from the interest-bearing bank deposits and bank borrowings at floating rates.

The Company's sensitivity to interest rates increased in the current period, which is due to the increase in net liabilities with floating interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Company. As of the balance sheet date, the maximum credit risk exposure of the Company that may result in financial losses due to the counterparty's failure to perform its obligations is from the carrying amount of financial assets recognized in the balance sheet.

The policy adopted by the Company is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Company rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Company. The Company continuously monitors the credit exposure and the credit rating of the

counterparty and controls the credit exposure through the counterparty's credit limit which is reviewed and approved annually by the responsible supervisor. The Company continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Company is concentrated in the top five customers (excluding subsidiaries). As of December 31, 2025 and 2024, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 73% and 43%, respectively.

3) Liquidity risk

The Company manages and maintains a sufficient position of cash and cash equivalents to support the operations and mitigate the impact of fluctuations in cash flow. The management of the Company supervises the use of the bank's financing amount and ensures compliance with the terms of the borrowing agreement.

Bank borrowings are an important source of liquidity for the Company. Please refer to the description of (2) Financing amount for the unused financing amount of the Company as of December 31, 2025 and 2024.

(1) Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Company may be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the average borrowing rate on the balance sheet date.

December 31, 2025

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing					
liabilities	\$ 373,057	\$ 552,216	\$ 33,164	\$ 20	\$ -
Floating rate					
instrument	247,702	11,462	93,201	726,624	155,032
Fixed rate instrument	168,378	-	-	-	-
Lease liabilities	586	1,172	5,276	18,484	-
	<u>\$ 789,723</u>	<u>\$ 564,850</u>	<u>\$ 131,641</u>	<u>\$ 745,128</u>	<u>\$ 155,032</u>

December 31, 2024

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing					
liabilities	\$ 282,075	\$ 547,517	\$ 109,525	\$ 20	\$ -
Floating rate					
instrument	4,631	9,264	105,904	181,445	52,861
Lease liabilities	676	1,351	6,051	24,629	1,586
	<u>\$ 287,382</u>	<u>\$ 558,132</u>	<u>\$ 221,480</u>	<u>\$ 206,094</u>	<u>\$ 54,447</u>

(2) Financing amount

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Unsecured borrowings		
- Utilized	\$ 407,848	\$ 50,000
- Unutilized	<u>912,152</u>	<u>720,000</u>
	<u>\$ 1,320,000</u>	<u>\$ 770,000</u>
Secured borrowings		
- Utilized	\$ 934,120	\$ 286,808
- Unutilized	<u>905,880</u>	<u>1,073,192</u>
	<u>\$ 1,840,000</u>	<u>\$ 1,360,000</u>

27. RELATED PARTY TRANSACTIONS

Unless disclosed in other notes, the transactions between the Company and other related parties are as follows.

a. Related party name and categories

<u>Related party name</u>	<u>Relationship</u>
GEM Services, Inc.	Subsidiary
GEM Tech Ltd., Taiwan Branch	Subsidiary
Centera Photonics Inc.	Subsidiary

b. Operating revenue

<u>Item</u>	<u>Categories/Related party</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Sales revenue	Subsidiary Centera Photonics Inc.	<u>\$ 423,399</u>	<u>\$ 462,414</u>
Other operating revenue	Subsidiary		
- Lease and other services	Centera Photonics Inc.	<u>\$ 32,710</u>	<u>\$ 33,812</u>

The Company's transaction terms for sales transactions with related parties and other service revenue are cost-plus pricing and T/T 30-90 days payment where the price is not significantly different from general sales.

c. Cost of revenue

<u>Item</u>	<u>Categories/ Related party</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Purchase	Subsidiary	<u>\$ 715</u>	<u>\$ -</u>
Manufacturing expenses - repair and maintenance expense	Subsidiary	<u>\$ 57</u>	<u>\$ 60</u>

The Company's transaction terms with related parties are monthly settlement with T/T 30 -90 days payment; the transaction prices is not significantly different from those of general transactions.

d. Contract assets

<u>Categories/Related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary		
Centera Photonics Inc.	<u>\$ 17,657</u>	<u>\$ 12,044</u>

At the end of the period, the contract performance obligations of the contract asset related parties have not stagnated for more than the average process period. In 2025 and 2024, the contract assets generated by related parties were not provisioned for losses.

e. Receivables from related parties

<u>Item</u>	<u>Categories/Related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable due from related parties	Subsidiary		
	Centera Photonics Inc.	<u>\$ 57,494</u>	<u>\$ 205,626</u>
Other receivables - related parties (Materials purchased on behalf of others)	Subsidiary		
	Centera Photonics Inc.	<u>\$ 130,060</u>	<u>\$ 237,786</u>
Other receivables - related parties (Collection and payment on behalf of others)	Subsidiary		
		<u>\$ -</u>	<u>\$ 547</u>

The outstanding receivables from related parties are not overdue, and no guarantee has been received. The amount receivable from related parties in 2025 and 2024 has not been recognized as loss provision.

f. Payables to related parties (excluding borrowings from related parties)

<u>Item</u>	<u>Related party categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other payables - related parties	Subsidiary	<u>\$ -</u>	<u>\$ 1,318</u>

The outstanding payables to related parties were unsecured.

g. Lease agreement

Assets subject to operating leases

The Company leased out the right to use the buildings and parking spaces it owns to its subsidiary, Taiwan Branch of GEM Tech Limited under an operating lease over a lease term of one year. At the end of the lease period, the lessee will not have the purchase price option to acquire the real estate. As of both December 31, 2025 and 2024, the total lease payment to be received in the future is \$115 thousand. The lease income recognized in 2025 and 2024 was \$204 thousand for both years.

h. Other related party transactions

<u>Item</u>	<u>Categories/ Related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Guarantee deposits	Subsidiary GEM Tech Ltd., Taiwan Branch	\$ <u>20</u>	\$ <u>20</u>
<u>Item</u>	<u>Categories/ Related party</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Research and development expenses - miscellaneous expenses	Subsidiary	\$ <u>108</u>	\$ <u>-</u>
Other income - other (Remuneration to directors)	Subsidiary GEM Services, Inc. Centera Photonics Inc.	\$ <u>1,525</u>	\$ <u>1,600</u>
		\$ <u>1,500</u>	\$ <u>-</u>

i. Remuneration for key managerial officers

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 70,477	\$ 51,964
Post-employment benefits	324	396
	<u>\$ 70,801</u>	<u>\$ 52,360</u>

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

28. PLEDGED ASSETS

The following assets have been provided as collateral for financing:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Self-owned land	\$ 622,948	\$ 622,948
Net amount of property and building	164,593	168,619
Net amount of machinery and equipment	<u>597,697</u>	<u>162,049</u>
	<u>\$ 1,385,238</u>	<u>\$ 953,616</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Company are as follows:

Unit: thousands of New Taiwan Dollars/ foreign currency

	December 31, 2025	December 31, 2024
Acquisition of property, plant and equipment		
JPY	\$ 81,439	\$ 1,049,634
NTD	\$ 60,490	\$ 145,215
USD	\$ 1,643	\$ 841

30. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2025

	Foreign currencies (in thousands)	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 33,342	31.4300	(USD: NTD)	\$ 1,047,952
JPY	263,134	0.2008	(JPY: NTD)	52,837
<u>Non-monetary items</u>				
Subsidiaries accounted for using the equity method				
USD	76,172	31.4300	(USD: NTD)	2,394,083
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	24,935	31.4300	(USD: NTD)	783,701
JPY	418,111	0.2008	(JPY: NTD)	83,957

December 31, 2024

	Foreign currencies (in thousands)	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 27,303	32.785	(USD: NTD)	\$ 895,145
JPY	250,863	0.2099	(JPY: NTD)	52,656
<u>Non-monetary items</u>				
Subsidiaries accounted for using the equity method				
USD	70,340	32.785	(USD: NTD)	2,306,102
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	23,160	32.785	(USD: NTD)	759,288
JPY	249,737	0.2099	(JPY: NTD)	52,420

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the years ended December 31			
	2025		2024	
<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Net exchange gains (losses)</u>	<u>Exchange rate</u>	<u>Net exchange gains (losses)</u>
USD	31.180(USD: NTD)	\$ 46,641	32.112(USD: NTD)	\$ 13,738
JPY	0.2085(JPY: NTD)	7,406	0.2121(JPY: NTD)	2,194
		<u>\$ 54,047</u>		<u>\$ 15,932</u>

31. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
 - 1) Financings provided: None
 - 2) Endorsement/guarantee provided: None
 - 3) Holding of significant securities at the end of the period (excluding investments in subsidiaries and associates): None
 - 4) Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: See Table 1 attached
 - 5) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 2 attached
- b. Information on investees (excluding information on investment in Mainland China): See Table 3 attached
- c. Information on investment in mainland China:
 - 1) Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, income (losses) of the investee and share of profits/losses of

investee for the current period, carrying amount of investee at the end of the period, repatriated investment gains and the investment limit in Mainland China. See Table 4 attached

- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 1 attached
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - (3) The amount of property transactions and the amount of the resultant gains or losses: None
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

ELITE ADVANCED LASER CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Table 1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Centera Photonics Inc.	Parent company to subsidiary	Sales	(\$ 456,109)	(24%)	Processing income and other service income: Payments are collected in net 30 to 60 days end of the month.	—	—	\$ 187,554	17%	Notes 1, 4 and 5
Centera Photonics Inc.	The Company	Subsidiary to parent company	Note 6	456,109	71%	Net 30~60 days from invoice date	—	—	(205,211)	(51%)	Notes 1 and 4
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	(1,580,566)	(59%)	Net 90 days from invoice date	—	—	360,402	55%	Notes 1 and 2
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	1,580,566	62%	"	—	—	(360,402)	(59%)	Notes 1 and 2
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	957,924	37%	"	—	—	(250,580)	(41%)	Notes 1 and 2
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(957,924)	(60%)	"	—	—	250,580	75%	Notes 1 and 2
	Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Subsidiaries to affiliates	Sales	(146,374)	(9%)	Electroplating services: monthly T/T 45 days; Lease and other services: collected on a monthly basis.	—	—	8,066	2%	Notes 2 and 3

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: The income from electroplating services is determined by the cost-plus method; the lease income is based on the contract signed according to the general market conditions; the income from other services is based on the content of the contract.

Note 4: The Company's payment term for transactions with Centera Photonics Inc. was revised to net 30 days from invoice date in April 2025.

Note 5: The current period's transactions include unrealized gains of \$911 thousand. The balance of receivables includes accounts receivable of \$57,494 thousand and other receivables of \$130,060 thousand.

Note 6: The Company recognized manufacturing expenses of \$447,702 thousand, research and development expenses of \$7,952 thousand, and acquisition of property, plant, and equipment of \$455 thousand.

ELITE ADVANCED LASER CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Table 2

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Centera Photonics Inc.	Parent company to subsidiary	Receivables \$ 205,211	1.38	\$ -	—	\$ 205,211	\$ -
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 360,402	4.22	-	—	243,106	-
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 250,580	4.06	-	—	168,545	-

Note 1: Amount recovered from January 1 to March 12, 2026.

ELITE ADVANCED LASER CORPORATION

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

(Amounts in Thousands of New Taiwan Dollars)

Table 3

Investment Company	Investee	Location	Main Business	Original Investment Amount (Note 1)			Holding of Investment at the End of the Period Balance as of December 31, 2025		Net Income (Losses) of the Investee	Share of Profits/Losses (Note 4)	Remark
				December 31, 2025	December 31, 2024	Common shares	Percentage of Ownership (Note 3)	Carrying amount (Note 3)			
The Company	Centera Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	\$ 271,562	\$ 271,562	35,303,082	54.23%	\$ 542,669	\$ 289,553	\$ 157,977	Notes 2, 6 and 7
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	2,394,083	758,645	386,882	
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,744,539	367,782	187,555	Note 2
	GEM Tech Ltd.	Samoa	Manufacture and sales of electronic parts	18,202	18,202	606,091	51%	651,575	508,471	259,302	Note 2

Note 1: The original investment amount does not include the investment amount of the investee company before the date of acquisition.

Note 2: The relevant investment profit and loss recognition are based on the financial statements of the investee company audited by accountants during the same period.

Note 3: The carrying amount held at the end of the period is based on the shareholding ratio of the Company at the end of the period.

Note 4: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of the Company.

Note 5: Please refer to Table 4 for relevant information on investment in Mainland China.

Note 6: The carrying amount of the holding at the end of the period included \$1,588 thousand in realized profit and \$911 thousand in unrealized profit from intercompany transactions.

Note 7: On June 30, 2025, Centera Photonics Inc. issued stock dividends, and the Company received 8,146,865 shares based on its shareholding in the subsidiary.

ELITE ADVANCED LASER CORPORATION
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

1. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit or loss, recognized investment gains or losses, carrying amount of the investment, and repatriated investment gains:

Investee Company in China	Main Business	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Percentage of Ownership %	Net Income (Losses) of the Investee Company	Share of Profits/Losses	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	\$ 2,168,670 (USD 69,000) (Note 4)	Reinvested by GEM Electronics Company Limited (Note 1(2))	\$ -	\$ -	\$ -	\$ -	51%	\$ 367,782	\$ 187,555 (Note 2(2) 2.)	\$ 1,744,539	\$ -
GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, factory leasing	1,951,904 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	106,485	54,303 (Note 2(2) 2.)	723,484	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	157,150 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	49,460	5,045 (Note 2(2) 1.)	65,930	-

Note 1: There are three types of investment methods, and they indicated below:

- (1) Directly conduct investment in China.
- (2) Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).
- (3) Other methods. (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: Share of Profits/Losses

- (1) It shall be indicated if it is under preparation without investment profit or loss.
- (2) The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
 1. Financial statements audited by an international accounting firm that has a cooperative relationship with an accounting firm of Republic of China.
 2. Financial statements audited by the certified accounting firm by the parent company in Taiwan.
 3. Based on the financial statements of the invested company that have not been audited by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: Part of it is reinvested with surplus funds from the third region.

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ - (USD -)	\$ -	\$ 4,693,719

Note 1: The Company originally applied for an investment case of indirectly investing USD 9,000 thousand in GEM Electronics (Shanghai) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160030 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

Note 2: The Company originally applied for an indirect investment of USD 2,750 thousand in GEM Electronics (Hefei) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160040 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

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ELITE ADVANCED LASER CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 1

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		\$ 100
Bank deposit Demand deposits	Including USD 6,658 thousand, @31.4300; JPY 153,697 thousand, @0.2008	<u>387,633</u>
		<u>\$ 387,733</u>

ELITE ADVANCED LASER CORPORATION

Statement of contract assets - current

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 2

<u>Name</u>	<u>Description</u>	<u>Amount</u>
Unrelated party		
Customer AAT	Purchases	\$ 110,661
Customer W	"	28,553
Customer AAG	"	17,904
Customer Z	"	12,675
Others (Note)	"	<u>19,623</u>
Total		189,416
Less: Loss allowances		(27,617)
Related party		
Centera Photonics Inc.	Purchases	<u>17,657</u>
		<u>\$ 179,456</u>

Note: The amount of client included in others does not exceed 5% of the account balance.

ELITE ADVANCED LASER CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 3

<u>Name</u>	<u>Description</u>	<u>Amount</u>
Unrelated party		
Customer AAT	Purchases	\$ 201,959
Customer AAS	"	43,384
Customer Z	"	37,400
Customer AAW	"	24,858
Customer AAG	"	21,975
Others (Note)	"	28,782
Less: Loss allowances		(<u>854</u>)
		357,504
Related party		
Centera Photonics Inc.	Purchases	<u>57,494</u>
		<u>\$ 414,998</u>

Note: The amount of client included in others does not exceed 5% of the account balance.

ELITE ADVANCED LASER CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 4

<u>Item</u>	<u>Cost</u>	<u>Net realizable value (Note)</u>
Raw materials	\$ 353,737	\$ 284,038
Inventory in transit	<u>9,551</u>	<u>9,551</u>
	363,288	<u>\$ 293,589</u>
Less: allowance for inventory valuation and obsolescence losses	(<u>69,699</u>)	
	<u>\$ 293,589</u>	

Note: Net realizable value is the estimated selling price under normal circumstances less the estimated cost to complete the project and the estimated cost to complete the sale. (including inventory valuation and obsolescence losses)

ELITE ADVANCED LASER CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 5

	Opening balance		Increase this year		Decrease this year		Recognized for using equity method		Ending balance			Market price or net equity value		Guarantee or pledges
	Common shares	Amount	Common shares	Amount	Common shares	Amount	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	Foreign operations - foreign currency translation differences	Common shares	Ratio of shareholding (%)	Amount	Unit price (NT\$)	Total	
	Centera Photonics Inc.	27,156,217	\$ 384,266	8,146,865	\$ 1,588 (Note 1)	-	\$ 1,162 (Note 2)	\$ 157,977	\$ -	35,303,082	54.23	\$ 542,669	15.4 (Note 4)	
GEM Services, Inc.	65,809,451	<u>2,306,102</u>	-	<u>-</u>	-	<u>276,400</u> (Note 3)	<u>386,882</u>	(<u>22,501</u>)	65,809,451	51	<u>2,394,083</u>	75.2 (Note 5)	<u>4,948,871</u>	None
		<u>\$ 2,690,368</u>		<u>\$ 1,588</u>		<u>\$ 277,562</u>	<u>\$ 544,859</u>	(<u>\$ 22,501</u>)			<u>\$ 2,936,752</u>		<u>\$ 5,492,451</u>	

Note 1: It refers to realized gains on downstream transactions of \$1,588 thousand.

Note 2: It refers to unrealized gains on downstream transactions of \$911 thousand and an adjustment of \$251 thousand to the capital surplus of the subsidiary, Centera Photonics Inc., recognized in proportion to its shareholding.

Note 3: Subsidiary GEM Services, Inc. resolved to distribute cash dividends at the shareholders' meeting on May 26, 2025. The Company received a cash dividend of \$276,400 thousand in accordance with its shareholding ratio.

Note 4: Refers to the net value per share.

Note 5: Refers to the closing price.

ELITE ADVANCED LASER CORPORATION
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 6

Item	Buildings	Office equipment	Total
Cost			
Opening balance	\$ 54,979	\$ 4,299	\$ 59,278
Increase for this period	2,720	-	2,720
Decrease for this period	(<u>10,438</u>)	<u>-</u>	(<u>10,438</u>)
Ending balance	<u>\$ 47,261</u>	<u>\$ 4,299</u>	<u>\$ 51,560</u>
Accumulated depreciation			
Opening balance	\$ 25,603	\$ 1,536	\$ 27,139
Increase for this period	7,756	666	8,422
Decrease for this period	(<u>7,799</u>)	<u>-</u>	(<u>7,799</u>)
Ending balance	<u>\$ 25,560</u>	<u>\$ 2,202</u>	<u>\$ 27,762</u>
Balance, end of year	<u>\$ 21,701</u>	<u>\$ 2,097</u>	<u>\$ 23,798</u>

ELITE ADVANCED LASER CORPORATION
STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 7

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Prepayments for equipment	Prepayments for machinery and equipment	\$ 319,839
Refundable deposits	Factory lease deposit	<u>2,316</u>
		<u>\$ 322,155</u>

ELITE ADVANCED LASER CORPORATION
STATEMENT OF CONTRACT LIABILITIES - CURRENT
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 8

<u>Name</u>	<u>Description</u>	<u>Amount</u>
Unrelated party		
Customer AAH	Purchases	\$ 9,437
Customer X	"	3,047
Customer AAS	"	2,215
Customer AAX	"	1,660
Customer AAT	"	1,091
Others (Note)	"	<u>3,094</u>
		<u>\$ 20,544</u>

Note: The amount of client included in others does not exceed 5% of the account balance.

ELITE ADVANCED LASER CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 9

<u>Name</u>	<u>Description</u>	<u>Amount</u>
Unrelated party		
Supplier AD	Purchases	\$ 57,602
Supplier AS	"	27,257
Supplier AQ	"	13,251
Supplier B	"	12,148
Supplier C	"	10,279
Others (Note)	"	<u>58,674</u>
		<u>\$ 179,211</u>

Note: The amount of client included in others does not exceed 5% of the account balance.

ELITE ADVANCED LASER CORPORATION
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 10

Item	Description	Lease period	Discount rate	Balance, end of period
Buildings	Factory buildings and office	March 1, 2020- June 30, 2030	1.87%~1.91%	\$ 23,129
Office equipment	Photocopiers	January 1, 2022- September 30, 2028	1.36%	<u>1,475</u>
Total				24,604
Less: current portion of lease liabilities				(<u>6,643</u>)
				<u>\$ 17,961</u>

ELITE ADVANCED LASER CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars,
except for the quantity)

Statement 11

Item	Quantities	Amount
Sales revenue		
Optical communication	33,662 thousand unit	\$ 1,407,385
Optical information	13,815 thousand unit	<u>323,623</u>
		1,731,008
Sales allowance		(<u>3,854</u>)
Total		1,727,154
Other operating revenue		<u>176,684</u>
Operating revenue		<u>\$ 1,903,838</u>

ELITE ADVANCED LASER CORPORATION
STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 12

Item	Amount
Raw materials used	
Balance, beginning of year (including inventory in transit)	\$ 418,048
Add: Raw material purchased	342,022
Less: Raw materials, end of year (including inventory in transit)	(363,288)
Transferred to manufacturing or operating expenses	(<u>16,442</u>)
	380,340
Direct labor	348,960
Manufacturing expenses	<u>477,439</u>
Manufacturing cost	<u>1,206,739</u>
Cost of finished goods	1,206,739
Finished goods, beginning of year	<u>8</u>
Sales cost	1,206,747
Provision of loss for market price decline and for obsolete and slow-moving inventories	39,528
Sales write-offs of provision of loss for market price decline and for obsolete and slow-moving inventories	(8,415)
Income from scraps	(<u>347</u>)
Cost of goods sold	1,237,513
Other operating costs	<u>77,354</u>
Cost of revenue	<u>\$ 1,314,867</u>

ELITE ADVANCED LASER CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 13

Item	Selling and distribution expense	General and administrative expense	Research and development expense	Expected credit impairment loss
Salary expense (Note 1)	\$ 15,399	\$ 107,388	\$ 104,701	\$ -
Depreciation expense	32	18,482	3,450	-
Insurance premium	1,074	10,825	7,916	-
Product warranties	3,046	-	-	-
Import and export fee	2,863	-	-	-
Repair and maintenance expense	32	13,579	579	-
Gain on reversal of expected credit	-	-	-	(2,634)
Others (Note 2)	8,081	57,259	24,027	-
	\$ 30,527	\$ 207,533	\$ 140,673	(\$ 2,634)

Note 1: It included wages and salaries and director remuneration.

Note 2: The amount of individual suppliers in others does not exceed 5% of the total account balance.

ELITE ADVANCED LASER CORPORATION

**SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION,
DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION**

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

Statement 14

Function Classification	For the years ended December 31					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Salary expenses	\$ 263,887	\$ 183,275	\$ 447,162	\$ 215,388	\$ 158,550	\$ 373,938
Labor and national health insurance expenses	33,523	11,047	44,570	26,436	9,282	35,718
Pension expenses	11,729	5,070	16,799	10,470	4,903	15,373
Remuneration to Directors	-	44,213	44,213	-	32,235	32,235
Other employee benefits expenses	70,862	22,234	93,096	48,559	14,393	62,952
Total employee benefits expenses	\$ 380,001	\$ 265,839	\$ 645,840	\$ 300,853	\$ 219,363	\$ 520,216
Depreciation expense	\$ 194,742	\$ 21,964	\$ 216,706	\$ 160,853	\$ 18,134	\$ 178,987
Amortization expense	\$ -	\$ 202	\$ 202	\$ -	\$ 169	\$ 169

Note:

- As of December 31, 2025 and 2024, the number of employees of the Company was 575 and 517, respectively. The number of directors who did not concurrently serve as employees were 7 and 5 where there calculation basis are identical.
- The average employee benefits expenses were \$1,059 thousand for the year. ((Total employee benefit expenses for the current year - Total directors' remuneration) / [Number of employees for the current year - Number of directors who do not serve as employees])
The average employee benefits expenses were \$953 thousand for the prior year. ((Total employee benefit expenses for the previous year - Total directors' remuneration) / [Number of employees for the previous year - Number of directors who do not serve as employees])
 - The average employees' salary expenses were \$787 thousand for the year. (Total employee salary expenses for the current year / [Number of employees for the current year - Number of directors who do not serve as employees])
The average employees' salary expenses were \$730 thousand for the prior year. (Total employee salary expenses for the previous year / [Number of employees for the previous year - Number of directors who do not serve as employees])
 - The change in the average employees' salary expenses was (8%). ([The average employee salary expense for the current year - The average employee salary expense for the previous year] / The average employee salary expense for the previous year)
 - Remuneration of supervisors; not applicable, the Company has established an Audit Committee on June 6, 2016.
 - Remuneration for independent directors: Travel allowances are paid according to the actual attendance of the Board of Directors, Remuneration Committee and Audit Committee, and the remuneration is paid based on the degree of their involvement in the Company's operation and value of contribution.
 - Amount and distribution method of directors' remuneration: The Company's directors' remuneration shall not exceed 3% based on the Articles of Association. The remuneration of directors who execute the business, the remuneration committee reviews degree of their involvement in the Company's operation and value of contribution, linkage to the reasonableness and fairness of performance risks with the remuneration received, and makes recommendations to the Board of Directors after considering the Company's operating performance and general standard in the same industries.
 - Managerial personnel and employee remuneration: The Company's remuneration policy for managerial personnel and employees includes salary, various bonuses, and employee remuneration. The salary is determined based on the evaluation of Taiwan's human resources market, standards in the

same industries, and the Company's remuneration and benefit policies; employee remuneration (including for entry-level employees) is allocated at 8% to 15% in accordance with the Articles of Association; year-end bonuses are issued based on the Company's operating performance and individual employee performance.

Correlation between business performance and employee remuneration

If the Company makes a profit in a fiscal year, 8% to 15% of the net income before tax before the distribution of employee and director remuneration in that year is deducted shall be allocated for employee remuneration and no more than 3% for director remuneration. However, if there are outstanding losses to be offset, the amount required for such offset shall be reserved in advance. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company's 2025 shareholders' meeting approved by resolution an amendment to its Articles of Incorporation. This amendment will stipulate that at least 1% of the current year's employee remuneration allocated be distributed to entry-level employees.