

Allis Electric Co., Ltd.

Parent Company Only Financial Statements
for the Years Ended December 31, 2025 and 2024
(With Auditors' Report Thereon)

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The independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

Allis Electric Co., Ltd.
Table of Contents

Contents	Page
I. Cover page	
II. Table of Contents	
III. Independent Auditors' Report	I~IV
IV. Parent Company Only Balance Sheets	1
V. Parent Company Only Statements of Comprehensive Income	2
VI. Parent Company Only Statements of Changes in Equity	3
VII. Parent Company Only Statements of Cash Flows	4~5
VIII. Notes to the Parent Company Only Financial Statements	
1. General	6
2. Approval Date and Procedures of the Financial Statements	6
3. Application of New, Amended and Revised Standards and Interpretations	6~7
4. Summary of Significant Accounting Policies	7~18
5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty	18
6. Significant Accounts Disclosures	19~46
7. Transactions with Related Parties	46~48
8. Pledged Assets	49
9. Significant Contingent Liabilities and Unrecognized Commitments	49
10. Significant Loss from Disasters	—
11. Significant Subsequent Events	—
12. Others	—
13. Additional Disclosures	
(1) Information on Significant Transactions	49、51~54
(2) Information on Investees	49、55
(3) Information on Investment in Mainland China	50、56
IX. The Contents of Statements of Major Accounting Items	57~73

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INDEPENDENT AUDITORS' REPORT

Allis Electric Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Allis Electric Ltd. as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only 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 conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Allis Electric Ltd. 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. Based on the results of our audit and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

Please refer to Note 4(16) of the parent company only financial statements for the accounting policies on revenue recognition.

Because revenue is high-risk in nature and parts of goods are customized, revenue recognition was identified as one of the key audit matters.

We obtained an understanding of and tested the design and operating effectiveness of internal controls over revenue recognition. We also performed tests of the occurrence of sales revenue for

newly added customers that are related parties with significant transactions or newly ranked among the top ten customers, and examined whether the sales counterparties were consistent with the recipients of payments and reviewed subsequent collections to assess whether any unusual matters existed.

Estimated Impairment of Accounts Receivable

Please refer to Note 4(6) of the parent company only financial statements for the accounting policies on impairment of accounts receivables and Note 5 of the parent company only financial statements for uncertainty of accounting estimation and assumptions for the estimated impairment of accounts receivable.

Because of measuring expected credit losses on accounts receivable involve significant judgments and uncertainties, the estimated impairment of accounts receivables was identified as one of the key audit matters.

We evaluated the reasonableness of allowance for impairment loss by testing the aging of accounts receivables and by quantifying the potential risk of accounts receivables that were overdue at the balance sheet date. We tested the recoverability of the accounts receivables by vouching cash receipts after the balance sheet date. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Other Matter

We did not audit the financial statements of certain investee companies as of and for the years ended December 31, 2025 and 2024, which reflected in the parent company only financial statements using the equity of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Thus, our opinion, insofar as it relates to the amounts included in Allis Electric Ltd.'s parent company only financial statements for such investee companies, is based solely on the reports of other auditors. As of December 31, 2025 and 2024, the aforementioned investment accounted for using equity method were NT\$605,419 thousand and NT\$557,501 thousand, respectively, which represented 4.66% and 5.09%, respectively, of the total assets. Allis Electric Ltd.'s share of comprehensive income or loss of such investee companies were NT\$61,605 thousand and NT\$87,639 thousand for the years ended December 31, 2025 and 2024, respectively, which represented 6.88% and 9.80%, respectively, of total comprehensive income.

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

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

In preparing the parent company only financial statements, management is responsible for assessing Allis Electric Ltd.'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 Allis Electric Ltd. 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 Allis Electric Ltd.'s financial reporting process.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those

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

The engagement partners on the audit resulting in this independent auditors' report are Yu-Ling Hung and Min-Chih Chuo.

Earnest & Co., CPAs.

Taipei, Taiwan

Republic of China

March 12, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

Allis Electric Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

		2025.12.31		2024.12.31				2025.12.31		2024.12.31			
ASSETS		Notes	Amount	%	Amount	%	LIABILITIES AND EQUITY		Notes	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
1100	Cash and cash equivalents	Note 4 and 6	\$ 1,302,459	10.04	\$ 540,688	4.94	2100	Short-term loans	Note 6	\$ 1,338,288	10.31	\$ 1,800,000	16.43
1110	Financial assets at fair value through profit or loss	Note 4 and 6	3,058	0.02	69	0.00	2120	Financial liabilities at fair value through profit or loss	Note 4 and 6	7,800	0.06	98	0.00
1120	Financial assets at fair value through other comprehensive income	Note 4 and 6	76,060	0.59	101,750	0.93	2130	Contract liabilities	Note 4	580,802	4.47	367,165	3.35
1140	Contract assets	Note 4	1,376,478	10.61	800,291	7.31	2170	Accounts payable		2,216,880	17.08	1,795,061	16.39
1150	Notes receivable, net	Note 4, 6 and 7	61,889	0.48	94,951	0.87	2180	Accounts payable to related parties	Note 7	610,822	4.71	504,777	4.61
1170	Accounts receivable, net	Note 4 and 6	4,251,658	32.76	3,588,033	32.76	2200	Other payables	Note 7	360,058	2.77	323,202	2.95
1180	Accounts receivable from related parties	Note 6 and 7	195,998	1.51	165,801	1.51	2230	Current tax liabilities	Note 4	129,089	1.00	69,929	0.64
1200	Other receivables	Note 4, 6, 7 and 8	22,876	0.17	48,448	0.44	2250	Provisions	Note 4 and 6	12,100	0.09	12,100	0.11
1220	Current tax assets	Note 4	1,447	0.01	—	—	2280	Lease liabilities	Note 4	610	0.01	596	0.01
1310	Inventories	Note 4 and 6	2,026,898	15.62	2,190,037	20.00	2320	Current portion of long-term loans	Note 6	24,378	0.19	23,830	0.22
1410	Prepayments		134,059	1.03	78,571	0.71	2399	Other current liabilities		565	0.00	600	0.01
1479	Other current assets	Note 6	101	0.00	649	0.01	21xx	Total current liabilities		5,281,392	40.69	4,897,358	44.72
11xx	Total current assets		9,452,981	72.84	7,609,288	69.48							
							NON-CURRENT LIABILITIES						
							2530	Bonds payable	Note4 and 6	1,094,676	8.44	9,690	0.09
							2540	Long-term loans	Note 6	76,552	0.59	100,931	0.92
							2570	Deferred tax liabilities	Note4 and 6	185,806	1.43	174,220	1.59
							2580	Lease liabilities	Note 4	1,755	0.01	2,365	0.02
							2645	Guarantee deposits		3,986	0.03	3,459	0.03
							25xx	Total non-current liabilities		1,362,775	10.50	290,665	2.65
							2xxx	Total liabilities		6,644,167	51.19	5,188,023	47.37
NON-CURRENT ASSETS							EQUITY						
1510	Financial assets at fair value through profit or loss	Note 4 and 6	13,500	0.10	—	—		Share capital	Note 6				
1517	Financial assets at fair value through other comprehensive income	Note 4 and 6	96,208	0.74	100,781	0.92							
1550	Investments accounted for using equity method	Note 4, 6 and 7	1,214,348	9.36	1,111,953	10.15	3110	Ordinary shares		2,731,085	21.05	2,675,437	24.43
1600	Property, plant and equipment	Note 4, 6, 7 and 8	1,550,687	11.95	1,557,852	14.23	3130	Bond conversion entitlement certificates		—	—	435	0.00
1755	Right-of-use assets	Note 4 and 6	2,369	0.02	2,987	0.03	3100	Total share capital		2,731,085	21.05	2,675,872	24.43
1760	Investment properties	Note 4, 6 and 8	345,465	2.66	347,523	3.17	3200	Capital surplus		1,113,619	8.58	985,582	9.00
1780	Intangible assets	Note 4 and 6	35,759	0.27	25,517	0.23		Retained earnings					
1840	Deferred tax assets	Note 4 and 6	34,338	0.26	26,493	0.24	3310	Legal reserve		416,508	3.21	333,094	3.04
1915	Prepayments for equipment		35,070	0.27	18,376	0.17	3320	Special reserve		448,174	3.45	448,977	4.10
1920	Refundable deposits		129,639	1.00	109,648	1.00	3350	Unappropriated earnings		1,681,647	12.96	1,362,388	12.44
1975	Net defined benefit asset	Note 4 and 6	57,933	0.45	31,526	0.29	3300	Total retained earnings		2,546,329	19.62	2,144,459	19.58
1990	Other non-current assets	Note 6	9,748	0.08	9,748	0.09	3400	Other equity		(26,289)	(0.20)	(11,378)	(0.10)
15xx	Total non-current assets		3,525,064	27.16	3,342,404	30.52	3500	Treasury Stock		(30,866)	(0.24)	(30,866)	(0.28)
							3xxx	Total equity		6,333,878	48.81	5,763,669	52.63
1xxx	TOTAL ASSETS		\$ 12,978,045	100.00	\$ 10,951,692	100.00		TOTAL LIABILITIES AND EQUITY		\$ 12,978,045	100.00	\$ 10,951,692	100.00

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

(With Earnest & Co., CPAs auditors' report dated March 12, 2026)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Notes	2025		2024	
			Amount	%	Amount	%
4000	OPERATING REVENUE	Note 4, 6 and 7	\$ 10,089,963	100.00	\$ 8,394,344	100.00
5000	OPERATING COST	Note 6 and 7	8,396,850	83.22	6,958,662	82.90
5900	GROSS PROFIT		1,693,113	16.78	1,435,682	17.10
5910	LESS: UNREALIZED GROSS PROFIT ON SALES		—	—	5,612	0.06
5920	ADD: REALIZED GROSS PROFIT ON SALES		7,939	0.07	—	—
5950	NET GROSS PROFIT		1,701,052	16.85	1,430,070	17.04
OPERATING EXPENSES						
6100	Selling and marketing expenses	Note 7	353,067	3.50	317,595	3.78
6200	General and administrative expenses	Note 7	226,204	2.24	197,719	2.36
6300	Research and development expenses	Note 7	125,520	1.24	112,312	1.34
6450	Expected credit impairment loss (gains)		11,912	0.12	(9,240)	(0.11)
6000	Total operating expenses		716,703	7.10	618,386	7.37
6900	OPERATING INCOME		984,349	9.75	811,684	9.67
NON-OPERATING INCOME AND EXPENSES						
7010	Other income	Note 6 and 7	38,929	0.39	29,834	0.35
7020	Other gains and losses	Note 6	11,673	0.12	28,909	0.34
7050	Finance costs	Note 6	(51,471)	(0.51)	(37,132)	(0.44)
7060	Share of profit of subsidiaries and associates accounted for using equity method	Note 4 and 6	114,474	1.13	131,387	1.57
7000	Total non-operating income and expenses		113,605	1.13	152,998	1.82
7900	INCOME BEFORE INCOME TAX		1,097,954	10.88	964,682	11.49
7950	INCOME TAX EXPENSE	Note 4 and 6	204,642	2.03	163,458	1.95
8200	NET INCOME		893,312	8.85	801,224	9.54
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will not be reclassified subsequently to profit or loss						
8311	Remeasurement of defined benefit plans	Note 4 and 6	19,721	0.20	27,916	0.33
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Note 4	(30,263)	(0.30)	51,802	0.62
8330	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method		8,390	0.09	4,415	0.05
8349	Income tax relating to items that will not be reclassified to profit or loss	Note 4 and 6	(3,944)	(0.04)	—	—
Items that may be reclassified subsequently to profit or loss						
8361	Exchange differences on translating foreign operation		8,231	0.08	7,253	0.09
8380	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method		93	0.00	1,221	0.01
8300	Other comprehensive income, net		2,228	0.03	92,607	1.10
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 895,540	8.88	\$ 893,831	10.64
9750	BASIC EARNINGS PER SHARE	Note 6	\$ 3.30		\$ 2.98	
9850	DILUTED EARNINGS PER SHARE	Note 6	\$ 3.23		\$ 2.94	

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 12, 2026)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings			Other Equity			
	Ordinary Shares	Bond Conversion Entitlement Certificates	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operation	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Stock	Total Equity
BALANCE, JANUARY 1, 2024	\$ 2,469,353	\$ 58,439	\$ 440,925	\$ 258,944	\$ 449,780	\$ 1,068,907	\$ (8,209)	\$ (61,296)	\$ (41,616)	\$ 4,635,227
Appropriation of the 2023 earnings										
Legal reserve appropriated	—	—	—	74,150	—	(74,150)	—	—	—	—
Cash dividends	—	—	—	—	—	(414,672)	—	—	—	(414,672)
Stock dividends	51,834	—	—	—	—	(51,834)	—	—	—	—
Net income in 2024	—	—	—	—	—	801,224	—	—	—	801,224
Other comprehensive income and loss in 2024, net of income tax	—	—	—	—	—	31,405	8,474	52,728	—	92,607
Total comprehensive income in 2024	—	—	—	—	—	832,629	8,474	52,728	—	893,831
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—
Return of donation from owners	—	—	(7)	—	—	—	—	—	—	(7)
Sale of the Company's shares held by subsidiaries	—	—	76,398	—	—	—	—	—	10,750	87,148
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	3,075	—	(3,075)	—	—
Changes in equity of subsidiaries accounted for using equity method	—	—	—	—	—	(198)	—	—	—	(198)
Cash dividends distributed to subsidiaries	—	—	3,402	—	—	—	—	—	—	3,402
Changes in ownership interests in subsidiary	—	—	329	—	—	(2,172)	—	—	—	(1,843)
Conversion of convertible bonds	—	96,246	464,535	—	—	—	—	—	—	560,781
Bond conversion entitlement certificates converted to ordinary shares	154,250	(154,250)	—	—	—	—	—	—	—	—
BALANCE, DECEMBER 31, 2024	2,675,437	435	985,582	333,094	448,977	1,362,388	265	(11,643)	(30,866)	5,763,669
Appropriation of the 2024 earnings										
Legal reserve appropriated	—	—	—	83,414	—	(83,414)	—	—	—	—
Cash dividends	—	—	—	—	—	(455,046)	—	—	—	(455,046)
Stock dividends	53,535	—	—	—	—	(53,535)	—	—	—	—
Net income in 2025	—	—	—	—	—	893,312	—	—	—	893,312
Other comprehensive income and loss in 2025, net of income tax	—	—	—	—	—	17,009	8,324	(23,105)	—	2,228
Total comprehensive income in 2025	—	—	—	—	—	910,321	8,324	(23,105)	—	895,540
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—
Equity components of convertible bonds issued by the Company	—	—	116,242	—	—	—	—	—	—	116,242
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	130	—	(130)	—	—
Changes in equity of subsidiaries accounted for using equity method	—	—	108	—	—	—	—	—	—	108
Cash dividends distributed to subsidiaries	—	—	3,729	—	—	—	—	—	—	3,729
Conversion of convertible bonds	—	1,678	7,958	—	—	—	—	—	—	9,636
Bond conversion entitlement certificates converted to ordinary shares	2,113	(2,113)	—	—	—	—	—	—	—	—
BALANCE, DECEMBER 31, 2025	\$ 2,731,085	\$ —	\$ 1,113,619	\$ 416,508	\$ 448,174	\$ 1,681,647	\$ 8,589	\$ (34,878)	\$ (30,866)	\$ 6,333,878

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 12, 2026)

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 1,097,954	\$ 964,682
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	66,677	57,812
Amortization expense	10,023	4,274
Expected credit impairment loss (gain)	11,912	(9,240)
Net gain on financial instruments at fair value through profit or loss	(8,273)	(5,052)
Interest expense	51,471	37,132
Interest income	(11,882)	(4,068)
Dividend income	(5,502)	(3,750)
Share of profit of subsidiaries and associates accounted for using equity method	(114,474)	(131,387)
Net loss on disposal of property, plant and equipment	685	42
(Realized) unrealized gross profit on sales	(7,939)	5,612
Changes in operating assets and liabilities		
Increase in contract assets	(576,187)	(349,507)
Decrease in notes receivable	33,228	115,633
Decrease in notes receivable from related parties	—	7,837
Decrease (increase) in accounts receivable	(675,703)	17,643
Decrease (increase) in accounts receivable from related parties	(30,197)	65,801
Decrease in other receivables	12,840	9,910
Decrease in inventories	163,139	294,932
Increase in prepayments	(55,488)	(4,249)
Decrease (increase) in other current assets	548	(474)
Increase in net defined benefit assets	(6,686)	—
Changes in financial instruments at fair value through profit or loss	(781)	154
Increase (decrease) in contract liabilities	213,637	(101,173)
Increase (decrease) in accounts payable	421,819	(143,530)
Increase in accounts payable to related parties	106,045	75,890
Increase (decrease) in other payables	44,166	(45,016)
Decrease in other current liabilities	(35)	(920)
Decrease in net defined benefit liabilities	—	(14,711)
Cash inflow generated from operations	740,997	844,277
Income tax paid	(147,132)	(185,210)
Net cash generated from operating activities	593,865	659,067

Allis Electric Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through profit or loss	(13,500)	—
Acquisition of financial assets at fair value through other comprehensive income	—	(13,001)
Acquisition of investments accounted for using equity method	(40,815)	—
Disposal of investments accounted for using equity method	—	930
Acquisition of property, plant and equipment	(64,262)	(129,150)
Proceeds from disposal of property, plant and equipment	53	—
Acquisition of intangible assets	(20,265)	(24,872)
Decrease (increase) in prepayments for equipment	(16,694)	4,635
Increase in refundable deposits	(19,991)	(5,435)
Decrease in other receivables	13,081	6
Interest received	11,533	4,054
Cash dividend received	86,886	87,249
Net cash flows used in investing activities	<u>(63,974)</u>	<u>(75,584)</u>
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase in short-term loans	7,486,703	9,697,184
Decrease in short-term loans	(7,948,415)	(9,537,184)
Proceeds from issuance of convertible bonds	1,200,713	—
Decrease in long-term loans	(23,831)	(23,314)
Increase in guarantee deposits	527	3
Repayment of the principal portion of lease liabilities	(596)	(1,571)
Interest paid	(28,175)	(34,245)
Cash dividends paid	(455,046)	(414,672)
Others	—	(7)
Net cash flows generated from (used in) financing activities	<u>231,880</u>	<u>(313,806)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	761,771	269,677
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>540,688</u>	<u>271,011</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 1,302,459</u></u>	<u><u>\$ 540,688</u></u>

The accompanying notes are an integral part of the parent company only financial statements.
(With Earnest & Co., CPAs auditors' report dated March 12, 2026)

Allis Electric Co., Ltd.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Allis Electric Co., Ltd. (the “Company”) was incorporated in September 1968. The Company is engaged in manufacturing and selling of switchgear, transformer, electrical products, and construction and installation of electrical equipment.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 12, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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 to IFRS 17)	January 1, 2023

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of aforementioned standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

(3) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
IFRS 19 "Subsidiaries without Public Accountability: Disclosure"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
<u>IFRS 18 "Presentation and Disclosure in Financial Statements"</u>	

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above-mentioned impacts, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the aforementioned standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of preparation

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

(3) Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(4) Classification of current and non-current assets and liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- c. Liabilities for which the Company does not have the right at the end of the reporting period to defer settlement beyond twelve months.

Assets and liabilities that are not classified as current are classified as non-current.

The Company engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

(5) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents are cash on hand, checking accounts and demand deposit, and short-term time deposits with original maturities less than one year.

(6) Financial instruments

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

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 FVTPL) are added to or deducted from 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 FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

① Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss.

② Financial assets at amortized cost

Financial assets that meet the 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 are measured at amortized cost, which equals to their gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

③ Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

At the end of each reporting period, the Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial assets, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month ECLs. If the credit risk has increased significantly since initial recognition, the Company recognizes lifetime ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c. Derecognition of financial assets

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

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. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with 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 the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

a. Subsequent measurement

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus – share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus-share premiums.

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Derivative financial instruments

The Company enters into the foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(7) Inventories

Inventories consist of raw materials, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the reporting date.

(8) Investments accounted for using equity method

Investments accounted for using equity method include investments in subsidiaries and associates.

a. Investment in subsidiaries

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

Under the equity method, investments in a subsidiary are 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 as well as the distribution received. The Company also recognizes the changes in the Company's share of equity of subsidiaries. When the Company's share of losses of an subsidiary equals or exceeds its interest in that subsidiary (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 subsidiary), the Company continues recognizing its share of further losses.

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 loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the previous carrying amount of the investments in such subsidiary. In addition, the Company accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits and losses from downstream transactions with a subsidiary are eliminated in full in the parent company only financial statements. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes the changes in the Company's share of equity of associates. When the Company's share of losses of an associate equals or exceeds its interest in that associate (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), the Company discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost acquisition, after reassessment, this is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments accounted for using equity method with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that

associate is reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

(9) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Leases

a. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases and short-term leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. 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. Lease liabilities are presented on a separate line in the parent company only balance sheets.

b. 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 income from operating leases is recognized on a straight-line basis over the terms of the lease. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

(11) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation on buildings is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(12) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(13) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and 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, with the resulting impairment loss recognized immediately in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount 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.

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(15) Provisions

Provisions are measured at the best estimate of the discounted cash flows 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.

(16) Revenue Recognition

The Company identifies the performance obligations in the contract with the

customers, allocates transaction price to each performance obligation and recognizes revenue when performance obligations are satisfied.

a. Revenue from sale of goods

Revenue from sale of goods comes from sales of transformer, switchgear, transmission and distribution apparatus and electrical equipment. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and accounts receivables are recognized concurrently. Advance receipts received before the merchandise has been transferred are recognized as a contract liability.

b. Construction contract revenue

Customers control construction contract while they are construction in progress, and thus, the Company recognizes revenue over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

(17) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements 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, unused loss carryforwards and unused tax credits to the extent 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 and interests are only recognized 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 they 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 asset 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset realized or the liability is settled, 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 assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. 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 UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated impairment of accounts receivable

The provision for impairment of account receivable is based on assumptions about risk of default and expected loss. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

As of December 31, 2025 and 2024, the carrying amounts of accounts receivable were NT\$4,447,656 thousand and NT\$3,753,834 thousand, respectively.

6. SIGNIFICANT ACCOUNTS DISCLOSURES

(1) Cash and cash equivalents

	2025.12.31	2024.12.31
Petty cash and cash on hand	\$ 840	\$ 910
Checking accounts and demand deposits	1,018,614	539,778
Cash equivalents (Time deposits with original maturities less than one year)	283,005	—
Total	<u>\$ 1,302,459</u>	<u>\$ 540,688</u>

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

	2025.12.31	2024.12.31
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL		
Redemption and put option of convertible bonds	\$ —	\$ 69
Foreign exchange forward contracts	3,058	—
Limited Partnership	13,500	—
	<u>\$ 16,558</u>	<u>\$ 69</u>
Current	<u>\$ 3,058</u>	<u>\$ 69</u>
Non-current	<u>\$ 13,500</u>	<u>\$ —</u>
<u>Financial liabilities</u>		
Financial liabilities mandatorily classified as at FVTPL		
Foreign exchange forward contracts	\$ —	\$ (98)
Redemption and put option of convertible bonds	(7,800)	—
	<u>\$ (7,800)</u>	<u>(98)</u>

a. The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, these contracts did not meet the criteria for hedge effectiveness and, therefore, were not accounted for using hedge accounting.

b. Outstanding foreign exchange forward contracts consisted of the following:

	Maturity Date	Contract Amount
<u>2025.12.31</u>		
Sell NTD / Buy USD	2026.1.30-2026.09.30	USD 3,960 /NTD 120,530
<u>2024.12.31</u>		
Sell NTD / Buy CNY	2024.10.22-2025.02.20	CNY 3,500 /NTD 15,791

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

	2025.12.31	2024.12.31
Listed shares	\$ 76,060	\$ 101,750
Unlisted shares	96,208	100,781
Total	<u>\$ 172,268</u>	<u>\$ 202,531</u>
Current	\$ 76,060	\$ 101,750
Non-current	96,208	100,781
Total	<u>\$ 172,268</u>	<u>\$ 202,531</u>

As of December 31, 2025 and 2024, FVTOCI were not pledged as collateral for bank borrowings.

(4) Notes receivable and accounts receivable

	2025.12.31	2024.12.31
Notes receivable	\$ 62,208	\$ 95,436
Less: Allowance for impairment loss	(319)	(485)
Notes receivable, net	<u>\$ 61,889</u>	<u>\$ 94,951</u>
Accounts receivable	\$ 4,353,641	\$ 3,700,703
Less : Unrealized interest income	(7,567)	(35,800)
Allowance for impairment loss	(94,416)	(76,870)
Accounts receivable, net	<u>\$ 4,251,658</u>	<u>\$ 3,588,033</u>
Accounts receivable from related parties	<u>\$ 195,998</u>	<u>\$ 165,801</u>

The Company applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all accounts receivables. The expected credit losses on accounts receivables are estimated with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

All notes receivable were not past due.

The following table details the loss allowance of accounts receivables:

2025.12.31

	Not Past Due	Past Due 0-3 Months	Past Due 3-6 Months	Past Due 6-9 Months	Past Due 9-12 Months	Past Due 1-2 Years	Past Due Over 2 Years	Total
Gross carrying amount	\$ 2,700,162	\$ 1,035,493	\$ 315,535	\$ 245,575	\$ 126,782	\$ 66,541	\$ 59,551	\$ 4,549,639
Loss allowance	(33,923)	(25,887)	(11,044)	(9,209)	(5,071)	(3,327)	(5,955)	(94,416)
Amortized cost	<u>\$ 2,666,239</u>	<u>\$ 1,009,606</u>	<u>\$ 304,491</u>	<u>\$ 236,366</u>	<u>\$ 121,711</u>	<u>\$ 63,214</u>	<u>\$ 53,596</u>	<u>\$ 4,455,223</u>

2024.12.31

	Not Past Due	Past Due 0- 3 Months	Past Due 3- 6 Months	Past Due 6- 9 Months	Past Due 9- 12 Months	Past Due 1-2 Years	Past Due Over 2 Years	Total
Gross carrying amount	\$ 2,460,793	\$ 878,524	\$ 224,362	\$ 170,041	\$ 52,294	\$ 41,795	\$ 38,695	\$ 3,866,504
Loss allowance	(4,608)	(6,785)	(1,621)	(22,551)	(8,657)	(11,294)	(21,354)	(76,870)
Amortized cost	<u>\$ 2,456,185</u>	<u>\$ 871,739</u>	<u>\$ 222,741</u>	<u>\$ 147,490</u>	<u>\$ 43,637</u>	<u>\$ 30,501</u>	<u>\$ 17,341</u>	<u>\$ 3,789,634</u>

The movements of the loss allowance of notes receivable and accounts receivables were as follows:

	2025	2024
Balance, beginning of the year	\$ 77,355	\$ 86,595
Loss allowance recognized (reversal)	11,912	(9,240)
Amounts recovered	5,868	—
Amounts written off	(400)	—
Balance, end of the year	<u>\$ 94,735</u>	<u>\$ 77,355</u>

(5) Other receivables, net

	2025.12.31	2024.12.31
Pledged time deposits	\$ 4,812	\$ 4,734
Loan receivable	7,385	20,466
Restricted deposit	8,378	9,863
Others	2,301	13,385
Other receivables, net	<u>\$ 22,876</u>	<u>\$ 48,448</u>

(6) Inventories

	2025.12.31	2024.12.31
Finished goods	\$ 434,705	\$ 329,101
Work-in-process	333,119	468,162
Raw materials	1,241,166	1,364,776
Inventory in transit	17,908	27,998
Inventories, net	<u>\$ 2,026,898</u>	<u>\$ 2,190,037</u>

For the cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024, please refer to Note 6(20).

For the years ended December 31, 2025 and 2024, write-down of inventories to net realizable value and reversal of write-down of inventories resulting from disposal of slowing-moving inventories were included in the cost of goods sold as follows:

	2025	2024
Inventory losses (reversal of write-down of inventories)	<u>\$ —</u>	<u>\$ (31)</u>

As of December 31, 2025 and 2024, inventories were not pledged as collateral for bank borrowings.

(7) Investments accounted for using equity method

Investments accounted for using equity method consisted of the following

	2025.12.31	2024.12.31
Subsidiaries	\$ 794,323	\$ 722,752
Associates	420,025	389,201
	<u>\$ 1,214,348</u>	<u>\$ 1,111,953</u>

a. Investments in subsidiaries

Subsidiaries consisted of the following:

	2025.12.31		2024.12.31	
	% of		% of	
Name of Subsidiaries	Ownership	Amount	Ownership	Amount
Air King Industrial Co., Ltd.	83.12%	\$ 169,069	83.12%	\$ 141,805
Ares Technology Co., Ltd.	100.00%	65,845	100.00%	71,400
Allis Communications Co., Ltd.	82.64%	62,508	82.64%	67,170
Yishun Investment Co., Ltd.	99.94%	190,615	99.94%	198,214
Hengyuan Allis Electric Co., Ltd.	100.00%	120,892	65.38%	75,863
AEC International S.r.l.	70.00%	47,654	70.00%	31,831
PHD Powerhouse Distributions (PTY) Ltd.	93.75%	34,507	93.75%	25,888
Allis Electric (S) Pte. Ltd.	100.00%	103,233	100.00%	110,581
Total		<u>\$ 794,323</u>		<u>\$ 722,752</u>

The aforementioned subsidiaries were not listed companies.

Please refer to Table 5 and 6 for the details of the subsidiaries.

b. Investments in associates

Associates consisted of the following:

	2025.12.31		2024.12.31	
	% of		% of	
Name of Associates	Ownership	Amount	Ownership	Amount
Nissin-Allis Electric Co., Ltd.	30.00%	\$ 321,698	30.00%	\$ 296,874
Nissin Allis Union Ion Equipment Co., Ltd.	40.00%	98,327	40.00%	92,327
AYM International Corporation	40.00%	—	40.00%	—
Intelicis Corporation	29.16%	—	29.16%	—
Total		<u>\$ 420,025</u>		<u>\$ 389,201</u>

The aforementioned associates were not listed companies and immaterial to the Company.

Aggregate information of associates that are not individually material:

	2025.12.31	2024.12.31
Equity	<u>\$ 1,326,325</u>	<u>\$ 1,230,143</u>

	2025	2024
The Company's share of :		
Net income for the year	\$ 60,281	\$ 71,197
Other comprehensive income (loss)	74	3,205
Total comprehensive income for the year	<u>\$ 60,355</u>	<u>\$ 74,402</u>

(8) Property, plant and equipment

	2025.12.31	2024.12.31
Land	\$ 657,991	\$ 657,220
Buildings	661,220	676,009
Machinery and equipment	131,846	119,504
Transportation equipment	10,619	11,937
Other equipment	89,011	93,182
Construction in progress	—	—
Total carrying amounts	<u>\$ 1,550,687</u>	<u>\$ 1,557,852</u>

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Balance at January 1, 2025	\$ 657,220	\$ 1,098,153	\$ 524,734	\$ 47,838	\$ 178,605	\$ —	\$ 2,506,550
Additions	771	10,102	36,621	1,299	8,781	—	57,574
Disposals	—	—	(63,320)	(1,648)	(1,521)	—	(66,489)
Balance at December 31, 2025	<u>\$ 657,991</u>	<u>\$ 1,108,255</u>	<u>\$ 498,035</u>	<u>\$ 47,489</u>	<u>\$ 185,865</u>	<u>\$ —</u>	<u>\$ 2,497,635</u>
Accumulated depreciation and impairment							
Balance at January 1, 2025	\$ —	\$ 422,144	\$ 405,230	\$ 35,901	\$ 85,423	\$ —	\$ 948,698
Depreciation expense	—	24,891	23,545	2,618	12,947	—	64,001
Disposals	—	—	(62,586)	(1,649)	(1,516)	—	(65,751)
Balance at December 31, 2025	<u>\$ —</u>	<u>\$ 447,035</u>	<u>\$ 366,189</u>	<u>\$ 36,870</u>	<u>\$ 96,854</u>	<u>\$ —</u>	<u>\$ 946,948</u>
Carrying amounts at December 31, 2025	<u>\$ 657,991</u>	<u>\$ 661,220</u>	<u>\$ 131,846</u>	<u>\$ 10,619</u>	<u>\$ 89,011</u>	<u>\$ —</u>	<u>\$ 1,550,687</u>

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Balance at January 1, 2024	\$ 625,181	\$ 806,599	\$ 489,261	\$ 46,830	\$ 132,988	\$ 288,024	\$ 2,388,883
Additions	32,039	5,576	42,593	1,990	46,379	(4,711)	123,866
Disposals	—	—	(7,120)	(982)	(1,406)	—	(9,508)
Internal transfer	—	282,669	—	—	644	(283,313)	—
Transfer from investment properties	—	3,309	—	—	—	—	3,309
Balance at December 31, 2024	<u>\$ 657,220</u>	<u>\$ 1,098,153</u>	<u>\$ 524,734</u>	<u>\$ 47,838</u>	<u>\$ 178,605</u>	<u>\$ —</u>	<u>\$ 2,506,550</u>

Accumulated depreciation and impairment	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Balance at January 1, 2024	\$ —	\$ 398,943	\$ 392,577	\$ 34,399	\$ 76,282	\$ —	\$ 902,201
Depreciation expense	—	21,715	19,751	2,466	10,545	—	54,477
Disposals	—	—	(7,098)	(964)	(1,404)	—	(9,466)
Transfer from investment properties	—	1,486	—	—	—	—	1,486
Balance at December 31, 2024	<u>\$ —</u>	<u>\$ 422,144</u>	<u>\$ 405,230</u>	<u>\$ 35,901</u>	<u>\$ 85,423</u>	<u>\$ —</u>	<u>\$ 948,698</u>
Carrying amounts at December 31, 2024	<u>\$ 657,220</u>	<u>\$ 676,009</u>	<u>\$ 119,504</u>	<u>\$ 11,937</u>	<u>\$ 93,182</u>	<u>\$ —</u>	<u>\$ 1,557,852</u>

- a. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	3-55 years
Machinery and equipment	3-13 years
Transportation equipment	5-13 years
Other equipment	3-13 years

- b. For the carrying amount of property, plant and equipment pledged as collateral for bank borrowings, please refer to Note 8.
- c. For the year ended December 31, 2024, capitalized interest was NT\$1,324 thousand ; capitalization rate was 1.836%.
- d. As of December 31, 2025 and 2024, the titles to farmland with carrying amounts of NT\$46,006 thousand were temporarily registered under the names of Herr-Yeh Sung and Mei-Qiu Sung, who had signed agreements and pledged the land to the Company.

(9) Right-of-use assets

	2025.12.31	2024.12.31
Buildings	\$ 2,369	\$ 2,987
Other equipment	—	—
Total carrying amounts	<u>\$ 2,369</u>	<u>\$ 2,987</u>

Cost	Buildings	Other Equipment	Total
Balance at January 1, 2025	\$ 3,399	\$ —	\$ 3,399
Additions	—	—	—
Balance at December 31, 2025	<u>\$ 3,399</u>	<u>\$ —</u>	<u>\$ 3,399</u>
Accumulated depreciation			
Balance at January 1, 2025	\$ 412	\$ —	\$ 412
Depreciation expense	618	—	618
Balance at December 31, 2025	<u>\$ 1,030</u>	<u>\$ —</u>	<u>\$ 1,030</u>
	<u>\$ 2,369</u>	<u>\$ —</u>	<u>\$ 2,369</u>

Cost	Buildings	Other Equipment	Total
Balance at January 1, 2024	\$ —	\$ 13,858	\$ 13,858
Additions	3,399	—	3,399
Decrease	—	(13,858)	(13,858)
Balance at December 31, 2024	<u>\$ 3,399</u>	<u>\$ —</u>	<u>\$ 3,399</u>
Accumulated depreciation			
Balance at January 1, 2024	\$ —	\$ 12,992	\$ 12,992
Depreciation expense	412	866	1,278
Decrease	—	(13,858)	(13,858)
Balance at December 31, 2024	<u>\$ 412</u>	<u>\$ —</u>	<u>\$ 412</u>
	<u>\$ 2,987</u>	<u>\$ —</u>	<u>\$ 2,987</u>

(10) Investment properties

	2025.12.31	2024.12.31	
Land	\$ 308,269	\$ 308,269	
Buildings	37,196	39,254	
Total carrying amounts	<u>\$ 345,465</u>	<u>\$ 347,523</u>	
Cost	Land	Buildings	Total
Balance at January 1, 2025	\$ 308,269	\$ 70,768	\$ 379,037
Additions	—	—	—
Balance at December 31, 2025	<u>\$ 308,269</u>	<u>\$ 70,768</u>	<u>\$ 379,037</u>
Accumulated depreciation			
Balance at January 1, 2025	\$ —	\$ 31,514	\$ 31,514
Depreciation expense	—	2,058	2,058
Balance at December 31, 2025	<u>\$ —</u>	<u>\$ 33,572</u>	<u>\$ 33,572</u>
Carrying amounts at December 31, 2025	<u>\$ 308,269</u>	<u>\$ 37,196</u>	<u>\$ 345,465</u>
Cost	Land	Buildings	Total
Balance at January 1, 2024	\$ 308,269	\$ 74,077	\$ 382,346
Additions	—	—	—
Transfer to property, plant, and equipment	—	(3,309)	(3,309)
Balance at December 31, 2024	<u>\$ 308,269</u>	<u>\$ 70,768</u>	<u>\$ 379,037</u>
Accumulated depreciation			
Balance at January 1, 2024	\$ —	\$ 30,943	\$ 30,943
Depreciation expense	—	2,057	2,057
Transfer to property, plant, and equipment	—	(1,486)	(1,486)
Balance at December 31, 2024	<u>\$ —</u>	<u>\$ 31,514</u>	<u>\$ 31,514</u>
Carrying amounts at December 31, 2024	<u>\$ 308,269</u>	<u>\$ 39,254</u>	<u>\$ 347,523</u>

- a. The investment properties held by the Company are depreciated on a straight-line basis over the estimated useful lives of 45 to 60 years.
- b. For the carrying amount of investment properties pledged as collateral for bank borrowings, please refer to Note 8.
- c. The fair values of the investment properties owned by the Company were NT\$ 687,988 thousand and NT\$ 734,142 thousand as of December 31, 2025 and 2024, respectively. The fair value of investment properties was measured using the comparison approach with unobservable inputs (Level 3).

(11) Intangible assets

	2025.12.31	2024.12.31
Computer software	\$ 7,598	\$ 8,500
Other intangible assets	28,161	17,017
Total carrying amounts	<u>\$ 35,759</u>	<u>\$ 25,517</u>

Cost	Computer Software	Other Intangible Assets	Total
Balance at January 1, 2025	\$ 41,702	\$ 40,445	\$ 82,147
Additions	1,569	18,696	20,265
Balance at December 31, 2025	<u>\$ 43,271</u>	<u>\$ 59,141</u>	<u>\$ 102,412</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2025	\$ 33,202	\$ 23,428	\$ 56,630
Amortization expense	2,471	7,552	10,023
Balance at December 31, 2025	<u>\$ 35,673</u>	<u>\$ 30,980</u>	<u>\$ 66,653</u>
Carrying amounts at December 31, 2025	<u>\$ 7,598</u>	<u>\$ 28,161</u>	<u>\$ 35,759</u>

Cost	Computer Software	Other Intangible Assets	Total
Balance at January 1, 2024	\$ 36,346	\$ 36,515	\$ 72,861
Additions	9,046	15,826	24,872
Decrease	(3,690)	(11,896)	(15,586)
Balance at December 31, 2024	<u>\$ 41,702</u>	<u>\$ 40,445</u>	<u>\$ 82,147</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 35,050	\$ 32,892	\$ 67,942
Amortization expense	1,842	2,432	4,274
Decrease	(3,690)	(11,896)	(15,586)
Balance at December 31, 2024	<u>\$ 33,202</u>	<u>\$ 23,428</u>	<u>\$ 56,630</u>
Carrying amounts at December 31, 2024	<u>\$ 8,500</u>	<u>\$ 17,017</u>	<u>\$ 25,517</u>

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	3-7 years
Other intangible assets	3-10 years

(12) Retirement benefit plans

a. Defined contribution plans

The Company adopted a pension plan under the R.O.C. Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. For employee benefit expenses under the defined contribution plan for the years ended December 31, 2025 and 2024, please refer to Note 6(24).

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the R.O.C. Labor Standards Law 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 pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. 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, the Company is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); 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:

	2025.12.31	2024.12.31
Present value of defined benefit obligation	\$ (379,138)	\$ (383,377)
Fair value of plan assets	437,071	414,903
Net defined benefit assets	<u>\$ 57,933</u>	<u>\$ 31,526</u>

Movements in the present value of the defined benefit obligation were as follows:

	2025	2024
Balance, beginning of year	\$ 383,377	\$ 397,528
Current service cost	148	245
Interest expense	5,674	4,339
Remeasurement		
Actuarial loss (gain) - changes in financial assumptions	2,838	(6,460)
Actuarial loss - experience adjustments	6,964	14,423
Benefits paid	(19,863)	(26,698)
Balance, end of year	<u>\$ 379,138</u>	<u>\$ 383,377</u>

Movements in the fair value of the plan assets were as follows:

	2025	2024
Balance, beginning of year	\$ 414,903	\$ 386,427
Interest income	6,260	4,300
Remeasurement		
Return on plan assets (excluding amounts included in net interest)	29,523	35,879
Contributions from employer	6,248	14,995
Benefits paid	(19,863)	(26,698)
Balance, end of year	<u>\$ 437,071</u>	<u>\$ 414,903</u>

For information on the utilization of the labor pension fund assets, including the yield of the fund and assets allocation, please refer to the website of the Bureau.

The pension costs of the defined benefit plans were recognized as follows:

	2025	2024
Current service cost	\$ 148	\$ 245
Net interest expense (income)	(586)	39
Total	<u>\$ (438)</u>	<u>\$ 284</u>

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

- ① Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. 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:

	Measurement Date	
	2025.12.31	2024.12.31
Discount rate	1.3%	1.5%
Expected rate of salary increase	1.8%	1.8%

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

	2025.12.31	2024.12.31
Discount rates		
0.1 % increase	\$ (1,426)	\$ (1,575)
0.1 % decrease	1,441	1,591
Expected rate of salary increase		
0.1 % increase	\$ 1,169	\$ 1,284
0.1 % decrease	(1,160)	(1,273)

	2025.12.31	2024.12.31
The expected contributions to the plan for the next year	\$3,360	\$14,988
The average duration of the defined benefit obligation	3.7 years	4.1years

(13) Other assets

	2025.12.31	2024.12.31
Golf club card	\$ 12,847	\$ 12,847
Others	101	649
Less: Accumulated impairment	(3,099)	(3,099)
Total	<u>\$ 9,849</u>	<u>\$ 10,397</u>
Current	\$ 101	\$ 649
Non-current	9,748	9,748
Total	<u>\$ 9,849</u>	<u>\$ 10,397</u>

(14) Short-term loans

	2025.12.31	2024.12.31
Unsecured loans	\$ 1,120,000	\$ 900,000
Secured loans	200,000	900,000
Purchase loans	18,288	—
Total	<u>\$ 1,338,288</u>	<u>\$ 1,800,000</u>
Annual interest rate	<u>1.82%~4.65%</u>	<u>1.875%~2.030%</u>

(15) Provisions

Warranty provision	2025	2024
Balance, beginning of the year	\$ 12,100	\$ 12,100
Provisions recognized	6,833	5,922
Utilized	(6,833)	(5,922)
Balance, end of the year	<u>\$ 12,100</u>	<u>\$ 12,100</u>

Provisions were estimated based on historical experience, management judgment, and any known factors that would significantly affect the warranty.

(16) Bonds payable

	2025.12.31	2024.12.31
2nd domestic unsecured convertible bonds	\$ 1,094,676	\$ —
1st domestic unsecured convertible bonds.	—	9,690
Bonds payable	<u>\$ 1,094,676</u>	<u>\$ 9,690</u>

2nd domestic unsecured convertible bonds

On January 13, 2025, the Company issued its second domestic 5-year unsecured zero-coupon convertible bonds, comprising 12,000 units with a face value of NT\$100 thousand each and a total principal amount of NT\$1,200,000 thousand. The bonds were issued at 100.5% of their face value.

Bondholders are entitled to convert bonds into the Company's ordinary shares at price per share from April 14, 2025 (three months after the issuance date) to January 13, 2030 (the maturity date), except for the period of suspension of transfer stipulated by legal order or conversion measures. The conversion price was set at NT\$ 113.2 per share, and the subsequent conversion price will be adjusted in accordance with the provisions of the issuance measures in case of ex-rights or ex-dividends in the issuance measures.

If the closing price of the Company's ordinary shares exceeds the conversion price by 30% or more for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at face value in cash during the period from April 14, 2025 (three months after the issuance date) to December 4, 2029 (40 days prior to the maturity date).

The bondholders have the right to require the Company to redeem any bonds in cash at 100.7519% of the face value on January 13, 2028 (the third anniversary of the issuance date).

The amount of the face value of the convertible bonds has to be fully paid off in cash at maturity by the Company.

The effective interest rate of the liability component was 2.305% per annum on initial recognition.

	<u>Amount</u>
Proceeds from issuance (less transaction costs)	\$ 1,200,713
Equity component (less transaction costs allocated to the equity component)	(116,242)
Redemption and put option	<u>(13,680)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component)	1,070,791
Interest charged at an effective interest	<u>23,885</u>
Liability component on December 31, 2025	<u><u>\$ 1,094,676</u></u>

1st domestic unsecured convertible bonds.

On August 17, 2023, the Company issued its first domestic 5-year unsecured zero-coupon convertible bonds, comprising 10,000 units with a face value of NT\$100 thousand each and a total principal amount of NT\$1,000,000 thousand. The bonds were issued at 100.5% of their face value.

Bondholders are entitled to convert bonds into the Company's ordinary shares at price per share from November 18, 2023 (three months after the issuance date) to August 17, 2028 (the maturity date), except for the period of suspension of transfer

stipulated by legal order or conversion measures. The conversion price was set at NT\$ 67 per share, and the subsequent conversion price will be adjusted in accordance with the provisions of the issuance measures in case of ex-rights or ex-dividends in the issuance measures.

If the closing price of the Company's ordinary shares exceeds the conversion price by 30% or more for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at face value in cash during the period from November 18, 2023 (three months after the issuance date) to July 8, 2028 (40 days prior to the maturity date).

The bondholders have the right to require the Company to redeem any bonds in cash at 100.7519% of the face value on August 17, 2026 (the third anniversary of the issuance date).

The amount of the face value of the convertible bonds has to be fully paid off in cash at maturity by the Company.

As of December 31, 2025 and 2024, the convertible bonds with face values of NT\$1,000,000 thousand and NT\$989,600 thousand, respectively, were converted to 15,636 thousand and 15,469 thousand ordinary shares.

The effective interest rate of the liability component was 1.972% per annum on initial recognition.

	Amount
Proceeds from issuance (less transaction costs)	\$ 999,615
Equity component (less transaction costs allocated to the equity component)	(83,247)
Redemption and put option	(9,400)
Liability component at the date of issue (less transaction costs allocated to the liability component)	906,968
Interest charged at an effective interest	6,382
Conversion of bonds payable to ordinary shares	(341,286)
Liability component on December 31, 2023	572,064
Interest charged at an effective interest rate	2,287
Conversion of bonds payable to ordinary shares	(564,661)
Liability component on December 31, 2024	9,690
Interest charged at an effective interest rate	33
Conversion of bonds payable to ordinary shares	(9,723)
Liability component on December 31, 2025	\$ —

(17) Long-term loans

Bank	Loan period	2025.12.31		2024.12.31	
		Interest (%)	Amount	Interest (%)	Amount
Taiwan Cooperative Bank	2022.12.30 ~2029.12.30	2.278	\$ 100,930	2.278	\$ 124,761
Less: Current portion of long-term loans			(24,378)		(23,830)
Total			\$ 76,552		\$ 100,931

(18) Equity

a. Ordinary shares

	2025.12.31	2024.12.31
Authorized share capital	\$ 3,500,000	\$ 3,500,000
Issued share capital	\$ 2,731,085	\$ 2,675,437

The par value is NT\$10 dollars.

As of December 31, 2025 and 2024, the convertible bonds with face values of NT\$1,000,000 thousand and NT\$989,600 thousand, respectively, were converted into 15,636 thousand and 15,425 thousand shares, which have been registered and recorded as ordinary shares.

The capitalization of retained earnings of NT\$53,535 thousand and issuance of 5,353 thousand shares have been approved in the stockholders' meeting on June 11, 2025. The ex-right date was September 15, 2025 and the stock issuance date was October 14, 2025.

The capitalization of retained earnings of NT\$51,834 thousand and issuance of 5,183 thousand shares have been approved in the stockholders' meeting on June 26, 2024. The ex-right date was September 15, 2024 and the stock issuance date was October 14, 2024.

b. Bond conversion entitlement certificates

	2025.12.31	2024.12.31
Bond conversion entitlement certificates	\$ —	\$ 435

As of December 31, 2024, the convertible bonds with a face value of NT\$2,700 thousand was converted to 44 thousand ordinary shares. As the registration of the changes was not completed, bond conversion entitlement certificates were recognized.

c. Capital surplus

	2025.12.31	2024.12.31
From the issuance of ordinary shares	\$ 895,962	\$ 887,138
From treasury stock transactions	98,774	95,045
From difference between consideration and carrying amount arising from actual acquisition or disposal of subsidiaries	329	329
Changes in equity of subsidiaries and associates accounted for using equity method	718	610
Equity component of convertible bonds payable	116,242	866
From donations	1,594	1,594
	<u>\$ 1,113,619</u>	<u>\$ 985,582</u>

Under Company Act, the capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary shares and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital once a year within a certain percentage of the Company's paid-in capital.

d. Retained Earnings and Dividend Policy

- ① Under the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations or in the necessary situation, and then any remaining profit together with any undistributed retained earnings shall be used for distribution of dividends and bonuses to shareholders.

The Company considers its long-term financial planning, future funding requirements, interest of shareholders as well as the amount of capital surplus, retained earnings and profit forecast when determining the stock dividends or cash dividends to be paid. However, distribution of earnings shall be made preferably by way of cash dividends. Distribution of earnings may also be made by way of stock dividend, provided that the ratio for stock dividends shall not exceed 50% of the total distribution.

- ② Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.
- ③ Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. For any subsequent reversal of the deduction in other shareholders' equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.
- ④ The appropriations of earnings for 2024 and 2023 approved in the shareholders' general meetings on June 11, 2025 and June 26, 2024, respectively.

The appropriations of 2024 and 2023 earnings were as follows:

	2024	2023
Legal reserve	\$ 83,414	\$ 74,150
Cash dividends	455,046	414,672
Stock dividends	53,535	51,834
	<u>\$ 591,995</u>	<u>\$ 540,656</u>

The appropriations of earnings for 2025 were proposed by the Company's board of directors on March 12, 2026 as follows:

	2025
Legal reserve	\$ 91,125
Cash dividends	546,217
Stock dividends	54,622
	<u>\$ 691,964</u>

The appropriations of 2025 earnings are subject to the resolution of the shareholders' meeting to be held on June 11, 2026.

e. Special reserves

	2025	2024
Balance, beginning of year	\$ 448,977	\$ 449,780
Reversal:		
Depreciation expense on investment properties	(803)	(803)
Balance, end of year	<u>\$ 448,174</u>	<u>\$ 448,977</u>

f. Treasury stock

	(In thousands of shares)
	2025.12.31
Shares held by the subsidiaries	2,239

The Company's shares held by the subsidiary, Yishun Investment Co., Ltd., are accounted for as treasury stock. As of December 31, 2025 and 2024, the book value of treasury stock was NT\$30,866 thousand; the market value of treasury stock was NT\$222,736 thousand and NT\$220,565 thousand, respectively.

The Company's shares held by subsidiaries are regarded as treasury stock with all shareholders' rights, except the rights to participate in the Company's capital increase in cash and right to vote.

(19) Operating revenue

	2025	2024
Revenue from sale of goods	\$ 7,493,826	\$ 7,023,946
Construction contract revenue	2,576,532	1,356,215
Other operating revenue	19,605	14,183
	<u>\$ 10,089,963</u>	<u>\$ 8,394,344</u>

(20) Operating cost

	2025	2024
Cost of goods sold	\$ 6,108,512	\$ 5,753,666
Construction contract cost	2,282,981	1,200,335
Technical service cost	5,357	4,661
	<u>\$ 8,396,850</u>	<u>\$ 6,958,662</u>

(21) Other income

	2025	2024
Interest income		
Bank deposits	\$ 11,065	\$ 3,394
Others	817	674
Rental income	13,845	13,440
Dividend income	5,502	3,750
Others	7,700	8,576
	<u>\$ 38,929</u>	<u>\$ 29,834</u>

(22) Other gains and losses

	2025	2024
Net foreign exchange gain	\$ 10,003	\$ 29,059
Net gain on financial instruments at fair value through profit or loss	8,273	5,052
Net loss on disposal of property, plant and equipment	(685)	(42)
Depreciation on investment properties	(2,058)	(2,057)
Other losses	(3,860)	(3,103)
	<u>\$ 11,673</u>	<u>\$ 28,909</u>

(23) Finance costs

	2025	2024
Interest on bank loans	\$ 27,447	\$ 34,740
Interest on lease liabilities	63	60
Interest on convertible bonds	23,918	2,287
Others	43	45
	<u>\$ 51,471</u>	<u>\$ 37,132</u>

(24) Additional information of expenses by nature

Net income included the following items:

	2025	2024
Depreciation and amortization expense		
Depreciation on property, plant and equipment	\$ 64,001	\$ 54,477
Depreciation on right-of-use assets	618	1,278
Depreciation on investment properties	2,058	2,057
Amortization on intangible assets	10,023	4,274
Total	<u>\$ 76,700</u>	<u>\$ 62,086</u>

Operating expenses directly related to investment properties:

	2025	2024
Direct operating expenses of investment properties that generated rental income	\$ 1,191	\$ 1,196
Direct operating expenses of investment properties that did not generate rental income	<u>5</u>	<u>5</u>
Total	<u>\$ 1,196</u>	<u>\$ 1,201</u>
Research and development costs expensed as incurred	<u>\$ 125,520</u>	<u>\$ 112,312</u>
Employee benefits expense		
Post-employment benefits (Note 6(12))		
Defined contribution plans	\$ 26,657	\$ 24,088
Defined benefit plans	<u>(438)</u>	<u>284</u>
Subtotal	26,219	24,372
Salaries and bonus expense	770,530	692,762
Insurance expense	66,591	60,252
Others	<u>38,203</u>	<u>34,991</u>
Total	<u>\$ 901,543</u>	<u>\$ 812,377</u>

According to Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 4% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Employees' compensation	\$ 46,721	\$ 41,050
Remuneration of directors	<u>23,361</u>	<u>20,525</u>
	<u>\$ 70,082</u>	<u>\$ 61,575</u>

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2024.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(25) Income taxes

a. Income tax expense recognized in profit or loss

① Major components of income tax expense :

	2025	2024
Current tax		
In respect of the current year	\$ 201,805	\$ 147,932
Adjustments for prior years	3,040	1,055
Subtotal	204,845	148,987
Deferred tax		
Origination and reversal of temporary differences	(203)	14,471
Income tax expense	\$ 204,642	\$ 163,458

② A reconciliation of accounting profit and income tax expense was as follows:

	2025	2024
Income before tax	\$ 1,097,954	\$ 964,682
Income tax expense calculated at the statutory rate (20%)	\$ 219,591	\$ 192,936
Tax effect of adjusting items:		
Nondeductible items in determining taxable income	3,594	694
Tax-exempt income	(1,165)	(750)
Investment gain	—	3,618
Origination and reversal of temporary differences	(24,166)	(46,052)
Investment tax credit	(4,688)	(6,446)
Adjustments for prior years	3,040	1,055
Additional tax on undistributed earnings	8,639	3,932
Current tax	204,845	148,987
Deferred tax		
Origination and reversal of temporary differences	(203)	14,471
Income tax expense	\$ 204,642	\$ 163,458

b. Deferred tax assets (liabilities)

The movements of deferred tax assets were as follows:

Deferred income tax assets	2025.1.1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	2025.12.31
Temporary differences				
Allowance for inventory loss	\$ 12,245	\$ —	\$ —	\$ 12,245
Unrealized exchange losses (gains)	(2,503)	1,159	—	(1,344)
Payable for annual leave	5,216	(101)	—	5,115
Loss allowance	—	9,417	—	9,417
Impairment loss	4,417	(1,000)	—	3,417
Others	7,118	(1,630)	—	5,488
	\$ 26,493	\$ 7,845	\$ —	\$ 34,338

		Recognized in	Recognized in	Recognized in
		Profit or Loss	Other Comprehensive Income	
Deferred income tax liabilities	2025.1.1			2025.12.31
Land value increment tax	\$ (174,220)	\$ —	\$ —	\$ (174,220)
Net defined benefit asset	—	(7,642)	(3,944)	(11,586)
	<u>\$ (174,220)</u>	<u>\$ (7,642)</u>	<u>\$ (3,944)</u>	<u>\$ (185,806)</u>
		Recognized in	Recognized in	
		Profit or Loss	Other Comprehensive Income	
Deferred income tax assets	2024.1.1			2024.12.31
Temporary differences				
Allowance for inventory loss	\$ 18,875	\$ (6,630)	\$ —	\$ 12,245
Unrealized exchange losses (gains)	6,669	(9,172)	—	(2,503)
Payable for annual leave	4,932	284	—	5,216
Impairment loss	5,000	(583)	—	4,417
Others	5,488	1,630	—	7,118
	<u>\$ 40,964</u>	<u>\$ (14,471)</u>	<u>\$ —</u>	<u>\$ 26,493</u>
		Recognized in	Recognized in	
		Profit or Loss	Other Comprehensive Income	
Deferred income tax liabilities	2024.1.1			2024.12.31
Land value increment tax	\$ (174,220)	\$ —	\$ —	\$ (174,220)

c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized

	2025.12.31	2024.12.31
Deductible temporary differences	<u>\$ 2,536</u>	<u>\$ 39,244</u>

d. The income tax returns of the Company through 2023 have been assessed by the tax authority.

(26) Earnings per share

	2025	2024
Basic earnings per share (NT\$)	<u>\$ 3.30</u>	<u>\$ 2.98</u>
Diluted earnings per share (NT\$)	<u>\$ 3.23</u>	<u>\$ 2.94</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	2025	2024
Net income for the year attributable to common shareholders	<u>\$ 893,312</u>	<u>\$ 801,224</u>

	2025	2024
Net income in the computation of basic earnings per share	\$ 893,312	\$ 801,224
Effects of potentially dilutive ordinary shares		
After-tax interest on convertible bonds	23,754	2,264
Valuation gain on redemption and put option of convertible bonds	(5,898)	(4,996)
Net income in the computation of diluted earnings per share	<u>\$ 911,168</u>	<u>\$ 798,492</u>

Shares

Weighted average number of ordinary shares in the computation of basic earnings per share (in thousands of shares)	270,842	268,626
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Effects of potentially dilutive ordinary shares

Convertible bonds	10,656	2,044
Employee's compensation	<u>544</u>	<u>491</u>

Weighted average number of ordinary shares in the computation of diluted earnings per share (in thousands of shares)	<u>282,042</u>	<u>271,161</u>
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Retroactive adjustments were applied to the Company's basic earnings per share for the year ended December 31, 2024.

(27) Non-cash transactions

	2025	2024
Partial cash investing activities:		
Acquisition of property, plant and equipment	\$ 57,574	\$ 123,866
Decrease in other payables	<u>6,688</u>	<u>5,284</u>
Cash paid	<u>\$ 64,262</u>	<u>\$ 129,150</u>

(28) Significant lease agreements

a. The Company as lessee

	2025	2024
Expenses relating to short-term leases	<u>\$ 37,014</u>	<u>\$ 24,354</u>
Total cash outflow for leases	<u>\$ 37,673</u>	<u>\$ 25,985</u>

b. The Company as lessor

As of December 31, 2025 and 2024, the future lease payments receivable under operating leases of investment properties were as follows:

	2025.12.31	2024.12.31
Not later than 1 year	\$ 12,776	\$ 13,554
1-2 years	9,572	12,390
2-3 years	6,891	9,483
3-4 years	1,856	6,891
4-5 years	—	1,856
Total	<u>\$ 31,095</u>	<u>\$ 44,174</u>

(29) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations to reward shareholders and take into consideration the interests of other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, or repurchase shares.

(30) Financial instruments

a. Fair value of financial instruments

- ① The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable, as described below:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - Level 3 inputs are unobservable inputs for the asset or liability.
- ② Except as detailed below, the management of the Company considers that the carrying amounts of those financial instruments that are not measured at fair value approximate their fair values or their fair values cannot be reliably measured.

2025.12.31		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
-Convertible bonds	\$1,094,676	\$ —	\$ —	\$ 1,109,640	\$ 1,109,640

2024.12.31		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
-Convertible bonds	\$ 9,690	\$ —	\$ —	\$ 9,590	\$ 9,590

③ Financial instruments that are measured at fair value

The following table presents the Company's financial instruments measured at fair value on a recurring basis:

2025.12.31				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ —	\$ 3,058	\$ —	\$ 3,058
Limited Partnership	—	—	13,500	13,500
Total	<u>\$ —</u>	<u>\$ 3,058</u>	<u>\$ 13,500</u>	<u>\$ 16,558</u>
Financial assets at FVTOCI				
Listed shares	\$ 76,060	\$ —	\$ —	\$ 76,060
Unlisted shares	—	—	96,208	96,208
Total	<u>\$ 76,060</u>	<u>\$ —</u>	<u>\$ 96,208</u>	<u>\$ 172,268</u>
Financial liabilities at FVTPL				
Redemption and put option of convertible bonds	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,800</u>	<u>\$ 7,800</u>
2024.12.31				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Redemption and put option of convertible bonds	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 69</u>	<u>\$ 69</u>
Financial assets at FVTOCI				
Listed shares	\$ 101,750	\$ —	\$ —	\$ 101,750
Unlisted shares	—	—	100,781	100,781
Total	<u>\$ 101,750</u>	<u>\$ —</u>	<u>\$ 100,781</u>	<u>\$ 202,531</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	<u>\$ —</u>	<u>\$ 98</u>	<u>\$ —</u>	<u>\$ 98</u>

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2025. For the year ended December 31, 2024, due to the listing of emerging stocks, quoted prices in active markets became available. Accordingly, the fair value of NT\$88,633 thousand was transferred from Level 2 to Level 1.

Reconciliation of Level 3 fair value measurements of financial instruments was as follows:

	Financial assets (liabilities) at FVTPL	
	2025	2024
Balance, beginning of the year	\$ 69	\$ (1,064)
Redemption and put option of convertible bonds	(13,680)	—
Convertible bonds converted into ordinary shares	(87)	(3,863)
Acquisition	13,500	—
Recognized in profit or loss	5,898	4,996
Balance, end of the year	<u>\$ 5,700</u>	<u>\$ 69</u>

	Financial assets at FVTOCI	
	2025	2024
Balance, beginning of the year	\$ 100,781	\$ 48,897
Acquisition	—	13,001
Recognized in other comprehensive income	(4,573)	38,883
Balance, end of the year	<u>\$ 96,208</u>	<u>\$ 100,781</u>

④ Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

The fair values of derivatives - foreign exchange forward contracts were determined using discounted cash flow approach. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

⑤ Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. The market approach refers to the comparable market transaction price and related information to estimate the fair value of the investment target. The significant unobservable inputs are discounted prices for the lack of marketability.

The fair value of derivatives - redemption option and put option of convertible bonds were evaluated using a binary tree convertible bond valuation model based on the share price and its volatility, conversion price, risk-free interest rate, risk discount rate and duration.

b. Categories of financial instruments

Financial assets	2025.12.31	2024.12.31
FVTPL	\$ 16,558	\$ 69
FVTOCI	172,268	202,531
Amortized cost (Note1)	5,965,966	4,547,569
Total	<u>\$ 6,154,792</u>	<u>\$ 4,750,169</u>
Financial liabilities	2025.12.31	2024.12.31
FVTPL	\$ 7,800	\$ 98
Amortized cost (Note2)	5,857,094	4,633,840
Total	<u>\$ 5,864,894</u>	<u>\$ 4,633,938</u>

Note1: The balances include cash and cash equivalents, notes and accounts receivable, other receivables, current tax assets and refundable deposits.

Note2: The balances include short-term loans, accounts payable, other payables, current tax liabilities, lease liabilities, bonds payable, long-term loans (including current portion of long-term loans) and guarantee deposits.

c. Financial risk management objectives and policies

The Company's major financial risk management goal is to manage risks that relate to operating activities. These risks include currency risk, interest rate risk, credit

risk and liquidity risk. In order to lower relevant financial risks, the Company identifies and assesses the risks and takes actions to manage uncertainty of the market with the objective to reduce the potentially adverse effects the market fluctuations may have on its financial performance.

The Company's important financial activities are reviewed by the board of directors in accordance with related regulations and internal controls. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

d. Market risk

The Company's activities exposed it primarily to the market risks of changes in foreign currency exchange rates and interest rates. The Company entered into foreign exchange forward contracts to hedge portion of foreign exchange risk.

① Foreign currency risk

The Company undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. The Company used foreign exchange forward contracts to partially offset the risk of foreign currency exposure. These foreign exchange forward contracts are intended to reduce the influence of the exchange rate fluctuations on the Company's income.

The information on assets and liabilities denominated in non-functional currency whose values would be materially affected by the exchange rate fluctuations at the end of the reporting period and sensitivity analysis were as follows (in thousands of respective foreign currencies or New Taiwan dollars):

	2025.12.31					
			Carrying Amounts	Sensitivity Analysis		
	Foreign Currencies	Exchange Rate	(NTD)	Variations	Impact on Profit (loss)	Impact on Equity
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 21,282	31.445	669,212	±10%	±66,921	±66,921
EUR	6	36.94	221	±10%	±22	±22
JPY	4,187	0.2011	842	±10%	±84	±84
SGD	948	24.49	23,208	±10%	±2,321	±2,321
RMB	255	4.5	1,149	±10%	±115	±115
AUD	4	21.06	88	±10%	±9	±9
<u>Non-monetary items</u>						
RMB	26,865	4.5	120,892	±10%	—	±12,089
ZAR	19,939	1.894	37,764	±10%	—	±3,776
EUR	1,464	36.94	54,080	±10%	—	±5,408
SGD	4,215	24.49	103,225	±10%	—	±10,323
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	12,668	31.445	398,354	±10%	∓39,835	∓39,835
EUR	271	36.94	10,021	±10%	∓1,002	∓1,002
SGD	1,238	24.49	30,322	±10%	∓3,032	∓3,032
RMB	1,200	4.5	5,401	±10%	∓540	∓540

2024.12.31

			Carrying Amounts	Sensitivity Analysis		
	Foreign Currencies	Exchange Rate	(NTD)	Variations	Impact on Profit (loss)	Impact on Equity
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 11,815	32.785	387,355	±10%	±38,736	±38,736
EUR	6	34.14	205	±10%	±21	±21
JPY	381	0.2096	80	±10%	±8	±8
SGD	546	24.14	13,180	±10%	±1,318	±1,318
RMB	99	4.484	444	±10%	±44	±44
ZAR	2,030	1.744	3,540	±10%	±354	±354
AUD	4	20.42	82	±10%	±8	±8
<u>Non-monetary items</u>						
RMB	16,919	4.484	75,865	±10%	—	±7,587
ZAR	19,101	1.744	33,312	±10%	—	±3,331
EUR	1,218	34.14	41,583	±10%	—	±4,158
SGD	4,581	24.14	110,585	±10%	—	±11,059
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,237	32.785	40,555	±10%	∓4,056	∓4,056
EUR	198	34.14	6,760	±10%	∓676	∓676
RMB	4,436	4.484	19,891	±10%	∓1,989	∓1,989

The sensitivity analysis included only outstanding foreign currency denominated items at the end of the reporting period under the assumption of a 10% change in foreign currency rates.

② Interest rate risk

The Company is exposed to interest rate risks related to floating rate short-term and long-term loans. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

For sensitivity analysis of interest rate risk, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rates had been a quarter of a percent higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would decrease/increase by NT\$3,598 thousand and NT\$4,812 thousand, respectively.

③ Other price risk

The Company is exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. All material investments should be approved by the board of directors in order to manage the equity price risk through its investments in equity securities.

If equity prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2025 would have increased /decreased by NT\$675 thousand as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$8,613 thousand and NT\$10,127 thousand,

respectively, as a result of the changes in fair value of financial assets at FVTOCI.

e. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from operating activities, primarily accounts receivables, and from investing activities, primarily bank deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures. As of the end of the reporting period, the Company's maximum credit risk exposure is equal to the carrying amount of the recognized financial assets as stated in the parent company only balance sheets.

① Business related credit risk

In order to maintain the credit quality of accounts receivable, the Company has established procedures to monitor and limit exposure to credit risk on accounts receivables. Credit evaluation is performed in the consideration of the relevant factors, such as customer's financial condition, transaction history and economic conditions. The Company grants credit to customers on the basis of the credit evaluation and collects payments in installments to reduce credit risk.

As of December 31, 2025 and 2024, the Company's ten largest customers accounted for 89.82% and 82.40% of its total accounts receivables, respectively.

② Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits, fixed-income investments and other financial instruments were evaluated and monitored by the Company's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, thus, there's no significant credit risk.

f. Liquidity risk management

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the amount of unused financing facilities were NT\$4,836,402 thousand and NT\$3,973,856 thousand, respectively.

① Liquidity risk table for non-derivative financial liabilities

The table below summarized the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2025.12.31			2024.12.31		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 Year	Total
Non-derivative financial liabilities						
Short-term loans	\$ 1,338,288	\$ —	\$ 1,338,288	\$ 1,800,000	\$ —	\$ 1,800,000
Accounts payable	2,650,938	176,764	2,827,702	2,181,060	118,778	2,299,838
Current tax liabilities	129,089	—	129,089	69,929	—	69,929
Other payables	334,040	26,018	360,058	297,909	25,293	323,202

	2025.12.31			2024.12.31		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 Year	Total
Bonds payable	—	1,200,000	1,200,000	—	10,400	10,400
Long-term loans	24,378	76,552	100,930	23,830	100,931	124,761
Lease liabilities	610	1,755	2,365	596	2,365	2,961
Guarantee deposits	529	3,457	3,986	2	3,457	3,459
	<u>\$ 4,477,872</u>	<u>\$ 1,484,546</u>	<u>\$ 5,962,418</u>	<u>\$ 4,373,326</u>	<u>\$ 261,224</u>	<u>\$ 4,634,550</u>

② Liquidity risk table for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

Derivative financial instruments	Less than 1 Year	
	2025.12.31	2024.12.31
Gross settled foreign exchange contract		
Inflows	\$ 123,588	\$ 15,693
Outflows	(120,530)	(15,791)
	<u>\$ 3,058</u>	<u>\$ (98)</u>

7. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties were disclosed below:

(1) Names and relationships of related parties

Related Party	Relationship with the Company
Air King Industrial Co., Ltd.	Subsidiary
Ares Technology Co., Ltd.	Subsidiary
Allis Communications Co., Ltd.	Subsidiary
Yishun Investment Co., Ltd.	Subsidiary
Hengyuan Allis Electric Co., Ltd.	Subsidiary
PHD Powerhouse Distributions (PTY) Ltd.	Subsidiary
AEC International S.r.l	Subsidiary
Allis Electric (S) Pte. Ltd.	Subsidiary
Nissin-Allis Electric Co., Ltd.	Associate
Nissin Allis Union Ion Equipment Co., Ltd.	Associate
Le-Min Industrial Co., Ltd.	Related party in substance
Taiwan Marine Electric Co., Ltd.	Related party in substance
Impact Power Inc.	Related party in substance
Hui-De Industrial Co., Ltd.	Related party in substance
CANTAL INTEGRANTION Pte Ltd.	Related party in substance (Ceased to be a related party since January 1, 2025.)
Herr-Yeh Sung	Key management personnel

(2) Operating revenue

Line Items	Related Parties Categories	2025	2024
Operating Revenue	Subsidiaries	\$ 217,108	\$ 236,949
	Associates	46,648	70,464
	Others	54,823	19,528
		<u>\$ 318,579</u>	<u>\$ 326,941</u>

(3) Purchase and factory overhead

Line Items	Related Parties Categories	2025	2024
Purchase and factory overhead	Subsidiaries	\$ 595,829	\$ 440,776
	Associates	248,250	227,910
	Others	119,570	100,923
		<u>\$ 963,649</u>	<u>\$ 769,609</u>

(4) Receivables from related parties

Line Items	Related Parties Categories	2025.12.31	2024.12.31
Notes receivable	Others	<u>\$ 1,916</u>	<u>\$ —</u>
Accounts receivable from related parties	Subsidiaries	\$ 113,894	\$ 156,354
	Associates	32,050	9,447
	Others	50,054	—
		<u>\$ 195,998</u>	<u>\$ 165,801</u>
Other receivables	Subsidiaries	\$ 498	\$ 1,590
	Associates	125	202
		<u>\$ 623</u>	<u>\$ 1,792</u>

The outstanding receivables from related parties are unsecured.

(5) Payable to related parties

Line Items	Related Parties Categories	2025.12.31	2024.12.31
Accounts payable to related parties	Subsidiaries	\$ 472,274	\$ 365,134
	Associates	98,531	102,988
	Others	40,017	36,655
		<u>\$ 610,822</u>	<u>\$ 504,777</u>
Other payables	Subsidiaries	\$ 466	\$ 2,604
	Associates	—	48
	Others	897	400
		<u>\$ 1,363</u>	<u>\$ 3,052</u>

(6) Others

Line Items	Related Parties Categories	2025	2024
Selling and marketing expenses	Subsidiaries	\$ 20	\$ 5,119
	Others	491	762
		<u>\$ 511</u>	<u>\$ 5,881</u>
General and administrative expenses	Subsidiaries	<u>\$ —</u>	<u>\$ 56</u>
Research and development expenses	Subsidiaries	\$ —	\$ 68
	Others	15	40
		<u>\$ 15</u>	<u>\$ 108</u>
Other income	Subsidiaries	\$ 1,433	\$ 1,763
	Associates	119	2,509
	Others	24	24
		<u>\$ 1,576</u>	<u>\$ 4,296</u>

The sales and purchase prices and payment terms to related parties were not significantly different from those to third parties. The rental collected monthly was based on those prevailing in the market.

(7) Acquisition of investments accounted for using equity method

Related Parties Categories	2025	2024
Others	<u>\$ 40,815</u>	<u>\$ —</u>

(8) Acquisition of property, plant and equipment

Line Items	Related Parties Categories	2025	2024
Property, plant and equipment	Subsidiaries	<u>\$ 407</u>	<u>\$ —</u>

(9) Compensation of key management personnel

	2025	2024
Short-term benefits	\$ 96,476	\$ 73,096
Post-employment benefits	763	817
	<u>\$ 97,239</u>	<u>\$ 73,913</u>

The compensation of key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

(10) Other

As of December 31, 2025 and 2024, farmland with carrying amounts of NT\$308 thousand was temporarily registered under the name of Herr-Yeh Sung, who had signed an agreement and pledged the land to the Company. Please refer to Note 6(8).

8. PLEDGED ASSETS

The following assets had been pledged or mortgaged as collateral for short-term and long-term loans, tender bonds provided on construction bidding or performance bonds:

	2025.12.31	2024.12.31
Pledged time deposits (accounted for as other receivables)	\$ 4,812	\$ 4,734
Property, plant and equipment, net	882,687	893,259
Investment properties, net	340,888	342,835
Total	<u>\$ 1,228,387</u>	<u>\$ 1,240,828</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2025, significant contingent liabilities and unrecognized commitments of the Company were as follows:

- (1) The guaranteed notes issued were NT\$6,501,748 thousand, including:
 - a. The guaranteed notes issued for bank loans were NT\$5,765,723 thousand.
 - b. The guaranteed notes issued as performance guarantees for sales contracts were NT\$736,025 thousand.
- (2) Information related endorsements/guarantees provided, please refer to Table 2 attached.
- (3) Unused letters of credit were USD\$3,990 thousand.

10. SIGNIFICANT LOSS FROM DISASTERS: None.

11. SIGNIFICANT SUBSEQUENT EVENTS: None.

12. OTHERS: None.

13. ADDITIONAL DISCLOSURES

- (1) Information on significant transactions:
 - a. Financing provided to others: Please refer to Table 1 attached.
 - b. Endorsements/guarantees provided: Please refer to Table 2 attached.
 - c. Significant marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please refer to Table 3 attached.
 - d. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4 attached.
 - e. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (2) Information on investees (excluding investee company in mainland China): Please refer to Table 5 attached.

(3) Information on investment in mainland China:

- a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please refer to Table 6 attached.
- b. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please refer to Note 7.

Allis Electric Co., Ltd.
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Table 1

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
	Allis Electric Co., Ltd	Zhong Mou Construction Co., Ltd.	Other receivables	No	\$ 11,185	\$ 7,385	\$ 7,385	2.50%	Short-term Financing	\$ —	Operating Capital	\$ —	None	None	\$ 633,388	\$ 1,266,776

Note 1: The total amount for lending to a company should not exceed 10% of the Company's net equity.

Note 2: The aggregate amount available for lending to others should not exceed 20% of the Company's net equity.

Allis Electric Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relation -ship (Note 1)										
0	Allis Electric Co., Ltd.	Nissin-Allis Electric Co., Ltd.	f	\$ 2,111,293 (Note 2)	\$ 184,500	\$ 184,500	\$ 29,083	—	2.91%	\$ 3,166,939 (Note 2)	—	—	—
		Ares Technology Co., Ltd.	b		\$ 125,000	\$ 60,000	\$ —	—	0.95%		Y	—	—
		Air King Industrial Co., Ltd.	b		\$ 380,400	\$ 380,400	\$ 277,885	—	6.01%		Y	—	—
1	Air King Industrial Co., Ltd.	Allis Electric Co., Ltd.	c	\$ 450,000 (Note 3)	\$ 44,371	\$ 23,101	\$ 23,101	—	10.80%	\$ 500,000 (Note 3)	—	Y	—

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

- a. A company that the Corporation has business relationship with.
- b. The Corporation owns directly or indirectly over 50% ownership of the investee company.
- c. The company that owns directly or indirectly hold over 50% ownership of the Corporation.
- d. In between companies that were held over 90% of voting shares directly or indirectly by an entity.
- e. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- f. Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- g. According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note2: The total amount of the guarantee provided by the Company to any individual entity should not exceed 1/3 of the Company's net equity. The total amount of guarantee should not exceed 1/2 of the Company's net equity.

Note 3: The total amount of the guarantee provided by Air King Industrial Co., Ltd. to the parent company and to other individual entities should not exceed NT\$450,000 thousand and NT\$50,000 thousand, respectively. The total amount of guarantee should not exceed NT\$500,000 thousand.

Allis Electric Co., Ltd. and Subsidiaries
SIGNIFICANT MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Table 3

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2025			
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value
Allis Electric Co., Ltd.	Stocks of Arch Meter Corporation	—	Financial assets at fair value through other comprehensive income-current	1,248,000	75,879	—	75,879
	Blue Magpie Ventures Fund I, L.P.	—	Financial assets at fair value through profit or loss- noncurrent	—	13,500	2.01%	13,500
	Stocks of Zhihe Low Carbon Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	1,300,000	19,916	10.00%	19,916
	Stocks of Le-Min Industrial Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income-noncurrent	1,948,072	67,793	19.68%	67,793
Yishun Investment Co., Ltd.	Stocks of Allis Electric Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	2,239,895	222,870	0.82%	222,870
	Stocks of Taiwan Semiconductor Manufacturing Company Limited	—	Financial assets at fair value through other comprehensive income-current	12,000	18,600	—	18,600
	Stocks of Watron Technology Corp.	—	Financial assets at fair value through other comprehensive income-noncurrent	822,400	20,724	15.23%	20,724
Allis Communications Company, Ltd.	Stocks of Watron Technology Corp.	—	Financial assets at fair value through other comprehensive income-noncurrent	206,400	5,201	3.82%	5,201

Allis Electric Co., Ltd.
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Table 4

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
Allis Electric Co., Ltd.	AEC International S.r.l.	Subsidiary	Sales	\$ (164,151)	(1.63%)	210 天	—	—	\$ 93,504	2.07%
	Air King Industrial Co., Ltd.	Subsidiary	Purchase	\$ 489,533	6.38%	115 天	—	—	\$ (447,105)	(15.81%)
	Nissin-Allis Electric Co., Ltd.	Associate	Purchase	\$ 248,520	3.24%	115 天	—	—	\$ (98,531)	(3.48%)
	Stocks of Le-Min Industrial Co., Ltd.	Others	Purchase	\$ 107,422	1.40%	115 天	—	—	\$ (36,686)	(1.30%)

Allis Electric Co., Ltd. and Subsidiaries
INFORMATION ON INVESTEEES (EXCLUDING INVESTEE COMPANY IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Table 5

Investor Company	Investee Company	Location	Principle Businesses Activities	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
Allis Electric Co., Ltd.	Air King Industrial Co., Ltd.	Taipei, Taiwan	Design and installation of electrical equipment	\$ 28,458	\$ 28,458	10,245,033	83.12%	\$ 169,069	\$ 62,324	\$ 52,207	—
	Nissin-Allis Electric Co., Ltd.	Taoyuan, Taiwan	Manufacturing of SF6 capacitor and GIS	90,000	90,000	9,000,000	30.00%	321,698	141,249	42,375	—
	Ares Technology Co., Ltd.	New Taipei City, Taiwan	Manufacturing of UPS	75,560	75,560	6,800,000	100.00%	65,845	(3,874)	(3,874)	—
	Allis Communications Co., Ltd.	New Taipei City, Taiwan	Manufacturing of GPS antennas	86,909	86,909	5,702,147	82.64%	62,508	(2,143)	(1,772)	—
	Yishun Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	179,900	179,900	17,990,000	99.94%	190,615	5,757	2,025	Note
	Nissin Allis Union Ion Equipment Co., Ltd.	Hsinchu, Taiwan	Manufacturing of mechanical equipment and electronic parts	30,000	30,000	4,000,000	40.00%	98,327	44,763	17,906	—
	AYM International Corporation	Guam, U.S.	Construction and sale of power and electrical equipment	5,942	5,942	2,000	40.00%	—	—	—	—
	PHD Powerhouse Distributions (PTY) Ltd.	South Africa	Selling of electrical equipment	72,542	72,542	225	93.75%	34,507	1,520	1,425	—
	AEC International S.r.l.	Italy	Selling of electrical equipment	66,444	66,444	420,000	70.00%	47,654	12,122	8,485	—
	Intelicis Corporation	Santa Clara, U.S.	Developing of radio frequency products	49,301	49,301	1,875,500	29.16%	—	—	—	—
	Allis Electric (S) Pte. Ltd.	Singapore	Selling of electrical equipment	65,353	65,353	3,000,000	100.00%	103,233	(8,660)	(8,660)	—

Note: The shares of the Company held by the subsidiary are recorded as treasury stock, and the dividends received from the Company are excluded from share of profit (loss).

Allis Electric Co., Ltd.
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6

Investee Company	Principle Businesses Activities	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Share of Profit (Loss) (Note)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Hengyuan Allis Electric Co., Ltd.	Selling of electrical equipment	USD 3,400	Direct investment	\$ 50,547 (USD1,582)	\$ —	\$ —	\$ 50,547 (USD1,582)	\$ 4,289	100.00%	\$ 4,357	\$ 120,892	\$ 26,368 (USD825)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
		Net equity * 60%
\$ 106,207 (USD3,266)	\$ 206,102(USD 6,411)	3,800,327

Note: The share of profit (loss) was recognized based on the financial statements certificated by the CPA of the parent company in Taiwan.

Allis Electric Co., Ltd.

The CONTENTS OF STATEMENTS OF IMPORTANT ACCOUNTING ITEMS

2025

Statement of cash and cash equivalents	Statement 1
Statement of financial assets at FVTOCI-current	Statement 2
Statement of notes receivable	Statement 3
Statement of accounts receivable	Statement 4
Statement of inventories	Statement 5
Statement of financial assets at FVTOCI-noncurrent	Statement 6
Statement of changes in investments accounted for using equity method	Statement 7
Statement of changes in property, plant and equipment	Note 6(8)
Statement of changes in right-of-use assets	Note 6(9)
Statement of changes in investment properties	Note 6(10)
Statement of changes in intangible assets	Note 6(11)
Statement of short-term loans	Statement 8
Statement of accounts payable	Statement 9
Statement of other payables	Statement 10
Statement of long-term loans	Statement 11
Statement of operating revenue	Statement 12
Statement of operating cost	Statement 13
Statement of selling and marketing expenses, general and administrative expenses and research and development expenses	Statement 14
Statement of other income	Note 6(21)
Statement of employee benefits expense, depreciation and amortization by function	Statement 15

Allis Electric Co., Ltd.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 1

Item	Amount
Petty cash and cash on hand	\$ 840
Cash in banks	
Checking accounts	2,109
Demand deposits	897,360
Foreign currency deposits (Note1)	119,145
Cash equivalents (Note2) (Time deposits with original maturities less than one year)	<u>283,005</u>
Total	<u><u>\$ 1,302,459</u></u>

Note1 : Including US\$3,036 thousand, EUR6 thousand, JPY4,187thousand, RMB5 thousand, SGD919 thousand and AUD4 thousand at exchange rates of US\$1=NT\$31.445, EUR1=NT\$36.94 JPY1=NT\$0.2011, CNY1= NT\$4.5, SGD1= NT\$24.49 and AUD1=NT\$21.06, respectively.

Note2 : US\$9,000 thousand at the exchange rate of US\$1=NT\$31.445.

Allis Electric Co., Ltd.
STATEMENT OF FINANCIAL ASSETS AT FVTOCI-CURRENT
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Statement 2

Financial instrument name	Shares	Par value (NT\$)	Total Amount	Cost	Fair Value		Pledge
					Unit Price (NT\$)	Total Amount	
Ordinary shares :							
Stocks of FIC Global, Inc.	1,273	10	\$ 13	\$ 30	54.40	\$ 69	Nil
Stocks of Taiwan High Speed Rail Corporation	4,000	10	40	40	28.00	112	Nil
Stocks of Arch Meter Corporation	1,248,000	10	12,480	15,773	60.80	75,879	Nil
Total			\$ 12,533	\$ 15,843		\$ 76,060	

Allis Electric Co., Ltd.
STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 3

Client Name	Amount
Land Fa Electric Co., Ltd.	\$ 3,434
TongHung Integrated Power Distribution Co., Ltd.	5,510
Li-shirn Industrial Co., Ltd.	13,328
Fu Xin Electric Co., Ltd.	7,350
Ming Yan Industrial Co., Ltd.	5,369
Yi Jia Electromechanical Engineering Co., Ltd.	10,538
Others (The amount of individual client does not exceed NT\$3,110 thousand)	<u>16,678</u>
Total	62,207
Less: Allowance for impairment loss	<u>(318)</u>
Notes receivable, net	<u><u>\$ 61,889</u></u>

Allis Electric Co., Ltd.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 4

Client Name	Amount
CTCI Corporation	\$ 274,704
TCC Chia-Chien Green Energy Corporation LTD.	340,148
Taiwan Power Company	708,242
Taiwan Power Company Transmission and Substation Engineering Department, Central District Construction Office	531,735
Taiwan Semiconductor Manufacturing Company, Ltd.	975,126
Other (The amount of individual client does not exceed NT\$217,304 thousand)	<u>1,516,119</u>
Total	4,346,074
Less: Allowance for impairment loss	<u>(94,416)</u>
Accounts receivable, net	<u><u>\$ 4,251,658</u></u>

Allis Electric Co., Ltd.
STATEMENT OF INVENTORIES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 5

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 434,705	\$ 531,200
Work in process	333,119	559,888
Raw materials	1,241,166	1,241,166
Inventory in transit	17,908	17,908
Inventories, net	<u>\$ 2,026,898</u>	<u>\$ 2,350,162</u>

Allis Electric Co., Ltd.
STATEMENT OF FINANCIAL ASSETS AT FVTOCI-NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 6

Financial instrument name	Balance, January 1, 2025		Increase in 2025		Decrease in 2025		Balance, December 31, 2025		Collateral or Pledge
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value	
Ordinary shares									
Le-Min Industrial Co., Ltd.	1,948,072	\$ 72,410	—	\$ —	—	\$ 4,617	1,948,072	\$ 67,793	Nil
Tangeng Advanced Vehicles Co., Ltd.	11,356,717	—	—	—	—	—	11,356,717	—	Nil
Leadtang Technology Co., Ltd.	1,000,000	—	—	—	—	—	1,000,000	—	Nil
ProMOS Technologies Inc.	133,366	1,090	—	6,541	—	—	133,366	7,631	Nil
Advantage International Green Energy Co., Ltd.	—	540	—	328	—	—	—	868	Nil
ChargeSmith Co., Ltd.	175,759	—	—	—	—	—	175,759	—	Nil
Zhihe Low Carbon Co., Ltd.	1,300,000	26,741	—	—	—	6,825	1,300,000	19,916	Nil
		<u>\$ 100,781</u>		<u>\$ 6,869</u>		<u>\$ 11,442</u>		<u>\$ 96,208</u>	

Allis Electric Co., Ltd.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 7

Investee Company	Balance, January 1, 2025		Increase (Decrease) in 2025		Share of Profit (Loss)	Remeasurement of defined benefit plans	Unrealized gross profit on sales	Capital Surplus	Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	Exchange differences on translating foreign operation	Balance, December 31, 2025				
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount							Shares (In Thousands)	Percentage of ownership	Amount	Share of equity	Collateral or Pledge
Air King Industrial Co., Ltd.	9,147	\$ 141,805	1,098	\$ (25,155) (Note)	\$ 52,207	\$ 212	\$ —	\$ —	\$ —	\$ —	10,245	83.12%	\$ 169,069	\$ 177,851	Nil
Nissin-Allis Electric Co., Ltd.	9,000	296,874	—	(18,000) (Note)	42,375	(20)	469	—	—	—	9,000	30.00%	321,698	324,152	Nil
Ares Technology Co., Ltd.	6,800	71,400	—	(2,720) (Note)	(3,874)	1,039	—	—	—	—	6,800	100.00%	65,845	65,845	Nil
Allis Communications Co., Ltd.	5,702	67,170	—	(2,281) (Note)	(1,772)	—	—	108	(717)	—	5,702	82.64%	62,508	62,508	Nil
Yishun Investment Co., Ltd.	17,990	198,214	—	(21,228) (Note)	2,025	—	—	3,729	7,875	—	17,990	99.94%	190,615	413,351	Nil
Nissin Allis Union Ion Equipment Co., Ltd.	4,000	92,327	—	(12,000) (Note)	17,906	1	—	—	—	93	4,000	40.00%	98,327	98,327	Nil
Hengyuan Allis Electric Co., Ltd.	—	75,863	—	40,815	4,357	—	—	—	—	(143)	—	100.00%	120,892	120,892	Nil
PHD Powerhouse Distributions (PTY) Ltd.	225	25,888	—	—	1,425	—	4,166	—	—	3,028	225	93.75%	34,507	37,764	Nil
AEC International S.r.l.	420	31,831	—	—	8,485	—	3,304	—	—	4,034	420	70.00%	47,654	54,094	Nil
Allis Electric (S) Pte. Ltd.	3,000	110,581	—	—	(8,660)	—	—	—	—	1,312	3,000	100.00%	103,233	103,233	Nil
AYM International Coporation	2	—	—	—	—	—	—	—	—	—	2	40.00%	—	—	Nil
Intelicis Corporation	1,876	—	—	—	—	—	—	—	—	—	1,876	29.16%	—	—	Nil
		<u>\$ 1,111,953</u>		<u>\$ (40,569)</u>	<u>\$ 114,474</u>	<u>\$ 1,232</u>	<u>\$ 7,939</u>	<u>\$ 3,837</u>	<u>\$ 7,158</u>	<u>\$ 8,324</u>			<u>\$ 1,214,348</u>	<u>\$ 1,458,017</u>	

Note : Cash dividends received.

Allis Electric Co., Ltd.
STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 8

Bank	Type	Amount	Period of the Contract	Range of Interest Rate	Loan Commitments	Collateral or Pledge
Mega International Commercial Bank Co., Ltd.	Purchase loans	\$ 18,288	2025/12/29~2026/1/30	4.65%	500,000	Land and buildings
	Unsecured loans	150,000	2025/11/27~2026/2/25	1.85%		Nil
Yunta Commercial Bank Co., Ltd	Unsecured loans	300,000	2025/10/27~2026/3/20	1.82%	500,000	Nil
Bank of Taiwan	Unsecured loans	120,000	2025/11/24~2026/2/13	1.85%	200,000	Nil
DBS Bank Ltd.	Unsecured loans	300,000	2025/11/21~2026/2/26	1.82%	400,000	Nil
Hua Nan Commercial Bank, Ltd.	Unsecured loans	250,000	2025/12/24~2026/3/24	1.85%		Nil
	Secured loans	200,000	2025/12/24~2026/3/24	1.85%	800,000	Land and buildings
		<u>\$ 1,338,288</u>				

Allis Electric Co., Ltd.
STATEMENT OF ACCOUNTS PAYABLES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 9

Supplier Name	Amount
HYOSUNG HEAVY INDUSTRIES CORPORATION	\$ 348,242
Others (The amount of individual client does not exceed NT\$110,844 thousand)	<u>1,868,638</u>
Total	<u><u>\$ 2,216,880</u></u>

Allis Electric Co., Ltd.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 10

Item	Descriptions	Amount
Salaries and wages payable	Salary, bonus, pension, employee and director remuneration	\$ 274,396
Others (The amount of each item does not exceed NT\$18,003 thousand)	Freight-out payable and Insurance payable, etc.	85,662
Total		<u>\$ 360,058</u>

Allis Electric Co., Ltd.
STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 11

Bank	Amount	Period of the Contract	Range of Interest Rate	Loan Commitments	Collateral or Pledge
Taiwan Cooperative Bank	\$ 100,930	2022/12/30~2029/12/30	2.278%	790,000	Land and buildings
Less: Current portion of long-term loans	(24,378)				
	<u>\$ 76,552</u>				

Allis Electric Co., Ltd.
STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 12

Item	Quantities	Unit price	Amount
Revenue from sale of goods:			
Power and electrical equipment	11,435 set @	195.04	\$ 2,230,236
Transmission and distribution apparatus	21,162 set @	50.00	1,058,087
Switchgear	16,557 set @	120.50	1,995,128
Transformer	10,401 pcs @	135.00	1,404,093
Installation			475,635
Others			347,470
			7,510,649
Less: Sales return			524
Sales allowance			16,299
			7,493,826
Net revenue from sale of goods			7,493,826
Construction contract revenue			2,576,532
Other operating revenue:			
Technical service revenue			19,605
Net operating revenue			\$ 10,089,963

Allis Electric Co., Ltd.
STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 13

Item	Amount	
	Subtotal	Total
Cost of goods sold :		
Raw materials used		\$ 8,703,722
Raw materials, beginning of year	\$ 1,364,776	
Inventory in transit, beginning of year	27,998	
Add: Raw material purchased	7,629,635	
Freight in	49,075	
Transferred from finished goods	934,285	
Less: Raw materials, end of year	1,241,166	
Inventory in transit, end of year	17,908	
Inventory shortage	3	
Raw materials sold	42,970	
Direct labor		189,033
Factory overhead		468,653
Manufacturing cost		9,361,408
Add: Work-in-process, beginning of year		468,162
Adjusted standard cost of work-in-process		21,997
Less: Work-in-process, end of year		333,119
Transferred to additional cost		2,368
Transferred to factory overhead		6,522
Transferred to research and development expenses		39,218
Cost of finished goods		9,470,340
Add: Finished goods, beginning of year		329,101
Less: Finished goods, end of year		434,705
Add: Raw materials sold		42,970
Finished goods purchased		2
Additional cost		2,368
Less: Transferred to raw materials		934,285
Transferred to construction contract cost		2,282,981
Inventory shortage		21
Adjusted standard cost of finished goods		71,821
Allocation of standard cost variance		17,503
Subtotal		6,103,465
Add: After-sale service cost		6,833
Inventory shortage		24
Less: Revenue from sale of scraps		1,810
Cost of goods sold		6,108,512
Construction contract cost		2,282,981
Technical service cost		5,357
Total		\$ 8,396,850

Allis Electric Co., Ltd.
STATEMENT OF SELLING AND MARKETING EXPENSES, GENERAL AND
ADMINISTRATIVE EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 14

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary and related expense	\$ 219,595	\$ 123,012	\$ 59,938	\$ 402,545
Travel expense	18,328	1,933	944	21,205
Freight-out	22,899	109	52	23,060
Insurance expense	28,964	11,860	4,508	45,332
Depreciation expense	—	10,622	3,294	13,916
Material expense	—	—	32,209	32,209
Experimental manufacturing expense	—	—	16,101	16,101
Others (Note)	<u>63,281</u>	<u>78,668</u>	<u>8,474</u>	<u>150,423</u>
Total	<u>\$ 353,067</u>	<u>\$ 226,204</u>	<u>\$ 125,520</u>	<u>\$ 704,791</u>

(Note) The amount of each item in others does not exceed 5% of the account balance.

Allis Electric Co., Ltd.
STATEMENT OF EMPLOYEE BENEFITS EXPENSE,
DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

Statement 15

	2025			2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Salary	\$ 383,661	\$ 356,555	\$ 740,216	\$ 347,060	\$ 318,698	\$ 665,758
Labor and health insurance	29,577	37,014	66,591	26,920	33,332	60,252
Pension	10,543	15,676	26,219	10,391	13,981	24,372
Board compensation	—	30,314	30,314	—	27,004	27,004
Others	24,503	13,700	38,203	22,465	12,526	34,991
Depreciation	50,703	13,916	64,619	40,844	14,911	55,755
Amortization	1,602	8,421	10,023	1,171	3,103	4,274

Note: 1. For the years ended December 31, 2025 and 2024, the Company had 710 and 691 monthly average number of employees, respectively, which included 6 non-employee directors for both years.

2. Average employee benefits expense for the years ended December 31, 2025 and 2024 were \$1,237 thousand and \$1,147 thousand, respectively. Average salary for the years ended December 31, 2025 and 2024 were \$1,051 thousand and \$972 thousand, respectively. The average salary decreased by 8.13% year over year.

3. The Company did not have supervisors for the years ended December 31, 2025 and 2024. Therefore, there was no compensation to the supervisor.

4. The Company's compensation and remuneration policy:

A. Remuneration to directors is paid with reference to the typical pay level. According to the Company's Articles of Incorporation, if there is profit in any given fiscal year, compensation and remuneration to directors is accrued and reviewed by the Compensation Committee and the Board of Directors. The compensation arrangement shall be reported in the shareholders' meeting. Directors who also serve as executive officers will receive compensation based on the following rules B & C.

B. The compensation and remuneration of executive officers is guided in accordance with the Company's "Rules for Distribution of Salaries and Bonus to Employees (including the executive officers)". Executives' compensation are based on individual performance, their contribution to the Company's overall performance and industry standards. It is reviewed by the Compensation Committee and consequently reward the executive officers with the approval of the Board of Directors.

- C. The compensation and remuneration of employees is based on individual competence, contribution, and performance appraisal results, which shows positive relation to the Company's overall performance. The compensation program includes base salary, bonus & profit sharing, and benefits. Base salary is determined by roles & responsibilities, current market salary standards and Company's policy. Bonus & profit sharing are in relation to individuals' contribution, achievements of departmental targets or the Company's performance. Benefits are not intended to only meet regulations and requirements but also designed to meet individuals' needs and for mutual good of all employees.