Stock Code:3563

MACHVISION INC. CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

Address: **No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C**

Telephone: **(03)563-8599**

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Independent Auditors' Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Opinion

We have audited the financial statements of Machvision Inc. Co., Ltd. (the "Company"), which comprise the statement of financial position as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters to be communicated in our report are as follows:

1. Revenue recognition

   Please refer to notes 4(n) and 6(o) for disclosures related to revenue recognition.
   Description of key audit matter:
   Revenue is the key indicator used by investors and management while evaluating the Company's finance or operating performance. The accuracy of the timing and amount of revenue recognition have significant impact on the financial statements. Therefore, we consider it as one of our key audit matters.

   How the matter was addressed in our audit：
   Understanding and testing the effectiveness of the design of, and implementing the internal control of sales and collecting cycles; reviewing the revenue recognition of significant sales contracts to determine whether the key judgment, estimation, and accounting treatment are reasonable; understanding the type of products and the sales of machinery equipment of the top 10 customers; calculating the turnover days of sales and accounts receivable to ensure whether clients' credit terms are in accordance with the ratios, and analyzing the changes in the top 10 customers from the most recent period and prior year to determine if there were any abnormalities; selecting sales transaction from a certain period of time before and after the last shipping date, and verifying them with the vouchers to determine the accuracy of the timing whether there are any abnormalities; as well as understanding whether there is a significant subsequent sales returns.

2. Impairment of accounts receivable (including long-term receivables)

   Please refer to notes 4(f), 5 and 6(c) for disclosures related to impairment of trade receivables.

   Description of key audit matter:
   The notes, accounts and long-term accounts receivable constituted 24% of total assets of the Company as of December 31, 2025, and the impairment of notes, accounts and long-term accounts receivable depends on the evaluation of the management based on the evidence of internal and external factors, both subjective and objective. Therefore, we consider them as one of our key audit matters.

   How the matter was addressed in our audit：
   Testing the effectiveness of control points relating to cash collection; obtaining the list of accounts receivable balance to send confirmations for selected samples; acquiring the Company’ s computation of impairment loss rate to review its appropriateness; deriving the aging analysis of accounts receivables to verify the accuracy of aging periods by examining relevant documents of selected receivables; reviewing whether the recognition of provision for the impairment loss is based on the impairment loss rate; and evaluating whether the recognition of impairment on accounts receivable made by the management is reasonable.

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

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

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

Those charged with governance (including audit committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Wu, Chung Shun and Chang, Chun I.

KPMG

Taipei, Taiwan (Republic of China)
February 10, 2026

MACHVISION INC. CO., LTD.

Parent Company Only Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
Current assets:				
Cash and cash equivalents (note 6(a))	$ 665,670	10	469,888	8
Financial assets at amortized cost – current(note 6(b))	3,021,058	45	2,895,487	51
Notes receivable (notes 6(c) and (o))	16	-	-	-
Accounts receivable, net (notes 6(c) and (o))	872,884	13	514,660	9
Accounts receivable-related parties (notes 6(c), (o) and 7)	503,769	8	146,511	3
Other receivables	3,927	-	9,461	-
Other receivables-related parties(notes 7)	11,032	-	22,794	-
Current income tax assets	1,343	-	-	-
Inventories (note 6(d))	250,007	4	269,287	5
Prepayments (notes 7)	37,591	1	10,694	-
Other current assets	10,998	-	5,746	-
Total current assets	5,378,295	81	4,344,528	76
Non-current assets:				
Financial assets at fair value through profit or loss—non-current (note 6(f))	-	-	9,644	-
Non-current financial assets at amortized cost (note 6(b))	156,298	2	56,578	1
Investments accounted for under equity method (note 6(e))	668,618	10	587,204	10
Property, plant and equipment (note 6(g))	193,130	3	214,478	4
Right-of-use assets (note 6(h))	66,066	1	81,146	2
Deferred income tax assets (note 6(l))	31,629	-	40,689	1
Refundable deposits	6,078	-	5,988	-
Long-term receivables (notes 6(c) and (o))	146,369	2	161,802	3
Long-term receivable-related parties (notes 6(c)、(o) and 7）	55,007	1	186,949	3
Other non-current assets (notes 8)	6,053	-	8,200	-
Total non-current assets	1,329,248	19	1,352,678	24
Total assets	**$ 6,707,543**	**100**	**5,697,206**	**100**

Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
Current liabilities:				
Current contract liabilities (note 6(o) and 7)	$ 78,569	1	37,511	1
Notes payable	-	-	36	-
Accounts payable	227,460	4	232,978	4
Accounts payable-related parties (note 7)	32,811	1	18,555	-
Other payables (note 6(p))	345,904	5	190,754	3
Other payables-related parties (note 7)	77,077	1	77,466	2
Current tax liabilities	142,700	2	3,327	-
Provisions — current (note 6(j))	18,655	-	8,250	-
Current lease liabilities (note 6(i))	7,793	-	7,896	-
Other current liabilities	1,384	-	7,045	-
Total current liabilities	932,353	14	583,818	10
Non-Current liabilities:				
Deferred tax liabilities (note 6(l))	22,505	-	12,649	-
Non-current lease liabilities (note 6(i))	61,056	1	76,472	2
Long-term deferred income	3,146	-	3,505	-
Net defined benefit liabilities (note 6(k))	11,726	-	9,615	-
Total non-current liabilities	98,433	1	102,241	2
Total liabilities	1,030,786	15	686,059	12
Equity(notes 6(e) and (m)):				
Common stock	639,608	10	581,462	10
Capital surplus:				
Additional paid-in capital	1,831,789	27	1,948,081	34
Changes in ownership interests in subsidiaries	183	-	-	-
Changes in net assets of associates accounted for using equity method	3,506	-	-	-
Other capital surplus	72	-	47	-
	1,835,550	27	1,948,128	34
Retained earnings:				
Legal reserve	732,964	11	657,965	12
Special reserve	22,460	-	1,317	-
Unappropriated retained earnings	2,442,328	37	1,820,675	32
	3,197,752	48	2,479,957	44
Other equity interest:				
Foreign currency translation differences for foreign operations	5,189	-	1,310	-
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(1,342)	-	290	-
	3,847	-	1,600	-
Total equity	5,676,757	85	5,011,147	88
Total liabilities and equity	**$ 6,707,543**	**100**	**5,697,206**	**100**

See accompanying notes to parent company only financial statements.

MACHVISION INC. CO., LTD.
Parent Company Only Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars , Except Earnings Per Common Share)

	2025		2024	
	Amount	%	Amount	%
Operating revenue (note 6(o) and 7)	$ 2,954,128	100	1,323,878	100
Operating costs (notes 6(d), (g), (h), (i),(j),(k),(p)and 7)	1,228,474	42	630,257	48
Gross profit	1,725,654	58	693,621	52
Decrease: unrealized sales benefits	(6,905)	-	(1,672)	-
Gross profit from operations	1,732,559	58	695,293	52
Operating expenses (notes 6(c), (g), (h) ,(i), (k),(p)and 7):				
Selling expenses	220,026	8	107,582	8
Administrative expenses	132,039	4	96,366	7
Research and development expenses	357,003	12	229,287	17
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(50,252)	(2)	46,913	4
Total operating expenses	658,816	22	480,148	36
Net operating income	1,073,743	36	215,145	16
Non-operating income and expenses (note 6(e), (i) , (q) and 7)):				
Interest income	57,266	2	58,558	5
Other income	18,901	1	18,678	1
Other gains and losses	(7,033)	-	65,083	5
Financial costs	(1,050)	-	(1,252)	-
Share of gain of subsidiaries and associates accounted for under equity method	68,042	2	25,622	2
Total non-operating income and expenses	136,126	5	166,689	13
Net income before tax	1,209,869	41	381,834	29
Less: Income tax expenses (note 6(l))	199,124	7	61,023	5
Net income	1,010,745	34	320,811	24
Other comprehensive income (loss) (note 6(e), (k) and (l)):				
Items that will not be reclassified subsequently to profit or loss:				
Losses on remeasurements of defined benefit plans	(2,219)	-	(1,290)	-
Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,632)	-	290	-
Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	(3,851)	-	(1,000)	-
Items that will be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	4,921	-	9,699	1
Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(21)	-	(464)	-
Less: income tax related to items that will be reclassified to profit or loss	1,021	-	1,940	-
Total items that will be reclassified subsequently to profit or loss	3,879	-	7,295	1
Other comprehensive income (loss), net of tax	28	-	6,295	1
Total comprehensive income	$ 1,010,773	34	327,106	25
Earnings per share (note 6(n)):				
Basic earnings per share (in New Taiwan dollars)	$	15.80		5.02
Diluted earnings per share (in New Taiwan dollars)	$	15.74		5.01

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MACHVISION INC. CO., LTD.

Parent Company Only Statements of Changes in Equity

(In Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2024	$ 581,462	2,006,263	635,881	7,076	1,866,356	2,509,313	(5,985)	-	(5,985)	5,091,053
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	22,084	-	(22,084)	-	-	-	-	-
Special reserve reversal	-	-	-	(5,759)	5,759	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(348,877)	(348,877)	-	-	-	(348,877)
Cash dividends from capital surplus	-	(58,146)	-	-	-	-	-	-	-	(58,146)
Other changes in capital surplus	-	11	-	-	-	-	-	-	-	11
Net income	-	-	-	-	320,811	320,811	-	-	-	320,811
Other comprehensive income	-	-	-	-	(1,290)	(1,290)	7,295	290	7,585	6,295
Total comprehensive income	-	-	-	-	319,521	319,521	7,295	290	7,585	327,106
Balance at December 31, 2024	581,462	1,948,128	657,965	1,317	1,820,675	2,479,957	1,310	290	1,600	5,011,147
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	74,999	-	(74,999)	-	-	-	-	-
Special reserve appropriated	-	-	-	21,143	(21,143)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(232,585)	(232,585)	-	-	-	(232,585)
Stock dividends of ordinary share	58,146	-	-	-	(58,146)	(58,146)	-	-	-	-
Changes in net assets of associates accounted for using equity method	-	3,506	-	-	-	-	-	-	-	3,506
Cash dividends from capital surplus	-	(116,292)	-	-	-	-	-	-	-	(116,292)
Other changes in capital surplus	-	25	-	-	-	-	-	-	-	25
Net income	-	-	-	-	1,010,745	1,010,745	-	-	-	1,010,745
Other comprehensive income	-	-	-	-	(2,219)	(2,219)	3,879	(1,632)	2,247	28
Total comprehensive income	-	-	-	-	1,008,526	1,008,526	3,879	(1,632)	2,247	1,010,773
Changes in non-controlling interests	-	183	-	-	-	-	-	-	-	183
Balance at December 31, 2025	**$ 639,608**	**1,835,550**	**732,964**	**22,460**	**2,442,328**	**3,197,752**	**5,189**	**(1,342)**	**3,847**	**5,676,757**

See accompanying notes to parent company only financial statements.

MACHVISION INC. CO., LTD.

Parent Company Only Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Net income before tax	$ 1,209,869	381,834
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	25,920	29,619
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(50,252)	46,913
Gains on financial assets at fair value through profit or loss	(18,559)	-
Interest expense	1,050	1,252
Interest income	(57,266)	(58,558)
Share of profit of subsidiaries for using equity method	(68,042)	(25,622)
Loss on disposal of investments	1,901	4,638
Unrealized sales benefits	(6,905)	(1,672)
Lease modification gains	(888)	(12)
Total adjustments to reconcile profit	(173,041)	(3,442)
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	(16)	772
Accounts receivable(including long-term)	(292,156)	(119,929)
Accounts receivable-related parties(including long-term)	(225,316)	87,142
Other receivables	3,472	100
Other receivables-related parties	11,762	22,662
Inventories	19,280	(29,227)
Prepayments	(26,897)	1,132
Other current assets	(5,252)	(3,581)
Total changes in operating assets, net	(515,123)	(40,929)
Net changes in operating liabilities:		
Contract liabilities	41,058	30,092
Notes payable	(36)	(42)
Accounts payable	(5,518)	135,382
Accounts payable-related parties	14,256	8,900
Other payables	155,150	(15,215)
Other payables-related parties	(389)	(4,262)
Provisions	10,405	(1,694)
Other current liabilities	(5,661)	4,261
Net defined benefit liability	(108)	(96)
Total changes in operating liabilities, net	209,157	157,326
Total changes in operating assets / liabilities, net	(305,966)	116,397
Total adjustments	(479,007)	112,955
Cash provided by operating activities	730,862	494,789
Interest income received	55,645	55,948
Income tax paid	(43,199)	(139,046)
Net cash provided by operating activities	743,308	411,691
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(4,883,505)	(6,504,954)
Proceeds from disposal of financial assets at amortized cost	4,657,936	6,793,000
Disposal of financial assets at fair value through profit or loss	28,203	-
Acquisition of investments accounted for using the equity method	-	(344,126)
Proceeds from disposal of subsidiaries	1,405	1,846
Acquisition of property, plant and equipment	(19,980)	(23,337)
Disposal of property, plant and equipment	24,682	-
Increase in refundable deposits	(90)	(938)
Decrease (increase)in other non-current assets	2,147	(1,079)
Dividends received	490	-
Net cash used in investing activities	(188,712)	(79,588)
Cash flows from financing activities:		
Payment of lease liabilities	(8,825)	(6,225)
Increase (decrease) in long term deferred income	(359)	3,505
Cash dividends paid	(348,877)	(407,023)
Interest paid	(1,050)	(2,166)
Surplus not paid due to overdue	25	11
Net cash used in financing activities	(359,086)	(411,898)
Effect of exchange rate changes on cash and cash equivalents	272	-
Net increase (decrease) in cash and cash equivalents	195,782	(79,795)
Cash and cash equivalents at beginning of period	469,888	549,683
Cash and cash equivalents at end of period	$ 665,670	469,888

See accompanying notes to parent company only financial statements.

MACHVISION INC. CO., LTD.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2025and 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(1) Company history

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of the Republic of China (ROC). The address of the Company’s registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C.. The Company is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

(2) Approval date and procedures of the financial statements

The financial statements were approved by the Board of Directors and published on February 10, 2026.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, “International Accounting Standards”) with effective date from January 1, 2025. The adoption does not have material impact on the Company’s parent company only financial statements.

● Amendments to IAS21 “Lack of Exchangeability”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its financial statements:

● I FRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

● Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

● Annual Improvements to IFRS Accounting Standards—Volume 11

● Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature dependent Electricity”

(c) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027(Note)

Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt International Financial Reporting Standard 18 starting from the 2028 fiscal year. Companies that wish to apply the standard earlier may do so upon obtaining approval from the FSC.

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”and the Amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary on significant accounting policies).

(ii) Functional and reporting currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, on initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, long-term receivable, other receivables, guarantee deposit paid and other non-current assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

The cost of inventories consists of all necessary costs incurred in bringing the inventories to a condition and location ready for sale or production. Manufacturing expense is allocated to finished goods and work in progress based on labor hours. The cost of inventories is calculated using the weighted average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income, the equity in parent company only financial statements are equivalent to those attributable to the shareholders of the parent company only financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	5~50 years
Machinery equipment	2~15 years
Other equipment	2~15 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Company is the leasee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets, including its office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and the Company is no longer engaged with the management of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

At the time of sale, the Company renders the standard warranty stated in the agreement, which is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered, as this is the point in time that The Company has a right to an amount of consideration that is unconditional.

(ii) Services

The Company provides maintenance services and improvement of old machines, and revenue is recognized when it satisfies a performance obligation by transferring control of a service to a customer.

(o) Government grants

The Company recognizes deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income tax expenses include both current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current taxes include tax payables or receivables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences at the time of the transaction;

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred income tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be reevaluated every year on the financial reporting date, adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The weighted average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid in capital.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(r) Operating segments

The Company has disclosed information about operating segment in its financial statements. Hence no further information is disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Judgment regarding significant influence of investees

The Company holds less than 20% of the voting rights in HYE Technology Co., Ltd. However, according to the contractual agreement, the Company can appoint two of the seven board of directors of the company and participate in the decision-making of the company's financial and operational policies, thereby having significant influence over the company."

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Impairment of notes, accounts and long-term receivables

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used to estimate of the impairment of notes and accounts receivable.

(b) Inventory measurement

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value is subject to market price fluctuations and market demands after the reporting date.

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Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2025	December 31, 2024
Cash on hand	$	1,050	1,217
Saving deposits		440,770	296,626
Foreign currency deposits		192,420	161,575
Time deposits		31,430	10,470
Cash and cash equivalents per statements of cash flow	$	665,670	469,888

The expiry date of three months to a year on time deposits which meet the short term cash commitments rather than for investment or other purposes, and which can be readily converted into known amounts of cash with an insignificant risk of changes in value, are recognized as cash and cash equivalents.

Please refer to note 6(r) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets at measured amortized cost

		December 31, 2025	December 31, 2024
Time deposits	$	3,021,058	2,895,487
U.S Treasury Bonds		6,302	6,580
Corporate bond – China Steel Corporation		49,998	49,998
Corporate bond –Taiwan Semiconductor Manufacturing Company		99,998	-
	$	3,177,356	2,952,065
Current	$	3,021,058	2,895,487
Non current		156,298	56,578
	$	3,177,356	2,952,065

The Company holds domestic time deposits with annual interest rates ranging from 0.66%~1.80% as of December 31, 2025, and 0.815%~1.77% as of December 31, 2024, maturing from January to December 2026 and January to December 2025, respectively.

The Company has invested in U.S. Treasury bonds, with a face value of USD 200 thousand, and a coupon rate of 4.125%, as well as an effective interest rate of 4.007%, maturing in July 2028.

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In November 2024, the Company purchased five-year corporate bonds from China Steel Corporation for $49,998 thousand, with an interest rate of 1.84%, maturing in May 2029.

In April 2025, the Company purchased five year corporate bonds from Taiwan Semiconductor Manufacturing Company for $99,998 thousand, with an interest rate of 1.90%, maturing in March 2030.

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Company's financial assets measured at amortized cost had not pledged as collateral.

(c) Notes, accounts and long-term accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	$ 16	-
Accounts receivable	900,743	592,771
Accounts receivable－related parties	503,769	146,511
Long-term receivables	147,136	162,185
Long-term receivables－related parties	55,007	186,949
Less: allowance for impairment	27,859	78,111
unrealized interest income	767	383
	$ 1,578,045	1,009,922

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The transactions related to accounts receivable－related parties and long-term receivables－related parties, except for entities with significant influence over the Company, are subsidiaries of the Company. After evaluating, there were no credit losses. The expected credit losses from the Company’s non-related parties and entities with significant influence over the Company were determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 972,397	0.043%	419
1 to 90 days past due	98,473	0.573%	564
91 to 180 days past due	17,036	3.23%	550
181 to 270 days past due	13,895	13.789%	1,916
271 to 365 days past due	11,012	46.103%	5,077
Past due over 365 days	19,333	100.000%	19,333
	$ 1,132,146		27,859

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	December 31, 2024			
	Gross carrying amount		Weighted-average expected credit loss rate	Loss allowance provision
Current	$	585,256	0.036%	211
1 to 90 days past due		56,564	0.406%	229
91 to 180 days past due		29,943	1.706%	511
181 to 270 days past due		1,164	11.673%	136
271 to 365 days past due		24,097	34.306%	8,267
Past due over 365 days		68,757	100.000%	68,757
	$	765,781		78,111

The movement in the allowance for accounts receivable was as follows:

		2025	2024
Balance at the beginning of the year	$	78,111	31,198
Impairment losses (reversed) recognized		(50,252)	46,913
Balance at the end of the year	$	27,859	78,111

The Company does not hold any collateral for the collected amounts.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(d) Inventories

The components of the Company's inventories were as follows:

		December 31, 2025	December 31, 2024
Finished goods	$	26,571	28,431
Work in process		92,349	121,435
Raw material		131,087	119,421
Balance at end of the period	$	250,007	269,287

The Company’s inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

		2025	2024
Loss on decline in market value of inventory	$	10,137	7,794
Losses on scrapping of inventory		3,151	-
Loss on physical count		14	20
Total	$	13,302	7,814

(e) Investments accounted for using equity method

A summary of the Company's investments accounted for using the equity method at the reporting date was as follows:

	December 31, 2025	December 31, 2024
Subsidiaries	$ 388,916	311,524
Associates	279,702	275,680
	$ 668,618	587,204

(i) Subsidiaries

Please refer to the consolidated financial report for the year 2025.

(ii) Associates

In November 2024, the Company subscribed 4,901 thousand common shares of HYE Technology Co., Ltd. through a private placement at a price of $56 per share, totaling $274,433 thousand, representing an 11.5% ownership of the company. According to the subscription agreement, the Company will obtain significant influence by securing two board seats. In accordance with the Securities and Exchange Act, these privately placed common shares cannot be transferred within three years, except under circumstances specified in Article 43-8 of the Act. The Company has completed the identification of the difference between the investment cost and the share of the net fair value of identifiable assets and liabilities of the investee during 2024.

The Company applies the equity method to its associates, which are individually immaterial. The summarized financial information of these associates, included in the financial statements of the Company, is as follows:

	December 31, 2025	December 31, 2024
Carrying amount of individually insignificant associates' equity	$ 279,702	275,680

	2025	2024
Attributable to the Company:		
Profit from continuing operations	$ 2,659	1,421
Other comprehensive income	(1,653)	(174)
Total comprehensive income	$ 1,006	1,247

(f) Financial assets at fair value through profit or loss－non-current

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss:		
Unlisted stocks (domestic)－Yayatech Co., Ltd.	$ -	9,644

In March 2025, the Company sold all its shares in Yayatech Co., Ltd. with the disposal proceeds amounting to $28,203 thousand.

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Notes to the Financial Statements

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
Cost:					
Balance at January 1, 2025	$ 237,002	8,015	27,227	30,111	302,355
Additions	5,787	5,219	8,974	-	19,980
Disposals	(17,454)	(1,323)	(7,252)	(24,682)	(50,711)
Reclassification	4,989	-	-	(4,989)	-
Balance at December 31, 2025	$ 230,324	11,911	28,949	440	271,624
Balance at January 1, 2024	$ 264,534	8,665	25,096	25,123	323,418
Additions	2,286	6,257	9,806	4,988	23,337
Disposals	(29,818)	(6,907)	(7,759)	-	(44,484)
Reclassification	-	-	84	-	84
Balance at December 31, 2024	$ 237,002	8,015	27,227	30,111	302,355
Depreciation and impairment losses:					
Balance at January 1, 2025	$ 73,549	2,177	12,151	-	87,877
Depreciation	10,401	1,057	5,188	-	16,646
Disposals	(17,454)	(1,323)	(7,252)	-	(26,029)
Balance at December 31, 2025	$ 66,496	1,911	10,087	-	78,494
Balance at January 1, 2024	$ 90,323	5,241	14,803	-	110,367
Depreciation	13,044	3,843	5,107	-	21,994
Disposals	(29,818)	(6,907)	(7,759)	-	(44,484)
Balance at December 31, 2024	$ 73,549	2,177	12,151	-	87,877
Carrying amounts:					
December 31, 2025	$ 163,828	10,000	18,862	440	193,130
December 31, 2024	$ 163,453	5,838	15,076	30,111	214,478
January 1, 2024	$ 174,211	3,424	10,293	25,123	213,051

In order to expand the business, the Board of Directors approved a resolution for leasing land to build a factory and office building in Hsinchu Science Park on May 26, 2022, with a total investment of $24,682 thousand. However, due to the semiconductor industry's supply chain instability in mainland China and Taiwan caused by the covid 19 and U.S. China trade war, the Company adjusted its investment and factory construction plans in Hsinchu Science Park. And MediaTek Incorporated is actively seeking the opportunity to cooperate with the Company to build a new factory due to the lack of factory space, therefore, the Board of Directors approved the cooperation with MediaTek Incorporated to build a new factory on April 28, 2023. However, the cooperation project was subsequently terminated, and a termination agreement was signed on April 11, 2025.

Under the agreement, MediaTek Incorporated agreed to bear the rent and pre development expenses incurred during the cooperation period, totaling $39,409 thousand (inclusive of tax). The Company collected the full amount in April 2025.

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Notes to the Financial Statements

(h) Right-of-use assets

The Company leases assets including land and buildings, and transportation equipment. Information about leases as a lessee is presented below:

		Land and buildings	Other equipment	Total
Cost:				
Balance at January 1, 2025	$	100,448	12,134	112,582
Additions		6,835	-	6,835
Lease modification		(21,071)	-	(21,071)
Balance at December 31, 2025	**$**	**86,212**	**12,134**	**98,346**
Balance at January 1, 2024	$	100,798	29,927	130,725
Additions		-	7,311	7,311
Lease modification		2,693	(2,176)	517
Reduction		(3,043)	(22,928)	(25,971)
Balance at December 31, 2024	**$**	**100,448**	**12,134**	**112,582**
Depreciation:				
Balance at January 1, 2025	$	27,832	3,604	31,436
Depreciation		5,229	4,045	9,274
Lease modification		(8,430)	-	(8,430)
Balance at December 31, 2025	**$**	**24,631**	**7,649**	**32,280**
Balance at January 1, 2024	$	26,486	24,263	50,749
Depreciation		4,389	3,236	7,625
Lease modification		-	(967)	(967)
Reduction		(3,043)	(22,928)	(25,971)
Balance at December 31, 2024	**$**	**27,832**	**3,604**	**31,436**
Carrying amounts:				
December 31, 2025	**$**	**61,581**	**4,485**	**66,066**
December 31, 2024	**$**	**72,616**	**8,530**	**81,146**
January 1, 2024	**$**	**74,312**	**5,664**	**79,976**

(i) Lease liabilities

The Company's lease liabilities were as follow:

		December 31, 2025	December 31, 2024
Current	**$**	**7,793**	**7,896**
Non-current	**$**	**61,056**	**76,472**

For the maturity analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest on lease liabilities	$ 1,050	1,252
Expenses relating to short-term leases	$ 1,506	2,710
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 168	109

The amounts recognized in the statement of cash flows for the Company was as follows:

	2025	2024
Total cash outflow for leases	$ 11,549	11,210

(j) Provisions

	Warranties
January 1, 2025	$ 8,250
Provisions made during the year	28,792
Provisions used during the year	(18,387)
December 31, 2025	$ 18,655
January 1, 2024	$ 9,944
Provisions made during the year	12,020
Provisions used during the year	(13,714)
December 31, 2024	$ 8,250

The provision for warranties relate mainly to the machinery equipment sold and is based on estimates made from historical warranty data associated with similar products and services. The Company expects that most of these liabilities will be incurred in the year following the year of sale.

(k) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2025	December 31, 2024
The present value of the defined benefit obligations	$ 17,101	14,298
Fair value of plan assets	(5,375)	(4,683)
The net defined benefit liability	$ 11,726	9,615

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

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1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $5,375 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Company's defined benefit obligation were as follows:

	2025	2024
Defined benefit obligation at January 1	$ 14,298	12,454
Current interest	279	199
Remeasurements of the net defined benefit liability		
-Due to changes in financial assumption of actuarial (losses) gains	2,524	1,645
Defined benefit obligation at December 31	**$ 17,101**	**14,298**

3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	2025	2024
Fair value of plan assets at January 1	$ 4,683	4,033
Interest revenue	89	64
Remeasurements of the net defined benefit liability		
－Return on plan assets excluding the interest income	305	355
Benefits paid by the plan	298	231
Fair value of plan assets, December 31	**$ 5,375**	**4,683**

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2025	2024
Net interest on the defined benefit liability	$ 190	135

	2025	2024
Operating costs	$ 144	118
Selling expenses	39	28
Research and development expenses	7	(11)
	$ 190	135

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting dates:

	2025.12.31	2024.12.31
Discount rate	1.750%	2.000%
Future salary increases rate	4.000%	4.000%

The Company expects to make contributions of $369 thousand to its defined benefit plans in the following year starting from the reporting date of 2025.

The weighted average duration of the defined benefit plans is 11.64 years.

6) Sensitivity analysis

As of December 31, 2025 and 2024, the present value of the defined benefit obligation were as follow:

	The impact of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	$ (295)	306
Future salary increase rate	293	(284)
December 31, 2024		
Discount rate	(287)	297
Future salary increase rate	285	(277)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the prior period.

(ii) Defined contribution plans

The Company makes monthly contributions equal 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were $14,187 thousand and $13,160 thousand for 2025 and 2024, respectively. Payment was made to the Bureau of the Labor Insurance.

(l) Income tax

(i) Income tax expenses

The amount of income tax were as follows:

	2025	2024
Current income tax expense		
Current period incurred	$ 185,899	59,864
Adjustment for prior periods	(4,670)	(765)
	181,229	59,099
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	17,895	1,924
Income tax expenses	**$ 199,124**	**61,023**

The amount of income tax recognized in other comprehensive income were as follows:

	2025	2024
Items that will be reclassified subsequently to profit or loss:		
Financial statements translation differences for foreign operations	**$ (1,021)**	**(1,940)**

Reconciliation of income tax expenses and profit before income tax were as follows:

	2025	2024
Profit before income tax	**$ 1,209,869**	**381,834**
Income tax using the Company's domestic tax rate	$ 241,974	76,367
Adjustments according to tax law	(12,200)	293
Tax treaty rewards	(28,055)	(18,794)
Adjustments for prior years income tax	(4,670)	(765)
Previously overestimate (underestimate) deferred tax assets	-	(8)
Undistributed earnings additional tax	2,075	3,930
Total	**$ 199,124**	**61,023**

(ii) Deferred tax assets and liabilities－Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

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Notes to the Financial Statements

Deferred tax assets:

	Provisions	Loss from investment using equity method	Allowance for inventory valuation	Allowance impairment	Other	Total
Balance at January 1, 2025	$ 1,650	4,306	16,886	13,446	4,401	40,689
Recognized in profit or loss	2,081	(259)	2,027	(11,086)	(802)	(8,039)
Recognized in other comprehensive income	-	-	-	-	(1,021)	(1,021)
Balance at December 31, 2025	**$ 3,731**	**4,047**	**18,913**	**2,360**	**2,578**	**31,629**
Balance at January 1, 2024	$ 1,989	2,865	15,327	4,120	8,373	32,674
Recognized in profit or loss	(339)	1,441	1,559	9,326	(2,032)	9,955
Recognized in other comprehensive income	-	-	-	-	(1,940)	(1,940)
Balance at December 31, 2024	**$ 1,650**	**4,306**	**16,886**	**13,446**	**4,401**	**40,689**

Deferred tax liabilities:

	Income from investment using equity method	Unrealized exchange gain	Total
Balance at January 1, 2025	$ 8,131	4,518	12,649
Recognized in profit or loss	7,741	2,115	9,856
Balance at December 31, 2025	**$ 15,872**	**6,633**	**22,505**
Balance at January 1, 2024	$ 770	-	770
Recognized in profit or loss	7,361	4,518	11,879
Balance at December 31, 2024	**$ 8,131**	**4,518**	**12,649**

(iii) Examination and Approval

The ROC income tax authorities have examined the Company's income tax returns through 2023.

(m) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the total value of nominal ordinary shares amounted to $1,000,000 thousand, with a par value of $10 per share, of which 63,961 thousand shares and 58,146thousand shares were issued, respectively. All issued shares were paid up upon issuance.

In the shareholders' meeting of the Company held on September 16, 2025, the Company resolved to increase its capital by converting $58,146 thousand in retained earnings. With a par value of $10 per share, 5,815 thousand new shares were issued. The record date for the aforementioned capital increase has been determined as November 10, 2025, by the Board of Directors. The related statutory registration procedures have been completed.

Reconciliation of shares were as follows:

(in thousands of shares)

	2025	2024
Balance at January 1	58,146	58,146
Stock dividend	5,815	-
Balance at December 31	**63,961**	**58,146**

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

For the appropriations of the capital surplus as cash dividends to stockholders, please reference to Retained earnings.

(iii) Retained earnings

In accordance with the Company's amended Articles of Incorporation, if the Company makes a profit in each semi fiscal year, the profit shall be first utilized for paying taxes, estimating employee remuneration, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, until the legal reserve is equal to the paid in capital. Then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. Distribution in cash shall have the approval from the Board of Directors. Whereas if it is in shares, it shall have to be proposed by the Board of Directors during the shareholders' meeting for approval.

To meet the funding needs for the Company's current and future business expansion, and to satisfy shareholders' expectations for cash inflows, the Company adopts a residual dividend policy when distributing earnings. If earnings per share for the first half year are lower than $5, dividends may not be distributed.

If earnings distribution is resolved, the total amount of dividends shall, in principle, not be less than 10% of the profit for the period, of which cash dividends shall not be less than 40% of the total dividends.

The amount of earnings distribution, as well as the form and ratio of dividends, may be adjusted based on the actual profitability and operating conditions of the Company for the year.

If the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, until the legal reserve is equal to the paid in capital. Then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors. Whereas if it is in shares, it shall have to be proposed by the Board of Directors during the shareholders' meeting for approval.

The Company is currently in a stage of stable growth, and in order to meet the funding needs for current and future business expansion and to satisfy shareholders' expectations for cash inflows, the Company adopts a residual dividend policy when distributing earnings.

As a general principle, the total amount of dividends distributed each year shall be not less than 10% of the annual profit, of which cash dividends shall not be less than 40% of the total dividends.

The amount of earnings distribution, as well as the form and ratio of dividends, may be adjusted based on the actual profitability and operating conditions of the Company for the year.

In accordance with ROC Company Article 240, the Company authorizes the distributable dividends and bonuses, or the legal reserve and special reserve which base on the ROC Company Article 241 as a whole or in part may be paid in the cash, and after the resolution has been adopted by a majority vote at the meeting of the Board of Directors, which attended by two thirds of the total number of directors. Therefore, the report shall be submitted to the shareholders' meeting.

1) Legal reserve

According to the Company Act, 10% of net income after tax should be set aside as legal reserve until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The appropriations of the capital surplus as cash dividends and earnings as cash dividends to stockholders were as follows:

	From January 1 to June 30, 2025	From July 1 to December 31, 2025	Total
Resolution date of the board meeting	On July 29, 2025	On February 10, 2026	
Dividends distributed to ordinary stockholders:			
Cash－Retained earnings	$ 58,146	703,570	761,716
Cash－Capital surplus	-	63,961	63,961
Stock－Retained earnings	58,146	-	58,146
Total amounts	$ 116,292	767,531	883,823
Amount per share (NTD)	$ 2.00	12.00	

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	From January 1 to June 30, 2024	From July 1 to December 31, 2024	Total
Resolution date of the board meeting	On July 30, 2024	On February 11, 2025	
Dividends distributed to ordinary stockholders:			
Cash－Retained earnings	$ 58,146	174,439	232,585
Cash－Capital surplus	-	116,292	116,292
Total amounts	$ 58,146	290,731	348,877
Amount per share (NTD)	$ 1.00	5.00	

	From January 1 to June 30, 2023	From July 1 to December 31, 2023	Total
Resolution date of the board meeting	On November 1, 2023	On February 5, 2024	
Dividends distributed to ordinary stockholders:			
Cash－Retained earnings	$ -	290,731	290,731
Cash－Capital surplus	58,146	58,146	116,292
Total amounts	$ 58,146	348,877	407,023
Amount per share (NTD)	$ 1.00	6.00	

(n) Earnings per share

The calculation of the Company's basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	2025	2024
Net income attributable to ordinary shareholders of the Company	$ 1,010,745	320,811
Weighted-average number of ordinary shares	63,961	63,961
Basic earnings per share (in NTD)	$ 15.80	5.02

(ii) Diluted earnings per share

	2025	2024
Net income attributable to ordinary shareholders of the Company (diluted)	$ 1,010,745	320,811
Weighted-average number of ordinary shares (basic)	63,961	63,961
Effect of potential ordinary shares		
Effect of remuneration to employees	268	101
Weighted-average number of ordinary shares (diluted)	64,229	64,062
Diluted earnings per share (in NTD)	$ 15.74	5.01

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(o) Revenue from contracts with customers

(i) Disaggregation of revenue

		2025	2024
Primary geographical markets:			
Taiwan	$	664,901	261,960
China		1,808,177	909,375
Others		481,050	152,543
	$	2,954,128	1,323,878
Primary merchandises / Services lines:			
Sale of optical inspection machinery equipment	$	2,870,111	1,260,790
Revenue from services		84,017	63,088
	$	2,954,128	1,323,878

(ii) Contract balance

		December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	$	16	-	772
Accounts receivable		900,743	592,771	429,545
Accounts receivable－related parties		503,769	146,511	178,803
Long-term receivables		147,136	162,185	205,482
Long-term receivables－related parties		55,007	186,949	241,799
Less: allowance for impairment		27,859	78,111	31,198
unrealized interest income		767	383	419
Total	$	1,578,045	1,009,922	1,024,784
Contract liabilities	$	78,569	37,511	7,419

For details on notes, accounts and long term accounts receivable and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were $31,011 thousand and $7,419 thousand, respectively.

The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer.

(p) Remuneration to employees and directors

On September 16, 2025, the Company amended its Articles of Incorporation to stipulate that the Company shall, from the pre- tax profit for the current year after deducting the amount set aside to offset the accumulated deficit, then, should there be any remaining balance, contribute no less than 5%

of the profit as employee remuneration and no more than 3% as director remuneration. The amount allocated for employee remuneration shall include no less than 10% distributed to entry level employees.

Pursuant to the Company's original Articles of Incorporation, the Company should contribute a portion of its pre- tax profit for the current year, after deducting the amounts allocated for employee remuneration and director remuneration and setting aside an amount to offset the accumulated deficit, to the retained earnings account. If any balance remains, the Company shall contribute no less than 5% for employee remuneration and no more than 3% for director remuneration.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to $136,234 thousand and $33,568 thousand, and directors' remuneration amounting to $16,348 thousand and $4,196 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2025 and 2024. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2025 and 2024.

(q) Non-operating income and expenses

(i) Interest income

	2025	2024
Interest income from bank deposits	$ 57,565	58,458
Others	(299)	100
Total Interest income	$ 57,266	58,558

(ii) Other income

	2025	2024
Other income	$ 18,901	18,678

(iii) Other gains and losses

	2025	2024
Loss on disposal of investments	$ (1,901)	(4,638)
Lease modification gains	888	12
Foreign exchange gains	(23,432)	69,992
Gains on financial assets at fair value through profit or loss	18,559	-
Others	(1,147)	(283)
Net other gains and losses	$ (7,033)	65,083

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(iv) Finance costs

	2025	2024
Interest expense	$ 1,050	1,252

(r) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The business of the customer of the Company is the manufacturing of the printed circuit board. As of December 31, 2025 and 2024, the accounts receivable and long-term receivables that concentration of credit risk on an individual customer amounted to $332,570 thousand and $171,233 thousand, respectively.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-5 years	Over 5 years
December 31, 2025					
Non-derivative financial liabilities					
Accounts payable	$ 227,460	227,460	227,460	-	-
Accounts payable - related parties	32,811	32,811	32,811	-	-
Other payables	345,904	345,904	345,904	-	-
Other payables - related parties	77,077	77,077	77,077	-	-
Lease liabilities	68,849	83,691	8,707	20,732	54,252
	$ 752,101	766,943	691,959	20,732	54,252
December 31, 2024					
Non-derivative financial liabilities					
Notes payable	$ 36	36	36	-	-
Accounts payable	232,978	232,978	232,978	-	-
Accounts payable - related parties	18,555	18,555	18,555	-	-
Other payables	190,754	190,754	190,754	-	-
Other payables - related parties	77,466	77,466	77,466	-	-
Lease liabilities	84,368	108,957	7,896	16,613	84,448
	$ 604,157	628,746	527,685	16,613	84,448

The Company is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's financial assets and liabilities exposed to significant currency risk was as follows:

	Foreign currency	Exchange rate	NTD
December 31, 2025			
Financial assets:			
Monetary items:			
USD	$ 32,083	31.4300	1,008,371
CNY	131,501	4.4960	591,231
Financial liabilities:			
Monetary items:			
USD	$ 1,901	31.4300	59,742
CNY	16,937	4.4960	76,150
December 31, 2024			
Financial assets:			
Monetary items:			
USD	$ 23,265	32.7850	762,728
CNY	90,335	4.4780	404,518
Financial liabilities:			
Monetary items:			
USD	$ 1,972	32.7850	64,644
CNY	16,647	4.4780	74,547

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, receivables, accounts payables that are denominated in foreign currency. A weakening or strengthening 3% appreciation or depreciation of the NTD against the USD and CNY as of December 31, 2025 and 2024, would have increased or decreased the net profit after tax by $35,129 thousand and $24,673 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Company has many kinds of functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed based on the total amount. For the years ended December 31, 2025 and 2024, foreign exchange gains (losses) (including realized and unrealized portion) amounted to $(23,432) thousand and $69,992 thousand.

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 1%, the net income before tax would have increase or decrease by $36,917 thousand and $33,724 thousand for the years ended December 31, 2025 and 2024, respectively, with all other variable factors remain constant. This is mainly due from the Company's cash in bank, financial assets at amortized cost and restricted bank deposits on variable rates.

(v) Information of fair value

1) Categories and fair value of financial instruments

Except for the following, the Company is not required to disclose fair value information in accordance with regulations because the remaining financial assets and financial liabilities are financial assets and liabilities measured at amortized cost and their carrying amounts are reasonable approximations of fair value:

	December 31, 2024				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 9,644	-	-	9,644	$ 9,644

2) Valuation techniques for financial instruments measured at fair value－Non-derivative financial instruments

If the financial instruments have no quoted market price in an active market, the Company shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee’s equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs, other than the 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).

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2025	$ **9,644**
Disposals	(9,644)
Balance at December 31, 2025	$ -
Balance at December 31, 2024 (Balance at January 1, 2024)	$ 9,644

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss－Equity investments without an active market	Comparative listed company	· EV revenue ratio (As of December 31, 2024 were 4.01) · Price book ratio (As of December 31, 2024 were 3.25)· · Market illiquidity discount rate (As of December 31, 2024 were 30%)	The estimated fair value would increase (decrease) if · the EV to revenue ratio, the price to book ratio, and the P/E ratio were higher (lower) · the market illiquidity discount were lower (higher)

Note: Due to the losses incurred by the investee company, the Price to Earnings Ratio (P/E Ratio) was replaced with the Enterprise Value to Revenue Multiple (EV Revenue Ratio) in 2024.

6) Fair value measurements in Level 3－sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	**Assumptions**	**Favorable**	**Unfavorable**
December 31, 2024				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,332	(4,332)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(s) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note has the information on risk exposure and the objectives, policies and process of risk measurement and management. For detailed information, please refer to the related note on each risk.

(ii) Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The chairman and the general manager are responsible for developing and monitoring the Company's risk management policies and report regularly to the Board of Directors on its activities.

The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

The Company's receivables are mainly due to one customer, which account for 32% and 23% of the total amount of accounts receivable and long term receivables as of December 31, 2025 and 2024, respectively. The Company's receivables are concentrated on the industry type of the printed circuit board manufacturers.

The Company has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

If the Company retains the rights to the products that have already been sold, the Company shall also have the right to require collateral if payment has not been received. The Company does not require any collateral for receivables.

The Company has established an allowance of doubtful accounts to reflect actual and estimated potential losses resulting from uncollectible account and trade receivables. The allowance of doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on statistics from payment histories of similar customer groups.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused short term bank facilities of $180,000 thousand and $380,000 thousand, as of December 31, 2025 and 2024, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Company's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

The Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements.

(t) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings of the Company. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Company's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 1,030,786	686,059
Less: cash and cash equivalents	665,670	469,888
Net debt	**$ 365,116**	**216,171**
Total equity	**$ 5,676,757**	**5,011,147**
Debt-to-capital ratio	**6.43%**	**4.31%**

As of December 31, 2025, there was no changes in the Company's approach of capital management.

(u) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes			
	January 1, 2025	**Cash flows**	**Acquisition right-of-use assets**	**Lease modifications**	**Interest**	**December 31, 2025**
Lease liabilities	$ 84,368	(9,875)	6,835	(13,529)	1,050	68,849
Total liabilities from financing activities	**$ 84,368**	**(9,875)**	**6,835**	**(13,529)**	**1,050**	**68,849**

			Non-cash changes			
	January 1, 2024	**Cash flows**	**Acquisition right-of-use assets**	**Lease modifications**	**Interest**	**December 31, 2024**
Lease liabilities	$ 82,724	(8,391)	7,311	1,472	1,252	84,368
Total liabilities from financing activities	**$ 82,724**	**(8,391)**	**7,311**	**1,472**	**1,252**	**84,368**

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

(7) Related party transactions

(a) Parent Company and the ultimate controller

The Company is the ultimate controller of the Company and its subsidiaries.

(b) Related party name and categories

Related parties with transactions containing the financial statement period to the Company were as follows:

Related Party Name	Related Party Categories
Machvision Inc.(Samoa)	A subsidiary of the Company
Machvision Korea Co., Ltd.	A subsidiary of the Company(The subsidiary applied for business closure in March 2024 and has received approval.)
Machvision (Thailand) Co., Ltd.	A subsidiary of the Company
Sissca Co., Ltd.	A subsidiary of the Company
Machvision (Dongguan) Inc.	A subsidiary of the Company
SiSSCA (JIANG SU) Co., Ltd.	A subsidiary of the Company
Advanced Semiconductor Engineering, Inc.	Entities with significant influence over the Company
ASE Electronics Inc.	Entities with significant influence over the Company
Siliconware Precision Industries Co., Ltd.	Entities with significant influence over the Company
HYE Techonology Co., Ltd.	An associate

(c) Significant transaction with related parties

(i) Operating revenue

Significant sales amount to the related parties was as follows:

	2025	2024
Entities with significant influence over the Company	$ 339,276	50,572
Subsidiaries		
Machvision (Dongguan) Inc.	386,500	120,237
Others	34,137	16,401
	$ 759,913	187,210

Sales price to the subsidiaries depends on the Company overall profit allocation and its credit period depends on the end customer's credit period. There was no significantly difference. Receivables between related parties were not provided to be as any collateral. After evaluating, there is no allowance for impairment.

(ii) Purchases

Significant purchases amount to the related parties was as follows:

	2025	2024
Entities with significant influence over the Company	$ 355	22
Subsidiaries		
Machvision (Dongguan) Inc.	7,031	6,518
Sissca Co., Ltd.	17,208	10,680
Others	90,223	-
An associates	2,990	-
	$ 117,807	17,220

Purchases from related parties were not comparable to other vendors because there were according to the customized specification. The terms of purchases with related parties were not significantly different from those offered by other vendors.

(iii) Service

The details of the expenses incurred by the Company for design and mold making commissioned by related parties were as follows:

	2025	2024
Entities with significant influence over the Company	$ 227	813
Subsidiaries		
Machvision (Dongguan) Inc.	84,325	71,873
Sissca Co., Ltd.	44,000	20,290
	$ 128,552	92,976

(iv) Administrative service and revenue from research and development

The Company was authorized to provide administrative services, research and development services. Revenue from above services and subleasing offices were recorded as non-operating income and expenses-other:

	2025	2024
Subsidiaries		
Sissca Co., Ltd.	$ 3,197	8,948

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

(v) Receivables from related parties

The receivables from related parties were as follows:

Items	Related Party Categories	December 31, 2025	December 31, 2024
Accounts Receivables - related parties	Entities with significant influence over the Company	$ 80,786	11,208
	Subsidiaries		
Accounts Receivables - related parties	Machvision (Dongguan) Inc.	397,657	121,440
Accounts Receivables - related parties	Others	25,326	13,863
Long term receivables — related parties	Entities with significant influence over the Company	3,465	-
	Subsidiaries		
Long term receivables - related parties	Machvision (Dongguan) Inc.	49,823	186,909
Long term receivables- related parties	Others	1,719	40
	Subsidiaries		
Other receivables -related parties	Sissca Co., Ltd.	11,014	22,611
Other receivables -related parties	Others	18	183
		$ 569,808	356,254

(vi) Payable to related parties

The Company's payable to related parties were as follows:

Items	Related Party Categories	December 31, 2025	December 31, 2024
Payable to related parties	Entities with significant influence over the Company	$ 113	14
	Subsidiaries		
Payable to related parties	Sissca Co., Ltd.	29,995	18,541
Payable to related parties	Others	2,404	-
Payable to related parties	An associate of the Company	299	-
	Subsidiaries		
Other payable to related parties	Machvision (Dongguan) Inc.	77,077	77,466
		$ 109,888	96,021

(vii) Current contract liabilities

The Company's current contract liabilities to related parties were as follows:

	December 31, 2025	December 31, 2024
Entities with significant influence over the Company	$ -	4,680

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Notes to the Financial Statements

(viii) Prepayments

The Company’s prepayments to related parties were as follows:

	December 31, 2025	December 31, 2024
Entities with significant influence over the Company	$ 28,763	-

(d) Compensation of key management personnel:

The compensation of the key management personnel comprised follows:

	2025	2024
Short-term employee benefits	$ 82,407	31,170
Post-employment benefits	200	216
	$ 82,607	31,386

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Other non-current assets:			
Time deposits	Guarantee for customs	$ 1,523	2,514
Time deposits	Guarantee for rent the land and buildings from the Hsinchu Science Park Bureau	4,530	5,686
		$ 6,053	8,200

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent Events: None.

(12) Other

The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By function / By item	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	87,911	392,110	480,021	70,120	221,747	291,867
Labor and health insurance	8,814	20,349	29,163	8,449	17,395	25,844
Pension	4,444	9,933	14,377	4,424	8,871	13,295
Directors' remuneration	-	16,348	16,348	-	4,196	4,196
Others	10,721	27,612	38,333	7,407	20,562	27,969
Depreciation	6,120	19,800	25,920	6,535	23,084	29,619
Amortization	-	-	-	-	-	-

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

Additional information in 2025 and 2024 is as follows:

	2025	2024
Employee number	317	285
Non-employee directors	8	8
Average employee benefits	$ 1,818	1,296
Average salaries	$ 1,553	1,054
Average adjustment in salaries	47.34%	
Supervisors compensation	$ -	-

The Company's policies on remuneration (including directors, managers and employees) are as following:

Directors' remuneration is estimated in accordance with each director's attendance rate (60% of total compensation) and contribution (40% of total compensation). Managers' remuneration is estimated in accordance with the achievement of performance indicators. In addition to basic salaries, employees also have year-end bonus and performance bonus. Salaries will be adjusted in accordance with performances and price levels annually.

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Notes
				Number of shares	Book value	Holding percentage	Market value	
The Company	U.S Treasury Bonds	–	Financial assets at amortized cost－non-current	-	6,302	-%	6,302	
The Company	P13 Corporate bond – China Steel Corporation	–	Financial assets at amortized cost－non-current	-	49,998	-%	49,998	
The Company	P14 Corporate bond – China Steel Corporation	–	Financial assets at amortized cost－non-current	-	99,998	-%	99,998	

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
The Company	Machvision (Dongguan) Inc.	Subsidiary	(Sale)	(386,500)	(13)%	Depends on the end customer's credit period	Not significantly differences	Depends on the end customer's credit period	447,480	28%	
Machvision (Dongguan) Inc.	The Company	Subsidiary	Purchase	386,500	96%	Depends on the end customer's credit period	Not significantly differences	Depends on the end customer's credit period	(447,480)	(99)%	

(v) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
The Company	Machvision (Dongguan) Inc.	Subsidiary	447,480	1.02	22,704	Depends on the end customer's credit period	18,339 (As of February 10, 2026)	-

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income	Investment income	Notes
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Book value	of investee	(losses)	
The Company	Machvision Inc.(Samoa)	Samoa	Investment	105,433	105,433	3,463,650	100.00%	184,089	38,708	38,708	Note 1 and 2
The Company	Machvision (Thailand) Co., Ltd.	Thailand	Maintaining and trading of machinery equipment	92,106	92,106	9,999,000	99.99%	78,605	(13,511)	(13,510)	Note 2
The Company	Sissca Co.,Ltd.	Taiwan	Manufacturing of optical inspection machinery and computer equipment	123,348	123,348	11,477,463	52.11%	126,222	76,770	40,185	Note 2
The Company	HYE Technology Co., Ltd.	Taiwan	Manufacturing and sales of inspection machinery equipment	274,433	274,433	5,390,642	11.48%	279,702	27,438	2,659	Note 2

Note 1: The company is a limited company.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee investment in Mainland China	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - cumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount)		Ending remittance balance-cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Note 3)	Book value (Note 2)	Remittance of investment income in current period
					Invested amount	Returned amount						
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2)i	105,361	-	-	105,361	38,707	100.00%	38,707	185,273	-
SISSCA (JIANGSU) CO., LTD.	Manufacturing of optical inspection machinery equipment	80,018	(4)i	30,730	49,288	-	80,018	15,493	52.11%	8,110	43,853	-

MACHVISION INC. CO., LTD.

Notes to the Financial Statements

Note 1: The method of investment is divided into the following four categories:

(1) Remittance from third region companies to invest in Mainland China.

(2) Through the establishment of third region companies then investing in Mainland China.

i. Through the establishment of Machvision Inc. then investing in Mainland China.

(3) Through transferring the investment to third region existing companies then investing in Mainland China.

(4) Other methods: EX: delegated investments.

i. Through the establishment of Machvision (Dongguan) Inc. then investing in Mainland China.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(ii) Limitation on investment in Mainland China:

Accumulated investment amount in Mainland China as of December 31, 2025	**Investment (amount) approved by Investment Commission, Ministry of Economic Affairs**	**Maximum investment amount set by Investment Commission, Ministry of Economic Affairs**
185,379	185,379	3,406,054 (Note)

Note: It represents 60% of the Company's net equity.

(iii) Significant transactions:

Please refer to "Business relationships and significant intercompany transaction" for the indirect and direct business transactions in China.

(14) Segment information:

Please refer to the consolidated financial statements in 2025.

MACHVISION INC. CO., LTD.

Statement of cash and cash equivalents

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount
Cash		$ 1,050
Cash in banks	Demand deposits	440,770
	Foreign currency deposits	
	USD 2,483 thousands	78,037
	CNY 25,401 thousands	114,202
	JPY 901 thousands	181
	Time deposits (Interest rate 3.91%, maturity date January 28, 2026)	
	USD 1,000 thousands	31,430
		$ 665,670

MACHVISION INC. CO., LTD.

Statement of notes receivable

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Non-related party transaction			
5M00336	Operating	$ 16	

MACHVISION INC. CO., LTD.

Statement of receivable and long-term receivable (including related parties)

December 31, 2025

(In thousands of New Taiwan Dollar)

Client name	Description	Amount	Note
Accounts receivables - related parties			
Machvision (Dongguan) Inc.	Operating	$ 397,657	
Sissca Co., Ltd.	"	3,742	
SISSCA (JIANG SU) Co., Ltd.	"	20,500	
Machvision (Thailand) Co.,Ltd.	"	1,084	
Advanced Semiconductor Engineering, Inc.	"	80,786	
		503,769	
Long-term receivables - related parties			
Machvision (Dongguan) Inc.	Operating	49,823	
SISSCA (JIANG SU) Co., Ltd.	"	1,719	
Advanced Semiconductor Engineering, Inc.	"	3,465	
		55,007	
Accounts receivables			
Group B	Operating	331,668	
Group F	"	163,917	
Group D	"	81,742	
Others (The amount of individual group in others does not exceed 5%	"	323,416	
of the account balance)		900,743	
Long-term receivables			
Group R	Operating	37,575	
Group Z	"	14,495	
Group E	"	13,372	
Group N	"	13,126	
Group Y	"	12,713	
Group I	"	8,599	
Group F	"	8,322	
Others (The amount of individual group in others does not exceed 5%			
of the account balance)	"	38,167	
		146,369	
Subtotal of Accounts Receivable and Non-current Receivables		1,047,112	
Less: Allowance for credit impairment loss		27,859	
		1,019,253	
Total		$ 1,578,029	

MACHVISION INC. CO., LTD.

Statement of other receivables

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Interest receivable		$ 3,818	
Others		109	
		$ 3,927	

MACHVISION INC. CO., LTD.

Statement of inventories

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Amount		Note
	Cost	Net realizable value	
Finished goods	$ 45,157	$ 76,608	1
Work in process	99,244	92,349	1
Raw materials	200,172	131,087	1
Total	344,573	$ 300,044	
Less: Allowance for losses on decline in market value of inventory	94,566		
	$ 250,007		

Note 1: Market value is measured at net realizable value.

MACHVISION INC. CO., LTD.

Statement of prepayments

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Prepaid expenses		$ 7,159	
Prepayment for purchases		30,432	
		$ 37,591	

MACHVISION INC. CO., LTD.

Statement of other current assets

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Temporary payments		$ 6,335	
Overpaid sales tax		4,663	
		$ 10,998	

MACHVISION INC. CO., LTD.

Statement of changes in financial assets measured at fair value through profit or loss - non-current

For the year ended December 31, 2025

(In thousands of New Taiwan Dollar)

Name of financial instrument	Beginning balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value		
Yayatech Co., Ltd.	884	$ 9,644	-	-	884	9,644	-	$ -	None	

MACHVISION INC. CO., LTD.
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2025
(In thousands of New Taiwan Dollar)

Name of investee	Beginning balance		Addition		Decrease		Ending balance			Market value or net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total amount		
SAMOA Machvision Inc.	3,463,650	$ 136,418	-	47,671	-	-	3,463,650	100.00	184,089	53.55	185,494	None	
Sissca Co., Ltd.	11,477,463	85,958	-	40,264	-	-	11,477,463	52.11	126,222	11.26	129,185	None	
Machvision (Thailand) Co., Ltd	9,999,000	89,148	-	-	-	10,543	9,999,000	99.99	78,605	7.86	78,605	None	
HYE Technology Co., Ltd.	4,900,584	275,680	490,058	4,512	-	490	5,390,642	11.48	279,702	87.60	472,220	None	
		$ 587,204		92,447		11,033			668,618		865,504		

MACHVISION INC. CO., LTD.

Statement of other non-current assets

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Restricted deposit		$ 6,053	

MACHVISION INC. CO., LTD.

Statement of Accounts payable

December 31, 2025

(In thousands of New Taiwan Dollar)

Client name	Description	Amount	Note
Related Party			
SISSCA Co., Ltd.	Operating	$ 29,995	
SISSCA (JIANG SU) Co., Ltd.	"	2,404	
HYE Technology Co., Ltd.	"	299	
Advanced Semiconductor Engineering, Inc	"	113	
		$ 32,811	
Non-related party			
1M1529	Operating	$ 26,167	
1M0019	"	21,036	
Others (The amount of individual group in others does not exceed 5% of the account balance)	"	180,257	
		227,460	
Total		$ 260,271	

MACHVISION INC. CO., LTD.

Statement of other payables

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Payable for salaries and bonuses		$ 99,383	
Accrued profit sharing bonus to employees and compensation to directors		152,582	
Payable for commission		66,071	
Other		27,868	
Total		$ 345,904	

MACHVISION INC. CO., LTD.

Statement of other current liabilities

December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Temporary receipts		$ 121	
Receipts under custody		1,263	
Total		$ 1,384	

MACHVISION INC. CO., LTD.

Statement of operating revenue

For the year ended December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Quantity	Amount	Note
Optical inspection machinery equipment	-	$ 2,870,111	1
Service	-	84,017	2
		$ 2,954,128	

Note 1: Including sales returns and discounts 44,415 thousand.

Note 2: Including service discounts 344 thousand.

MACHVISION INC. CO., LTD.

Statement of operating costs

For the year ended December 31, 2025

(In thousands of New Taiwan Dollar)

Item		Amount	
		Subtotal	Total
Direct raw materials			
	Beginning of year (including Materials in transit 5 thousand)	$ 182,038	
Add:	Purchases	804,002	
Deduct:	End of year	200,172	
	Selling	49,622	
	Loss on Raw material	14	
	Scrapped material	1,985	
	Other	31,907	
Raw Material Consumption Cost		702,340	
Direct labor		36,571	
Manufacturing expenses		68,480	
Manufacturing cost		807,391	
Add:	Work-in -process inventory, beginning of year	127,629	
	Purchases and outsourced manufacturing of work-in -process inventory	10,760	
Deduct:	Work-in process inventory, end of year	99,244	
	Selling work-in process inventory	7,313	
	Scrapped Work-in-process inventory	47	
	Other	1,097	
Cost of finished goods		838,079	
Add:	Finished goods, beginning of year	44,049	
	Outsourced finished goods	83,838	
	Other	248	
Deduct:	Finished goods, end of year	45,157	
	Scrapped finished goods	1,119	
Total cost of sales			919,938
Selling raw materials			49,622
Selling work-in process inventory			7,313
Losses on physical count			14
Losses on scrapping of inventory purchases			3,151
Losses on decline in market value			10,137
Warranty provisions			28,792
Other			209,507
Total operating costs			$ 1,228,474

MACHVISION INC. CO., LTD.

Statement of selling expenses

For the year ended December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Salaries and pension		$ 59,701	
Commission		119,661	
Export fee		9,700	
Entertainment expenses		7,858	
Other		23,106	
		$ 220,026	

MACHVISION INC. CO., LTD.

Statement of administrative expenses

For the year ended December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Salaries and pension		$ 60,826	
Remuneration to directors		16,348	
Miscellaneous Purchases		10,951	
Depreciation		8,906	
Employee benefits		6,352	
Other		28,656	
		$ 132,039	

MACHVISION INC. CO., LTD.

Statement of research and development expenses

For the year ended December 31, 2025

(In thousands of New Taiwan Dollar)

Item	Description	Amount	Note
Salaries and pension		$ 281,516	
R & D expenses		21,938	
Other		53,549	
		$ 357,003	

Statement of changes in financial assets at amortized cost please see the financial statements note 6(b).

Statement of changes in property, plant and equipment please see the financial statements note 6(g).

Statement of changes in accumulated depreciation of property, plant and equipment please see the financial statements note 6(g).

Statements of changes in right-of-use assets please see the financial statements note 6(h).

Statement of changes in accumulated depreciation of right-of-use assets please sees the financial statements note 6(h).

Statements of other income please see the financial statements note 6(q).

Statements of other gains and losses please see the financial statements note 6(q)