

ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report****For the Years Ended December 31, 2025 and 2024 (after restatement)**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Elitegroup Computer Systems Co., Ltd.:

Opinion

We have audited the financial statements of Elitegroup Computer Systems Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024 (after restatement), 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, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 (after restatement), and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We 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 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. Based on our audits and the reports of other auditors, 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 parent company only financial statements of the Company for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition from the sale of goods

For the accounting policy on revenue recognition, please refer to Note 4(p) and 6(y).

Description of key audit matter:

The Company's sales transactions are mainly made by directly shipping the final products to the customers from the manufacturing plants in mainland China or sold through sales centers in various places. The Company's sales of goods are in accordance with the requirements of IFRS 15, wherein revenue is recognized when the customer obtains control of the goods. The Company evaluates the delivery terms stipulated in individual sales contracts to determine the appropriate time for revenue recognition. For the sales of goods to different customers, its control may be transferred at different points in time, which might cause revenues to be recognized in the wrong period for the sales realized close to the cutoff date of the period end. Therefore, we recognized the assessment of adequacy of the timing of sales recognition as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the controls over sales and collection and testing the effectiveness of relevant controls; performing test of details for revenue, sampling and inspecting the orders, shipping documents, invoices, and records of accounts receivable, to evaluate the appropriateness of revenue recognition; sampling and inspecting the documents of sales within certain periods before and after the balance sheet date to evaluate whether the timing of revenue recognition is appropriate.

Other Matter

As of and for the year ended December 31, 2024, we did not audit the financial statements of certain equity-accounted investees. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those equity-accounted investees, is based solely on the reports of other auditors. As of December 31, 2025 and 2024, the investments accounted for using the equity method of the above-mentioned subsidiaries constituted 0% and 10% of total assets, respectively, and the related share of profit of associates and joint ventures accounted for using the equity method of the above-mentioned subsidiaries constituted 0% and 69% of total profit before tax for the years then ended, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditor's 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 investment in other entities accounted for using the equity method 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tsou, Yi-Yun and Tseng, Kuo-Yang.

KPMG

Taipei, Taiwan (Republic of China)
March 6, 2026

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

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

ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Balance Sheets****December 31, 2025 and 2024 (after restatement)****(Expressed in Thousands of New Taiwan Dollars)**

	December 31, 2025		December 31, 2024			December 31, 2025		December 31, 2024	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets:									
1100 Cash and cash equivalents (Note 6(a))	\$ 1,325,824	7	1,709,686	9	2100 Short-term borrowings (Note 6(o))	\$ 785,750	4	527,850	2
1110 Financial assets at fair value through profit or loss—current (Note 6(b))	1,071,795	5	796,046	4	2170 Accounts payable (Note 6(p))	807,209	4	770,639	4
1136 Financial assets at amortized cost, net—current (Notes 6(d) and 8)	2,653,700	13	1,707,155	8	2180 Accounts payable—related parties (Notes 6(p) and 7)	970,113	5	666,724	3
1170 Accounts receivable, net (Notes 6(e) and (y))	2,284,683	12	1,624,038	8	2200 Other payables (Notes 6(q) and 7)	636,962	3	559,502	3
1180 Accounts receivable—related parties (Notes 6(e), (y) and 7)	46,616	-	92,603	-	2230 Current tax liabilities	246,542	1	149,304	1
1206 Other receivables (Note 6(f))	41,624	-	42,745	-	2250 Provisions—current (Note 6(s))	191,635	1	186,848	1
1210 Other receivables—related parties (Notes 6(f) and 7)	682,154	4	716,357	4	2280 Lease liabilities—current (Notes 6(r) and 7)	40,630	-	61,737	-
130X Inventories (Note 6(g))	1,017,300	5	699,040	3	2310 Other advance receipts (Notes 6(h) and (q))	3,677,260	18	3,677,260	18
1410 Prepayments (Note 7)	8,560	-	61,306	-	2399 Other current liabilities (Notes 6(q), (y) and 7)	<u>1,143,840</u>	<u>6</u>	<u>1,080,771</u>	<u>5</u>
1461 Non-current assets classified as held for sale (Note 6(i))	-	-	335,898	2		<u>8,499,941</u>	<u>42</u>	<u>7,680,635</u>	<u>37</u>
1479 Other current assets	<u>4,109</u>	<u>-</u>	<u>11,401</u>	<u>-</u>					
	<u>9,136,365</u>	<u>46</u>	<u>7,796,275</u>	<u>38</u>	Non-Current liabilities:				
Non-current assets:					2570 Deferred tax liabilities (Note 6(v))	469,240	2	425,815	2
1510 Financial assets at fair value through profit or loss—non-current (Note 6(b))	42,932	-	61,474	-	2580 Lease liabilities—non-current (Notes 6(r) and 7)	317,354	2	534,475	3
1517 Financial assets at fair value through other comprehensive income—non-current (Note 6(c))	2,632,286	13	4,206,739	21	2645 Guarantee deposits received	<u>-</u>	<u>-</u>	<u>2,460</u>	<u>-</u>
1550 Investment accounted for using the equity method (Note 6(j))	6,075,888	30	5,752,225	28		<u>786,594</u>	<u>4</u>	<u>962,750</u>	<u>5</u>
1600 Property, plant and equipment (Notes 6(k) and 7)	202,329	1	307,876	2		<u>9,286,535</u>	<u>46</u>	<u>8,643,385</u>	<u>42</u>
1755 Right-of-use assets (Notes 6(l) and 7)	351,335	2	592,642	3	Total liabilities				
1760 Investment property, net (Note 6(m))	163,841	1	165,676	1	Equity (Note 6(w)):				
1805 Goodwill (Note 6(n))	386,205	2	386,205	2	3100 Share capital	<u>5,574,030</u>	<u>28</u>	<u>5,574,030</u>	<u>27</u>
1821 Other intangible assets (Note 6(n))	5,910	-	7,927	-	3200 Capital surplus	<u>5,437,323</u>	<u>27</u>	<u>5,437,323</u>	<u>27</u>
1840 Deferred tax assets (Note 6(v))	837,298	4	869,524	4	Retained earnings:				
1920 Refundable deposits (Note 7)	10,946	-	15,735	-	3310 Legal reserve	236,014	1	236,014	1
1975 Net defined benefit asset, non-current (Note 6(u))	206,606	1	227,025	1	3320 Special reserve	757,960	4	757,960	4
1990 Other non-current assets	<u>369</u>	<u>-</u>	<u>256</u>	<u>-</u>	3350 Unappropriated retained earnings	<u>916,444</u>	<u>5</u>	<u>234,629</u>	<u>1</u>
	<u>10,915,945</u>	<u>54</u>	<u>12,593,304</u>	<u>62</u>		<u>1,910,418</u>	<u>10</u>	<u>1,228,603</u>	<u>6</u>
Total assets	\$ <u>20,052,310</u>	<u>100</u>	<u>20,389,579</u>	<u>100</u>	3400 Other equity	<u>(2,155,996)</u>	<u>(11)</u>	<u>(493,762)</u>	<u>(2)</u>
					Total equity	<u>10,765,775</u>	<u>54</u>	<u>11,746,194</u>	<u>58</u>
					Total liabilities and equity	\$ <u>20,052,310</u>	<u>100</u>	<u>20,389,579</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

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

ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024 (after restatement)****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

	2025		2024 (after restatement)	
	Amount	%	Amount	%
4000 Operating revenue (Notes 6(y) and 7)	\$ 17,170,979	100	14,203,339	100
5000 Operating costs (Notes 6(g) and 7)	15,682,677	91	12,976,023	91
5910 Less: Unrealized (realized) profit (loss) from sales	4,034	-	(3,401)	-
5950 Gross profit from operations	1,484,268	9	1,230,717	9
6000 Operating expenses (Notes 6(e), (r), (u), (z) and 7):				
6100 Selling expenses	300,915	2	347,260	3
6200 Administrative expenses	550,748	3	482,677	4
6300 Research and development expenses	518,748	3	763,171	5
Total operating expenses	1,370,411	8	1,593,108	12
6900 Net operating income (loss)	113,857	1	(362,391)	(3)
Non-operating income and expenses (Note 6(aa)):				
7100 Interest income (Note 7)	69,194	-	101,871	1
7010 Other income (Note 7)	307,986	2	61,433	-
7020 Other gains and losses, net (Note 6(m))	(123,016)	(1)	159,846	1
7050 Finance costs (Notes 6(r) and 7)	(42,593)	-	(26,794)	-
7070 Shares of profit of subsidiaries, associates and joint ventures accounted for using the equity method	675,904	4	(20,035)	-
	887,475	5	276,321	2
7900 Income (loss) before tax	1,001,332	6	(86,070)	(1)
7950 Less: Income tax expenses (Note 6(v))	213,433	1	4,425	-
8200 Net income (loss)	787,899	5	(90,495)	(1)
8300 Other comprehensive income (loss):				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans	14,202	-	41,147	-
8316 Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (loss)	(1,530,542)	(9)	34,316	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,841	-	8,229	-
	(1,519,181)	(9)	67,234	-
8360 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(165,791)	(1)	356,018	3
8365 Equity related to non-current assets (or disposal groups) classified as held for sale	1,176	-	(1,683)	-
8399 Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	(32,923)	-	70,868	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss	(131,692)	(1)	283,467	3
8300 Other comprehensive (loss) income, net of taxes	(1,650,873)	(10)	350,701	3
8500 Total comprehensive (loss) income	\$ (862,974)	(5)	260,206	2
Earnings (loss) per share (expressed in dollars) (Note 6(x))				
9750 Basic earnings (loss) per share	\$ 1.41		(0.16)	
9850 Diluted earnings (loss) per share	\$ 1.40		(0.16)	

See accompanying notes to parent company only financial statements.

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

ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Equity Directly Associated with Disposal Groups Held-for-Sale	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Balance at January 1, 2024	\$ 5,574,030	5,437,323	134,693	319,468	1,389,422	(741,480)	(7,490)	(62,575)	12,043,391
Net loss	-	-	-	-	(90,495)	-	-	-	(90,495)
Other comprehensive income (loss)	-	-	-	-	32,918	284,814	34,316	(1,347)	350,701
Total comprehensive income	-	-	-	-	(57,577)	284,814	34,316	(1,347)	260,206
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	101,321	-	(101,321)	-	-	-	-
Special reserve appropriated	-	-	-	438,492	(438,492)	-	-	-	-
Cash dividends	-	-	-	-	(557,403)	-	-	-	(557,403)
Reclassification to assets held for sale	-	-	-	-	-	(123,011)	-	123,011	-
Balance at December 31, 2024	5,574,030	5,437,323	236,014	757,960	234,629	(579,677)	26,826	59,089	11,746,194
Profit	-	-	-	-	787,899	-	-	-	787,899
Other comprehensive income (loss)	-	-	-	-	11,361	(132,632)	(1,530,542)	940	(1,650,873)
Total comprehensive income (loss)	-	-	-	-	799,260	(132,632)	(1,530,542)	940	(862,974)
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(117,314)	-	-	-	(117,314)
Disposal of subsidiary held for sale	-	-	-	-	-	60,029	-	(60,029)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(131)	-	-	-	(131)
Balance at December 31, 2025	\$ 5,574,030	5,437,323	236,014	757,960	916,444	(652,280)	(1,503,716)	-	10,765,775

See accompanying notes to parent company only financial statements.

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

ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Statements of Cash Flows****For the years ended December 31, 2025 and 2024 (after restatement)****(Expressed in Thousands of New Taiwan Dollars)**

	For the years ended December 31	
	2025	2024 (after restatement)
Cash flows from (used in) operating activities:		
Income (loss) before tax	\$ 1,001,332	(86,070)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	115,779	125,337
Amortization expenses	26,606	6,286
Expected credit (gains) losses	(401)	4,453
Net gain on financial assets or liabilities at fair value through profit or loss	(8,359)	(38,164)
Interest expense	42,593	26,794
Interest income	(69,194)	(101,871)
Dividend income	(259,079)	-
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(675,904)	20,035
Loss on disposal of property, plant and equipment	58,603	-
Unrealized (realized) gross profit on transactions with subsidiaries	4,034	(3,401)
Unrealized foreign exchange gain	(20,315)	(25,145)
(Gain) loss on lease modifications	(2,191)	245
Others	(5)	-
Total adjustments to reconcile profit (loss)	<u>(787,833)</u>	<u>14,569</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss	(248,849)	1,131,809
Decrease in notes receivable	-	21
(Increase) decrease in accounts receivable	(636,675)	80,718
Decrease (increase) in other receivables	36,501	(22,417)
Increase in inventories	(318,260)	(45,598)
Decrease in prepayments	52,749	10,195
Dncrease in other current assets	7,293	8,434
Decrease (increase) in net defined benefit assets	34,621	(2,187)
Total changes in operating assets	<u>(1,072,620)</u>	<u>1,160,975</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	352,078	(338,402)
Increase (decrease) in other payables	94,782	(202,558)
Increase in provisions	4,787	10,944
Increase (decrease) in other current liabilities	104,184	(280,780)
Total changes in operating liabilities	<u>555,831</u>	<u>(810,796)</u>
Total changes in operating assets and liabilities	<u>(516,789)</u>	<u>350,179</u>
Total adjustments	<u>(1,304,622)</u>	<u>364,748</u>
Cash inflow (used in) generated from operations	(303,290)	278,678
Interest received	67,599	107,097
Interest paid	(42,316)	(26,052)
Income taxes paid	(10,493)	(178,809)
Net cash flows (used in) provided by operating activities	<u>(288,500)</u>	<u>180,914</u>

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

ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Statements of Cash Flows (CONT'D)****For the years ended December 31, 2025 and 2024 (after restatement)****(Expressed in Thousands of New Taiwan Dollars)**

	For the years ended December 31	
	2025	2024 (after restatement)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,999,913)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	43,911	-
Acquisition of financial assets at amortized cost	(8,953,700)	(7,471,455)
Proceeds from disposal of financial assets at amortized cost	8,004,620	9,385,780
Acquisition of investments accounted for using the equity method	(114,591)	(543,755)
Acquisition of property, plant and equipment	(25,113)	(193,738)
Proceeds from disposal of property, plant and equipment	12	12,577
Increase in refundable deposits	-	(316)
Decrease in refundable deposits	5,065	200,400
Acquisition of intangible assets	(24,589)	(1,200)
Proceeds from disposal of investment properties	-	280,000
Decrease in other non-current assets	(111)	(940)
Dividends received	567,729	-
Net cash flows used in investing activities	(496,767)	(2,332,560)
Cash flows from financing activities:		
Increase in short-term loans	2,251,342	1,380,130
Decrease in short-term loans	(2,001,767)	(856,755)
Decrease in guarantee deposits received	(2,460)	-
Payments of lease liabilities	(53,696)	(61,150)
Cash dividends paid	(117,314)	(557,403)
Refund of shares of capital reduction of subsidiaries	325,300	481,050
Net cash flows provided by financing activities	401,405	385,872
Net decrease in cash and cash equivalents	(383,862)	(1,765,774)
Cash and cash equivalents at the beginning of period	1,709,686	3,475,460
Cash and cash equivalents at the end of period	\$ 1,325,824	1,709,686

See accompanying notes to parent company only financial statements.

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

ELITEGROUP COMPUTER SYSTEMS CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

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

(1) Company history

Elitegroup Computer Systems Co., Ltd. (the “Company”) was established in May 1987 and began operations in June 1987. The Company designs, develops, and sells motherboards, desktop computers, notebook, tablet computers, barebone systems and add-on cards. Please refer to Note 6(y).

The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on September 21, 1994.

The Company adjusted its organizational structure to integrate resources and reduce operating costs. Pursuant to the resolution of the Board of Directors passed on February 21, 2025, the Company intends to conduct a simplified merger with its wholly owned subsidiary, ECS Industrial Computer Co., Ltd. As the merger is accounted for as a merger under common control and treated as if it had occurred from the beginning, the Company has accordingly restated its parent company only financial statements for 2024. Related impacts are disclosed in Note 12(e).

(2) Approval date and procedures of the financial statements

These parent company only financial statements were authorized for issue by the Board of Directors on March 4, 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, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed 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:

- IFRS 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”

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

- (c) The impact of IFRS Accounting Standards issued by 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 International Accounting Standards Board (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”	<p>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.</p> <ul style="list-style-type: none"> ● 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: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

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 amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- 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

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

(b) Basis of preparation

(i) Basis of measurement

Except for the financial instruments measured at fair value and net defined benefit assets which are measured at the present value of defined benefit obligations less the fair value of plan assets, the parent company only financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(c) Foreign currencies

(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.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(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 Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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(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 expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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 expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability 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 and debt securities issued 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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(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; fair value through other comprehensive income FVOCI – equity investment; or 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 other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. 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.

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

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, trade receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

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

- 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 and contract assets are always measured at an amount equal to lifetime ECL.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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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.

ECL 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). ECL 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 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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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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. For corporate customers, 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.

6) 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.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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.

4) 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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

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.

5) 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

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

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 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 parent company only 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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under the equity method in the parent company only financial statements. Under the equity method, the net income, other comprehensive income and equity in the parent company only financial statements are the same as those attributable to the owners of parent in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are recognized as equity transaction.

(j) Investment property

Investment property, includes right-of-use assets that meet the definition of investment property, is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(k) 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 expenditure

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.

Land is not depreciated.

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

1) equipment	3~10 years
2) other equipment	1~13 years

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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(l) 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.

(i) As a lessee

The Company 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 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, including in-substance 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 an extension or termination option; or
- there is any lease modifications

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

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

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

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(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------|-----------|
| 1) Computer software | 1~3 years |
|----------------------|-----------|

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

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets 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.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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.

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

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

(p) Revenue recognition

(i) Revenue from contracts with customers

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.

1) Sale of goods

The Company manufactures and sells computer equipment. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.**Notes to the Financial Statements**

The Company's obligation to provide a refund for faulty products under the warranty terms to some customers is recognized as a provision for warranty; please refer to Note 6(s).

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.

2) Maintenance services of computer equipment

The Company provides maintenance services of computer equipment. Skilled technical personnel is required to perform maintenance services. Since the length of the maintenance service provided to each contract is only for a short duration, the Company recognizes revenue upon completion of service contracts.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

(q) Government grants and government assistance

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. 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.

(r) 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 plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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 because of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes 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 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;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are 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 profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as 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 potentially dilutive ordinary shares.

(u) Operating segments

The Company has disclosed segment information in the consolidated financial statements, so the parent company only financial statements do not disclose segment information.

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

In preparing these parent company only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

There are no critical judgments made in applying accounting policies that have significant effects on the amounts recognized in the parent company only financial statements.

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) Valuation of inventories

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 of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(g) for further description of the valuation of inventories.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(n) for further description of the impairment of goodwill.

(c) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be utilized and feasible tax planning strategies. Changes in the economic environment, industry trends, and relevant laws and regulations may result in adjustments to the deferred tax assets. Refer to Note 6(v) for further description of the recognition of deferred tax assets.

Measurement process

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value. The Company has established internal control system for fair value measurement. The Company's Finance & Accounting Center periodically renews input data for valuation models and makes all other necessary fair value adjustments to assure the rationality of fair value. If the inputs used to measure fair value are based on information from external third parties, such as brokers or pricing service providers, the Finance & Accounting Center will assess the evidence supporting the inputs provided by such third parties to ensure that the valuation and its classification within the requirement of IFRS. Investment property is periodically remeasured by the Company's Finance & Accounting Center or by appraisers using appraisal method accepted by FSC.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

(6) Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2025	December 31, 2024 (after restatement)
Petty cash and foreign cash on hand	\$ 709	987
Checking accounts and demand deposits	1,152,826	1,188,881
Time deposits	<u>172,289</u>	<u>519,818</u>
Cash and cash equivalents in the statement of cash flows	<u>\$ 1,325,824</u>	<u>1,709,686</u>

Please refer to Note 6(ab) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

The interest rates for time deposits with original maturities of less than three months were ranging from 1.225%~4.02% and from 1.225%~4.60% as of December 31, 2025 and 2024, respectively.

- (b) Financial assets at fair value through profit or loss

	December 31, 2025	December 31, 2024
Financial assets mandatorily classified as at FVTPL:		
Non-derivative financial assets		
<u>Current</u>		
Mutual funds	<u>\$ 1,071,795</u>	<u>796,046</u>
<u>Non-current</u>		
Foreign unlisted shares	\$ -	3
Domestic unlisted shares	<u>42,932</u>	<u>61,471</u>
	<u>\$ 42,932</u>	<u>61,474</u>

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

The Company entered into forward exchange contracts and dual currency investment to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. As of December 31, 2025 and 2024, it did not hold any outstanding derivative financial products. The investment (loss) income from derivative financial products for the years ended December 31, 2025 and 2024, were \$(2,182) thousand and \$9,376 thousand, respectively. However, those derivative financial products did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

For amounts recognized in profit or loss for fair value remeasurement, please refer to Note 6(aa).

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

	December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income:		
Domestic listed shares—Tatung Co.	\$ 2,632,286	4,206,739

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long term strategic purposes and rather for trading.

During the years ended December 31, 2025 and 2024, the dividends of \$259,079 thousand and zero, related to equity investments at fair value through other comprehensive income held on December 31, 2025 and 2024, respectively, were recognized.

There were no disposals of strategic investments and reclassifications of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2025 and 2024.

(ii) For credit risk and market risk, please refer to Note 6(ab).

(iii) As of December 31, 2025 and 2024, the Company's financial assets at fair value through other comprehensive income were not pledged as collateral.

(d) Financial assets at amortized cost

	December 31, 2025	December 31, 2024 (after restatement)
<u>Current</u>		
Time deposits with original maturity of more than 3 months	\$ 2,650,000	1,703,355
Pledged time deposits	3,700	3,800
	\$ 2,653,700	1,707,155

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

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.

- (i) The interest rates for time deposits with original maturities of more than 3 months were ranging from 1.29%~1.70% and from 1.285%~5.00% as of December 31, 2025 and 2024, respectively.
- (ii) For information relating to credit risk, please refer to Note 6(ab).
- (iii) For information relating to the above financial assets pledged as collateral for tariff guarantee, please refer to Note 8.
- (e) Notes receivable and accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
<u>At amortized cost</u>		
Accounts receivable	\$ 2,302,593	1,642,349
Accounts receivable — related parties	46,616	92,603
Less: allowance for impairment loss	<u>(17,910)</u>	<u>(18,311)</u>
	<u>\$ 2,331,299</u>	<u>1,716,641</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

	<u>December 31, 2025</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not Past Due	\$ 2,273,590	-%	-
Past Due within 60 days	58,137	1%	(463)
Past Due 61 to 90 Days	36	3%	(1)
Past Due over 240 days	<u>17,446</u>	100%	<u>(17,446)</u>
	<u>\$ 2,349,209</u>		<u>(17,910)</u>
	<u>December 31, 2024 (after restatement)</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not Past Due	\$ 1,698,976	-%	-
Past Due within 60 days	17,843	1%	(179)
Past Due over 240 days	<u>18,133</u>	100%	<u>(18,132)</u>
	<u>\$ 1,734,952</u>		<u>(18,311)</u>

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

The movements in the allowance for trade receivables and notes receivable were as follows:

	For the year ended December 31	
	2025	2024 (after restatement)
Balance at January 1	\$ 18,311	13,858
Impairment losses recognized	-	4,453
Impairment losses reversed	(401)	-
Balance at December 31	\$ 17,910	18,311

For information relating to credit risk, please refer to Note 6(ab).

(f) Other receivables and overdue receivables

For other receivables and overdue receivables that have the indications of impairment, the Company recognizes loss allowance at full amount after deducting the value of related collateral.

	December 31, 2025	December 31, 2024 (after restatement)
<u>Other receivables</u>		
Other receivable — related parties	\$ 682,154	716,357
Tax refund receivable	30,902	30,869
Others	15,064	16,218
Less: allowance for impairment loss	(4,342)	(4,342)
	\$ 723,778	759,102

The movements in the allowance for other receivables were as follows:

	For the year ended December 31	
	2025	2024
Balance at January 1	\$ 4,342	4,342
Balance at December 31	\$ 4,342	4,342
	December 31, 2025	December 31, 2024
<u>Overdue receivables</u>		
Overdue receivables	\$ 159,257	159,257
Less: allowance for impairment loss	(159,257)	(159,257)
	\$ -	-

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

The movements in the allowance for overdue receivables were as follows:

	For the year ended December 31	
	2025	2024
Balance at January 1	\$ 159,257	159,257
Balance at December 31	\$ 159,257	159,257

For information relating to credit risk, please refer to Note 6(ab).

(g) Inventories

	December 31, 2025	December 31, 2024 (after restatement)
Finished goods	\$ 652,308	570,621
Work in progress	25,719	15,231
Raw materials	339,273	113,188
	\$ 1,017,300	699,040

The details of operating costs were as follows:

	For the years ended December 31	
	2025	2024 (after restatement)
Inventory that has been sold	\$ 15,756,556	12,906,023
(Reversal of write-downs) Write-down of inventories	(68,507)	29,796
Loss (gain) on physical inventory and loss on disposal of inventory	15	887
Recognition (Reversal) of compensation Loss	(5,387)	39,317
Total	\$ 15,682,677	12,976,023

During the years ended 2025 and 2024 (after restatement), the (reversal) and recognition of write-downs was due from the changes in net realizable value and inventory liquidation, and was included in cost of goods sold.

As of December 31, 2025 and 2024 (after restatement), the inventories of the Company had not been pledged as collateral.

(h) Loss of control over a subsidiary

The board of directors of the Company approved the Plan of Activating the Assets Located in People's Republic of China ("Mainland Assets Activation Plan") on April 7, 2017. And the Company entered into a contract with Ever Unicorn Estate Limited (the "Ever Unicorn") in April 2017, which was executed in two sections.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

A. Transfer of interests in Dragon Asia

After finishing the transfer of the operations and related assets and liabilities from Golden Elite Technology (興英科技) to ECS Digital Technology, Ever Unicorn will make an estimated payment between RMB1,150,000 thousand to RMB1,375,000 thousand for a 100% equity interest in Dragon Asia.

B. Relocation compensation for ECS Digital Technology's operations

The operation of ECS Digital Technology will be relocated after contract conditions are fulfilled. Ever Unicorn shall pay the compensation amount of RMB2,500,000 thousand in accordance with the progress of the relocation.

The relocation income, after deducting the related relocation costs and expenses, will be used for landscaping, plant constructing, and equipment installing as well as for the funds required to operate for ECS Digital Technology.

Due to the modifications on transaction terms and payment arrangements, the board of directors of the Company approved and entered into a supplementary contract with Ever Unicorn on January 23, 2018.

In accordance with the supplementary contract, the transfer of interests in Dragon Asia was divided into two phases. In phase 1, the Company will complete the transfer of 52% interest in Dragon Asia to Ever Unicorn for RMB600,000 thousand. After the Company completed the stripping of other non-target assets and liabilities from Golden Elite Technology (興英科技), with both parties reaching a consensus on the prerequisites including the change in procedure to the land category by Golden Elite Technology (興英科技), phase 2 of the transaction will then commence. The Company will complete the transfer of remaining 48% interest in Dragon Asia to Ever Unicorn for RMB550,000 thousand. The Company will engage in further negotiation regarding the contract with Ever Unicorn if the land is not subject to urban planning as outlined by authorities.

In order to cooperate with Mainland Assets Activation Plan, the board of directors of the Company approved to reduce the capital of Dragon Asia and Million Up on January 23, 2018, the total amount of capital reduction was US\$69,327 thousand for both subsidiaries.

The Company obtained the share price for RMB600,000 thousand on March 27, 2018, and completed the transfer of 52% equity of Dragon Asia in the phase 1 of the contract. The Company recognized the amount as other advance receipts because the transfer of significant risks and rewards of related assets had not been completed. The foregoing transaction of 52% equity of Dragon Asia has been approved by the Investment Commission, Ministry of Economic Affairs on May 1, 2018.

According to the contract signed with Ever Unicorn, the Company should strip non-target assets and liabilities from Golden Elite Technology (興英科技). The board of directors of Golden Elite Technology (興英科技) approved on April 26, 2018, to proceed with the splitting process, by means of transferring non-target assets and liabilities into Golden Elite Technology (興英數位科技), which was newly registered on May 17, 2018. Golden Elite Technology (興英科技) and Golden Elite Technology (興英數位科技) will be 100% owned subsidiaries of Million Up, and the original shareholders' rights and interests shall not be affected.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

In order to facilitate the splitting process, the board of directors of the Company approved the employees' economic compensation of RMB113,963 thousand of Golden Elite Technology (興英科技) on June 24, 2019, which was issued in 2020. Golden Elite Technology (興英科技) completed the splitting process on July 1, 2019, and transferred non-target net assets of RMB454,051 thousand to Golden Elite Technology (興英數位科技) as capital.

Due to the adjustment to the investment structure, the board of directors of the Company approved the sales of 100% of Golden Elite Technology's (興英數位科技) shares owned by Million Up to ECS Holding (HK) on August 12, 2019. The transaction price will be determined according to Golden Elite Technology's (興英數位科技) net value at the time of execution. The application for transferring the equity was approved by the Investment Commission, Ministry of Economic Affairs, Rule No. 10800244950, on May 4, 2020. On May 29, 2020, four parties (Dragon Asia, Million Up, ECS Holding (HK) and the Company) agreed to offset the creditor's rights and liabilities. The amounts used by the four parties to offset the creditor's rights and liabilities are based on (1) the amount of capital reduction received (paid) by the Company, Dragon Asia and Million Up; (2) the amount of capital increase that the Company owed to its subsidiary, ECS Holding (HK), which amounted to US\$69,327 thousand; and (3) the amount received from selling 100% equity of Golden Elite Technology (興英數位科技) to ECS Holding (HK) and completion of the transfer of shares of Golden Elite Technology (興英數位科技) to ECS Holding (HK).

Ever Unicorn requested the Company to transfer the remaining 48% shares of Dragon Asia according to the supplementary contract, the Company obtained the second-phased share price for RMB550,000 thousand on August 25, 2020, which was recognized as other advance receipts, and finished the 48% shares transfer process of Dragon Asia at the same day. The foregoing transaction of 48% equity of Dragon Asia had received a letter of approval from the Investment Commission, Ministry of Economic Affairs on September 29, 2020. After transferring all of the shares of Dragon Asia, the Company lost control of Dragon Asia, Million Up and Golden Elite Technology (興英科技), and derecognized the related subsidiaries. The Company accounted for the residual equity in ECS Holding (HK) and Golden Elite Technology (興英數位科技), respectively.

The Company had partially completed the transfer of significant risks and rewards of related assets after evaluating the agreement and the status of implementation, therefore, the Company derecognized the right-of-use assets, deferred income tax assets, and other current assets, which amounting to \$190,759 thousand, \$627,104 thousand and \$184,682 thousand, respectively, and transferred the related advance receipts, which amounting to \$1,346,036 thousand (RMB315,453 thousand) as the disposal price in 2020. The Company recognized a gain of \$343,491 thousand on disposal of assets and recognized income tax expense of \$288,248 thousand on disposal of assets.

In November 2022, the Company was notified by Ever Unicorn that the underlying land, defined in phase 2, was not included in urban planning as outlined by authorities. To safeguard the interests of the shareholders of the Company, the parties will proceed on further negotiations in accordance with Article 2.4 of the Addendum Agreement. As of the publish date of the consolidated financial statements, the negotiations have not been completed. The company received a notice of arbitration in April 2025. For further details regarding the related arbitration proceedings, please refer to Note 9(b).

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

As of December 31, 2025, the Company had not fully completed the transfer of significant risks and rewards of related assets, thus the remaining advance receipts amounting to \$3,677,260 thousand (RMB834,547 thousand) from Ever Unicorn were recognized as other advance receipts.

The terms of the abovementioned trading contract stipulate that if the buyer or seller are involved in breach of contract, the non-defaulting party shall have the right to decide whether to terminate the contract, in addition to the actual damages and related expenses that the defaulting party should pay to the non-defaulting party.

(i) Non-current assets held for sale

In order to activate its assets, a resolution had been approved during the board meeting of the Company held on June 21, 2023, for the disposal of both Elitegroup Computer Systems (SIP) Co., Ltd. and its upper-tier investment company, Unitop International Corp, with the chairman of the board, or an individual assigned by him, being granted the authority to actively seek for buyers. On June 6, 2024, the Company agreed with the buyer, Jiangsu Wuzhong High-Tech Venture Capital Co., Ltd., to sell Elitegroup Computer Systems (SIP) Co. Ltd.

On the other hand, the Company reclassified the assets, liabilities and other equity belonging to Unitop International Corp. back to its original accounts.

At December 31, 2024, the amounts for assets, liabilities, and other equity of the disposal group were detailed as follows:

	December 31, 2024
Cash and cash equivalents	\$ 95,654
Accounts receivable	22,193
Other receivables	19
Property, plant and equipment	599
Investment property, net	214,956
Deferred tax assets	<u>2,919</u>
Assets of the disposal group	\$ <u>336,340</u>
Other current liabilities	<u>442</u>
Liabilities of the disposal group	\$ <u>442</u>
Equity of the disposal group - Exchange differences on translation of foreign financial statements	\$ <u>59,089</u>

There are no impairment indicators from measuring against the lower of carrying amount and fair value less costs to sell.

The transaction was completed on March 4, 2025, with the consideration amounting to RMB \$224,955 thousand. Proceeds of RMB \$102,500 thousand and RMB \$60,955 thousand were received on September 12, 2024 and May 15, 2025, respectively.

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(j) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2025	December 31, 2024 (after restatement)
Subsidiaries	\$ 6,075,888	5,752,225

- (i) For information of subsidiaries, please refer to the consolidated financial statement for the year ended December 31, 2025.
- (ii) The Company's subsidiary, Unitop International Corp., sold its subsidiary, Elitegroup Computer Systems (SIP) Co., Ltd., on March 4, 2025. Accordingly, Elitegroup Computer Systems (SIP) Co., Ltd., ceased to be a subsidiary from that date. For details regarding the related disposal, please refer to the consolidated financial statements for the year ended 2025.
- (iii) On February 21, 2025, the Company's Board of Directors resolved to adjust the organizational structure to effectively integrate resources and reduce administrative and operating costs. Accordingly, the Company merged with ECS Industrial Computer Co., Ltd., with the Company as the surviving entity. The related statutory registration procedures were completed on October 7, 2025. As a result, the Company has restated its parent company only financial statements for 2024. For details of the impact, please refer to Note 12(e).
- (iv) Pledge to guarantee

As of December 31, 2025 and 2024 (after restatement), the investments accounted for using the equity method of the Company had not been pledged as collateral.

(k) Property, plant and equipment

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

	Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost or deemed cost:					
Balance on January 1, 2025	\$ 36,067	719	560,941	-	597,727
Additions	-	-	7,921	-	7,921
Disposals	(4,394)	(719)	(69,072)	-	(74,185)
Balance on December 31, 2025	\$ 31,673	-	499,790	-	531,463
Balance on January 1, 2024 (after restatement)	\$ 37,134	719	340,913	72,314	451,080
Additions	2,392	-	174,751	-	177,143
Disposals	(3,459)	-	(29,732)	-	(33,191)
Transfers	-	-	75,009	(72,314)	2,695
Balance on December 31, 2024 (after restatement)	\$ 36,067	719	560,941	-	597,727

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	<u>Equipment</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2025	\$ 33,290	719	255,842	-	289,851
Depreciation expenses	863	-	53,990	-	54,853
Disposals	(2,672)	(719)	(12,179)	-	(15,570)
Balance on December 31, 2025	<u>\$ 31,481</u>	<u>-</u>	<u>297,653</u>	<u>-</u>	<u>329,134</u>
Balance on January 1, 2024 (after restatement)	\$ 32,813	719	222,700	-	256,232
Depreciation expenses	1,544	-	52,689	-	54,233
Disposals	(1,067)	-	(19,547)	-	(20,614)
Balance on December 31, 2024 (after restatement)	<u>\$ 33,290</u>	<u>719</u>	<u>255,842</u>	<u>-</u>	<u>289,851</u>
Book value:					
Balance on December 31, 2025	<u>\$ 192</u>	<u>-</u>	<u>202,137</u>	<u>-</u>	<u>202,329</u>
Balance on January 1, 2024 (after restatement)	<u>\$ 4,321</u>	<u>-</u>	<u>118,213</u>	<u>72,314</u>	<u>194,848</u>
Balance on December 31, 2024 (after restatement)	<u>\$ 2,777</u>	<u>-</u>	<u>305,099</u>	<u>-</u>	<u>307,876</u>

As of December 31, 2025 and 2024 (after restatement), the property, plant and equipment of the Company had not been pledged as collateral.

(l) Right-of-use assets

The movements in the cost and depreciation of the right-of-use assets of the Company were as follows:

	<u>Buildings</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2025	\$ 654,826	1,003	10,210	666,039
Remeasurement	(1,918)	-	-	(1,918)
Disposals	(213,893)	(91)	(10,210)	(224,194)
Balance on December 31, 2025	<u>\$ 439,015</u>	<u>912</u>	<u>-</u>	<u>439,927</u>
Balance on January 1, 2024 (after restatement)	\$ 654,826	1,020	11,863	667,709
Additions	-	1,003	-	1,003
Disposals	-	(1,020)	(1,653)	(2,673)
Balance on December 31, 2024 (after restatement)	<u>\$ 654,826</u>	<u>1,003</u>	<u>10,210</u>	<u>666,039</u>
Accumulated depreciation:				
Balance on January 1, 2025	\$ 65,483	112	7,802	73,397
Depreciation expenses	57,548	308	1,235	59,091
Disposals	(34,844)	(15)	(9,037)	(43,896)
Balance on December 31, 2025	<u>\$ 88,187</u>	<u>405</u>	<u>-</u>	<u>88,592</u>

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	<u>Buildings</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Balance on January 1, 2024 (after restatement)	\$ -	794	5,363	6,157
Depreciation expenses	65,483	338	3,449	69,270
Disposals	-	(1,020)	(1,010)	(2,030)
Balance on December 31, 2024 (after restatement)	<u>\$ 65,483</u>	<u>112</u>	<u>7,802</u>	<u>73,397</u>
Book value:				
Balance on December 31, 2025	<u>\$ 350,828</u>	<u>507</u>	<u>-</u>	<u>351,335</u>
Balance on January 1, 2024 (after restatement)	<u>\$ 654,826</u>	<u>226</u>	<u>6,500</u>	<u>661,552</u>
Balance on December 31, 2024 (after restatement)	<u>\$ 589,343</u>	<u>891</u>	<u>2,408</u>	<u>592,642</u>

Please refer to Note 7 for details regarding the Company's reduction in office building leases with related parties.

(m) Investment property

The movements of the investment property of the Company were as follows:

	<u>Owned property</u>		
	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Cost:			
Balance on January 1, 2025	\$ 168,732	69,567	238,299
Balance on December 31, 2025	<u>\$ 168,732</u>	<u>69,567</u>	<u>238,299</u>
Balance on January 1, 2024 (after restatement)	\$ 168,732	69,567	238,299
Balance on December 31, 2024 (after restatement)	<u>\$ 168,732</u>	<u>69,567</u>	<u>238,299</u>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2025	\$ 14,673	57,950	72,623
Depreciation expenses	-	1,835	1,835
Balance on January 1, 2025	<u>\$ 14,673</u>	<u>59,785</u>	<u>74,458</u>
Balance on January 1, 2024 (after restatement)	\$ 14,673	56,116	70,789
Depreciation expenses	-	1,834	1,834
Balance on December 31, 2024 (after restatement)	<u>\$ 14,673</u>	<u>57,950</u>	<u>72,623</u>
Book value:			
Balance on December 31, 2025	<u>\$ 154,059</u>	<u>9,782</u>	<u>163,841</u>
Balance on January 1, 2024 (after restatement)	<u>\$ 154,059</u>	<u>13,451</u>	<u>167,510</u>
Balance on December 31, 2024 (after restatement)	<u>\$ 154,059</u>	<u>11,617</u>	<u>165,676</u>
Fair value:			
Balance on December 31, 2025			<u>\$ 356,108</u>
Balance on December 31, 2024			<u>\$ 353,615</u>

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

Investment properties located in Guandu were leased out for 2 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. In September 2025, the Company and the lessee agreed to terminate the lease early.

For the years ended December 31, 2025 and 2024, the maintenance, repair, and depreciation expenses related to investment properties were as follows:

	For the year ended December 31	
	2025	2024
Properties generating rental income	\$ 1,833	2,353
Properties not generating rental income	707	-
	\$ 2,540	2,353

As of December 31, 2025 and 2024 (after restatement), the investment property of the Company had not been pledged as collateral.

(n) Goodwill and other intangible assets

The movements of the goodwill and other intangible assets of the Company were as follows:

	Goodwill	Computer Software	Total
Cost or deemed cost:			
Balance on January 1, 2025	\$ 539,663	19,287	558,950
Additions	-	24,589	24,589
Disposals	-	(26,048)	(26,048)
Balance on December 31, 2025	\$ 539,663	17,828	557,491
Balance on January 1, 2024 (after restatement)	\$ 539,663	18,231	557,894
Additions	-	1,200	1,200
Disposals	-	(144)	(144)
Balance on December 31, 2024 (after restatement)	\$ 539,663	19,287	558,950
Amortization and impairment losses:			
Balance on January 1, 2025	\$ 153,458	11,360	164,818
Amortization expenses	-	26,606	26,606
Disposals	-	(26,048)	(26,048)
Balance on December 31, 2025	\$ 153,458	11,918	165,376
Balance on January 1, 2024 (after restatement)	\$ 153,458	5,218	158,676
Amortization expenses	-	6,286	6,286
Disposals	-	(144)	(144)
Balance on December 31, 2024 (after restatement)	\$ 153,458	11,360	164,818

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
Book value:			
Balance on December 31, 2025	\$ <u>386,205</u>	<u>5,910</u>	<u>392,115</u>
Balance on January 1, 2024 (after restatement)	\$ <u>386,205</u>	<u>13,013</u>	<u>399,218</u>
Balance on December 31, 2024 (after restatement)	\$ <u>386,205</u>	<u>7,927</u>	<u>394,132</u>

Goodwill is the premium generated from the business acquisition of mobile products businesses.

Cash-generating units (CGUs) to which goodwill has been allocated, such as mobile products businesses, are tested for impairment annually.

The calculation of the recoverable amount of the goodwill of the Company was based on their value in use. In this calculation, the Company used cash flow projections for a budget period based on the key asset's remaining durable years, which is determined as 7 years. The cash flows beyond the five-year period have been extrapolated using a steady annual growth rates of 1.6%~1.8% and 2%~3% as of December 31, 2025 and 2024, respectively. The discount rates used in impairment tests conducted on December 31, 2025 and 2024 were 15.73% to 9.92% per annum, respectively.

Key assumptions used to calculate the recoverable amount of the CGUs and the descriptions of assumed value are determined as follows:

- (i) Estimated market growth rate: The estimation of sales was based on the expected global future growth rate of industry peers.
- (ii) Estimated gross margin: The estimate was based on the actual ratio for 2025 and historical operating performance.
- (iii) Estimated operating profit: The operating expenses were estimated based on the actual ratio of operating expenses to operating revenue for 2025.

The CGUs used the above key assumptions to calculate their recoverable amounts, which were higher than the carrying values as of December 31, 2025; thus, there was no indication of impairment.

- (o) Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured bank loans	\$ <u>785,750</u>	<u>527,850</u>
Range of interest rates	<u>4.35%~4.62%</u>	<u>1.98%~5.45%</u>

The Company had not pledged any assets as collateral for bank loans.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(p) Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Third parties - operating	\$ 807,209	770,639
Related parties - operating	<u>970,113</u>	<u>666,724</u>
	<u>\$ 1,777,322</u>	<u>1,437,363</u>

Accounts payable resulted mainly from the purchase of components, including motherboards, notebooks, CPUs, IC chip-sets, LCD panels, CD-ROM drives, hard disks, and memory modules.

(q) Other current and non-current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Other payables		
Payables for salaries and bonuses	\$ 446,375	403,191
Payables for service expenses	56,683	23,713
Others	<u>133,904</u>	<u>132,598</u>
	<u>\$ 636,962</u>	<u>559,502</u>
Other advance receipts (Note 6(h))	<u>\$ 3,677,260</u>	<u>3,677,260</u>
Other current liabilities		
Refund liabilities	\$ 873,959	826,335
Contract liabilities	252,390	239,420
Temporary credits	7,822	7,661
Others	<u>9,669</u>	<u>7,355</u>
	<u>\$ 1,143,840</u>	<u>1,080,771</u>

(i) Refund liabilities are determined based on historical experience, managements judgments and other known reasons for which estimated product returns and rebates will reasonably incur refund liabilities. Refund liabilities are recognized as a reduction of operating revenue in the periods in which the related goods are sold.

(ii) Contract liabilities consists of unearned sales revenue.

(r) Lease liabilities

The carrying amount of lease liabilities of the Company were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Current	<u>\$ 40,630</u>	<u>61,737</u>
Non-current	<u>\$ 317,354</u>	<u>534,475</u>

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

For the maturity analysis, please refer to Note 6(ab).

The amounts recognized in profit or loss were as follows:

	For the year ended December 31	
	2025	2024
		(after restatement)
Interest on lease liabilities	\$ 13,462	16,957
Expenses relating to short-term leases	\$ 103	640
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 804	65

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31	
	2025	2024
		(after restatement)
Total cash outflow for leases	\$ 68,075	78,811

The Company leases certain miscellaneous equipment which qualify as short-term leases or low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

(s) Provisions

	Warranties
Balance on January 1, 2025	\$ 186,848
Provisions increased during the period	48,571
Provisions used during the period	(32,017)
Provisions reversed during the period	(11,767)
Balance on December 31, 2025	\$ 191,635
Balance on January 1, 2024 (after restatement)	\$ 175,904
Provisions increased during the period	50,568
Provisions used during the period	(36,813)
Provisions reversed during the period	(2,811)
Balance on December 31, 2024 (after restatement)	\$ 186,848

The provision for warranty claims represents management's best estimate of the present value of future outflow of economic benefits that will be required under the Company's obligations for warranties under the legislation with respect to the sale of goods. Such estimate has been made on the basis of historical warranty trends, and may vary as a result of the use of new materials or changes in manufacturing processes, as well as other events affecting product quality.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(t) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2025	December 31, 2024 (after restatement)
Less than 1 year	\$ -	7,790
Total undiscounted lease payments	<u>\$ -</u>	<u>7,790</u>

(u) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2025	December 31, 2024 (after restatement)
Present value of the defined benefit obligations	\$ (119,710)	(115,034)
Fair value of plan assets	326,316	342,059
Net defined benefit assets	<u>\$ 206,606</u>	<u>227,025</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement. Retirement pensions are allocated at 2% of the employees' total monthly salary and are deposited in a special account of the Bank of Taiwan under the name of the Labor Retirement Reserve Supervisory Committee. Through assessing the actuarial calculations, the Company's accumulated plan assets are determined to be sufficient to cover its plan liabilities. Since April 2025, the Taipei City government authorized the Company to temporarily halt its contributions to the plan for 12 months. The special accounts are managed by the Bureau of Labor Funds, Ministry of Labor; as such, the Company does not have right to intervene in the investment policy and strategy of the Funds.

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 Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable 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 \$326,316 thousand as of December 31, 2025. 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 Labor.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company in the years 2025 and 2024 (after restatement) were as follows:

	For the year ended December 31	
	2025	2024 (after restatement)
Defined benefit obligation at January 1	\$ (115,034)	(144,674)
Current service costs and interest	(1,795)	(1,918)
Remeasurement of the net defined benefit liability		
— Actuarial gain (loss) arising from changes in financial assumptions	(2,807)	2,923
— Experience adjustments	(5,298)	8,860
Benefits paid	5,224	19,775
Defined benefit obligation at December 31	\$ (119,710)	(115,034)

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company in the years 2025 and 2024 (after restatement) were as follows

	For the year ended December 31	
	2025	2024 (after restatement)
Fair value of plan assets at January 1	\$ 342,059	328,366
Interest income	4,710	4,104
— Return on plan assets excluding interest income	22,307	29,364
Benefits paid	(42,760)	(19,775)
Fair value of plan assets at December 31	\$ 326,316	342,059

4) Movements of the effect of the asset ceiling: None.

5) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company in the years 2025 and 2024 (after restatement) were as follows:

	For the year ended December 31	
	2025	2024 (after restatement)
Current service costs	\$ 70	109
Net interest of net defined benefit assets	(2,985)	(2,295)
	\$ (2,915)	(2,186)

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	For the years ended December 31	
	2025	2024
Selling expenses	\$ (138)	(100)
Administrative expenses	(935)	(649)
Research and development expenses	(1,842)	(1,437)
Total	\$ (2,915)	(2,186)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2025	December 31, 2024
	Discount rate	1.250 %
Future salary increasing rate	2.500 %	2.500 %

There is no expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2025.

The weighted average lifetime of the defined benefit plans is 9.5 years.

7) Sensitivity analysis

As of December 31, 2025 and 2024, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ (2,806)	2,901
Future salary increasing rate	2,814	(2,737)
December 31, 2024		
Discount rate	\$ (2,823)	2,922
Future salary increasing rate	2,839	(2,757)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions 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 is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$26,713 thousand and \$38,423 thousand for the years ended December 31, 2025 and 2024 (after restatement), respectively.

(v) Income taxes

(i) Income tax expense

The components of income tax of the Company in the years 2025 and 2024 (after restatement) were as follows:

	For the year ended December 31	
	2025	2024
		(after restatement)
Current tax expenses		
Current period	\$ 136,803	2,034
Adjustment for prior periods	12,132	5,972
Additional tax on undistributed earnings	4,465	-
	153,400	8,006
Deferred tax expenses		
Origination and reversal of temporary differences	60,033	(3,581)
Income tax expense from continuing operations	\$ 213,433	4,425

The amounts of income tax recognized in other comprehensive income of the Company in the years 2025 and 2024 (after restatement) were as follows:

	For the year ended December 31	
	2025	2024
		(after restatement)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ 2,841	8,229
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ (32,923)	70,868

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

Reconciliation of income tax and profit (loss) before tax of the Company for 2025 and 2024 (after restatement) were as follows:

	For the year ended December 31	
	2025	2024
	1,001,332	(86,070)
Income (loss) before tax	\$	(86,070)
Income tax using the Company's statutory tax rate	200,266	(9,634)
Non-deductible expenses	674	5,819
Tax-exempt income	(51,816)	(11,580)
Changes in unrecognized temporary differences	(26,099)	12,532
Loss deduction	(45,701)	-
Tax effects of deferred tax assets and liabilities	18,485	-
Adjustments for prior years	12,132	5,972
Additional tax on undistributed earnings	4,465	-
Tax expense related to controlled foreign corporation	131,277	1,315
Others	(30,250)	1
Income tax expense	\$ 213,433	4,425

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Company were as follows:

	December 31,	December 31,
	2025	2024
Allowance for doubtful accounts	\$ 109,071	123,959
Aggregate amount of temporary differences related to investment in subsidiaries	331,831	377,710
Total	\$ 440,902	501,669

2) Recognized deferred tax assets and liabilities

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

	Defined Benefit Plans	Gain on Investment in Equity	Other	Total
Balance at January 1, 2025	\$ (45,404)	(375,472)	(4,939)	(425,815)
Recognized in profit or loss	6,924	(40,990)	(6,518)	(40,584)
Recognized in other comprehensive income	(2,841)	-	-	(2,841)
Balance at December 31, 2025	\$ (41,321)	(416,462)	(11,457)	(469,240)

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	Defined Benefit Plans	Gain on Investment in Equity	Other	Total
Balance at January 1, 2024 (after restatement)	\$ (36,738)	(349,863)	-	(386,601)
Recognized in profit or loss	(437)	(25,609)	(4,939)	(30,985)
Recognized in other comprehensive income	(8,229)	-	-	(8,229)
Balance at December 31, 2024 (after restatement)	\$ (45,404)	(375,472)	(4,939)	(425,815)

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

	Unrealized Loss on Inventory	Provisions	Effect of Foreign Currency Exchange Differences	Loss on Investment in Equity	Unrealized Foreign Exchange Loss	Disposal of Interest in Subsidiaries	Loss Carryforwards	Others	Total
Balance at January 1, 2025	\$ 16,565	187,915	138,608	60,770	-	393,092	64,186	8,388	869,524
Recognized in profit or loss	(13,701)	19,168	-	(8,798)	-	-	(64,186)	2,368	(65,149)
Recognized in other comprehensive income	-	-	32,923	-	-	-	-	-	32,923
Balance at December 31, 2025	\$ 2,864	207,083	171,531	51,972	-	393,092	-	10,756	837,298
Balance at January 1, 2024 (after restatement)	\$ 10,606	225,905	209,476	46,191	17,243	393,092	-	3,313	905,826
Recognized in profit or loss	5,959	(37,990)	-	14,579	(17,243)	-	64,186	5,075	34,566
Recognized in other comprehensive income	-	-	(70,868)	-	-	-	-	-	(70,868)
Balance at December 31, 2024 (after restatement)	\$ 16,565	187,915	138,608	60,770	-	393,092	64,186	8,388	869,524

(iii) Assessment of tax

The Company's income tax return for the years through 2022 examined and approved by the tax authority, excepts for the year 2020, which has not yet been approved.

The income tax return of ECS Industrial Computer Co., Ltd. for the years through 2023 were examined and approved by the tax authority.

(iv) Global minimum top-up tax

The Company recognizes top-up tax as current income tax when it is incurred. The mandatory temporary exception is applied to the deferred taxes related to the top-up tax. For the related accounting policy, please refer to Note 4(s).

As of the approval date of the Company's 2025 parent company only financial statements, no legislation or substantively enacted tax laws relating to the top-up tax have been enacted in the jurisdictions in which the Company operates. The Company has assessed that the global minimum top-up tax does not have a material impact on its 2025 parent company only financial statements.

The Company has engaged tax specialists to assist in continuously evaluating matters related to the application of the Pillar Two legislation.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(w) Capital and other equity

(i) Ordinary shares

	Ordinary shares	
	December 31, 2025	December 31, 2024
Number of shares authorized (in thousands)	1,750,000	1,750,000
Value of shares authorized	\$ 17,500,000	17,500,000
Number of shares issued and fully paid (in thousands)	557,403	557,403
Value of shares issued	\$ 5,574,030	5,574,030

Fully paid ordinary shares, with a par value of \$10, carry one vote per share and a right to receive dividends.

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2025	December 31, 2024
<u>May be used to offset deficit, distributed as cash dividends, or transferred to share capital</u>		
Share premium	\$ 5,112,831	5,112,831
Treasury share transactions	216,663	216,663
Employee share options — expired	38,735	38,735
<u>May only be used to offset a deficit</u>		
Dividends unclaimed by shareholders	13,207	13,207
Changes in percentage of ownership interest in associates	55,887	55,887
	\$ 5,437,323	5,437,323

According to the ROC 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. 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.

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(iii) Retained earnings

According to the Company's Articles of Incorporation (the "Articles") as amended by the resolution of the shareholders' meeting held on May 29, 2025, profits of the fiscal year shall first be utilized for paying taxes, compensating accumulated deficits, and setting aside 10% of the remaining profits as legal reserve, unless the amount of legal reserve is equal to that of contributed capitals. After the provision or reversal of special reserve has been made in compliance with laws and regulations, the remaining profits and retained earnings can be proposed to the Company's board of directors for distribution. An approval of the Board of Directors shall be required for cash distribution, and a resolution of the shareholders' meeting shall be required for the distribution of new shares.

However, if the earnings are to be appropriated in cash, the Company has to comply with Article 240-5 of the Company Act, which it requires two-thirds or more of all its directors attending the meeting, and over half of its directors present, to decide on a resolution where the Company can authorize its board to appropriate the accrued dividends or bonuses, a part or the entire legal reserve and paid-in capital as stated in the Article 241-1 of the Company Act; thereafter, to be reported at the shareholders' meeting. Please refer to Note 6(z) "Remunerations to employees and directors" for the distribution policy on remunerations to employees and directors under the revised Articles of Incorporation.

1) Legal reserve

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of 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.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

3) Earnings distribution

The Company's dividend policy takes into account the results of the Company's current and future development plans, investment environment, demand for funds, domestic and international competition, and shareholders' benefits, etc. The annual distribution should be at least 50% of distributable earnings although the Company is allowed to make no distribution when the accumulated distributable earnings are less than 10% of the paid in capital. The Articles also stipulate that the dividends can be distributed in cash or shares, whereby the distributed cash dividends are no less than 20% of the total dividends distributed.

The amounts of cash dividends on the 2024 and 2023 earnings distribution had been approved during the board meetings on February 21, 2025 and February 22, 2024, respectively. The relevant dividend distributed to shareholders were as follows:

	For the year ended December 31			
	2024		2023	
	Amount per share (in dollars)	Total amount	Amount per share (in dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.2104660	\$ <u>117,314</u>	1.00	<u>557,403</u>

On March 4, 2026, the Board of Directors proposed not to distribute earnings for the year 2025.

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity directly associated with disposal groups held-for-sale	Total
Balance on January 1, 2025	\$ (579,677)	26,826	59,089	(493,762)
Exchange differences on translating the financial statements of foreign entities	(132,632)	-	940	(131,692)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1,530,542)	-	(1,530,542)
Equity directly associated with disposal groups held-for-sale	60,029	-	(60,029)	-
Balance on December 31, 2025	<u>\$ (652,280)</u>	<u>(1,503,716)</u>	<u>-</u>	<u>(2,155,996)</u>

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity directly associated with disposal groups held-for-sale	Total
Balance on January 1, 2024	\$ (741,480)	(7,490)	(62,575)	(811,545)
Exchange differences on translating the financial statements of foreign entities	284,814	-	(1,347)	283,467
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	34,316	-	34,316
Equity directly associated with disposal groups held-for-sale	(123,011)	-	123,011	-
Balance on December 31, 2024	<u>\$ (579,677)</u>	<u>26,826</u>	<u>59,089</u>	<u>(493,762)</u>

(x) Earnings (loss) per share

The calculation of basic and diluted earnings (loss) per share of the Company were as follows:

(i) Basic earnings (loss) per share

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Profit (loss) attributable to ordinary shareholders of the Company	<u>\$ 787,899</u>	<u>(90,495)</u>
Weighted-average number of ordinary shares (in thousands shares)	<u>557,403</u>	<u>557,403</u>
Basic earnings (loss) per share (expressed in dollars)	<u>\$ 1.41</u>	<u>(0.16)</u>

(ii) Diluted earnings (loss) per share

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>\$ 787,899</u>	<u>(90,495)</u>
Weighted-average number of ordinary shares (basic) (in thousands shares)	557,403	557,403
Effect of dilutive potential ordinary shares		
Employee's compensation	5,079	-
Weighted-average number of ordinary shares (diluted) (in thousands shares)	<u>562,482</u>	<u>557,403</u>
Diluted earnings (loss) per share (expressed in dollars)	<u>\$ 1.40</u>	<u>(0.16)</u>

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Company's outstanding employee remuneration, which is deemed as anti-dilutive, led to the reduction of the amount of loss per share, resulting in its exclusion from the computation of diluted loss per share for the year ended 2024.

- (y) Revenue from contracts with customers
 (i) Disaggregation of revenue

	For the year ended December 31	
	2025	2024 (after restatement)
Revenue from sale of goods	\$ 17,076,430	14,103,163
Revenue from rendering of services	94,549	100,176
	\$ 17,170,979	14,203,339
Primary geographical markets:		
Asia	\$ 12,461,356	8,986,612
United States	2,138,692	2,319,880
Europe	2,270,331	2,587,457
Others	300,600	309,390
Total	\$ 17,170,979	14,203,339

The Company recognizes revenue at the time of satisfying performance obligations, which consist of contracts entered into with customers for the goods or services delivered or provided.

The Company mainly produces and sells computer equipment. As the market for computer equipment is constantly evolving and the related cost for supplies is highly volatile, the amount of expected discount is estimated using the most likely amount, by taking into consideration the situation of sales and the range of discount previously given.

- (ii) Contract balances

	December 31, 2025	December 31, 2024 (after restatement)
Trade receivables, including related-parties	\$ 2,349,209	1,734,952
Less: allowance for impairment	(17,910)	(18,311)
Total	\$ 2,331,299	1,716,641
Contract liabilities	\$ 252,390	239,420

For details on notes receivable, trade receivables and allowance for impairment, please refer to Note 6(e).

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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(z) Remunerations to employees and directors

According to the Company's Articles of Incorporation prior to amendment, for the year 2024, the Company shall appropriate no less than 10% for employees' compensation and no more than 1% for directors' remuneration, based on the Company's net profits before income tax before deducting distributions of employee compensation and director remuneration. Furthermore, pursuant to the amended Articles of Incorporation approved at the stockholders' meeting held on May 29, 2025, for the year 2025, the Company continued to appropriate employee compensation and director remuneration at rates of no less than 10% and no more than 1%, respectively, of the net profits before income tax, compensation of employees, and remuneration of directors, for the year ended December 31, 2025. In addition, no less than 20% of the appropriated employee compensation shall be allocated to entry-level employees. However, if the Company has accumulated losses, the Company should reserve an amount to cover such losses in advance. The targets of the aforementioned employees' compensation in the form of shares or cash include employees of the Company's subsidiaries who meet certain criteria.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the following year. The estimated and actual remuneration to employees and directors for the years ended December 31, 2025 and 2024 is shown as follows:

	For the year ended December 31			
	2025		2024	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 112,509	11,251	-	-
Amounts recognized in the annual financial statements	\$ 112,509	11,251	-	-

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

(aa) Net other income (expenses)

(i) Interest income

The details of interest income of the Company were as follows:

	For the year ended December 31	
	2024	
	2025	(after restatement)
Bank deposits	\$ 34,086	57,903
Financial assets at amortized cost	34,493	42,421
Other interest income	615	1,547
Total interest income	\$ 69,194	101,871

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(ii) Other income

The details of other income of the Company were as follows:

	For the year ended December 31	
	2025	2024 (after restatement)
Rental income	\$ 8,414	9,409
Government subsidy	126	1,992
Compensation from settlement	6,692	65
Dividend	259,079	-
Others	33,675	49,967
Total other income	\$ 307,986	61,433

(iii) Other gains and losses

The details of other gains and losses of the Company were as follows:

	For the year ended December 31	
	2025	2024 (after restatement)
Loss on disposal of property, plant and equipment	\$ (58,603)	-
Gain (loss) on lease modification	2,191	(245)
Net foreign exchange (loss) gain	(32,755)	128,630
Net gain arising on financial assets designated as at FVTPL	8,359	38,164
Others	(42,208)	(6,703)
Other gains and losses, net	\$ (123,016)	159,846

(iv) Finance costs

The details of finance costs of the Company were as follows:

	For the year ended December 31	
	2025	2024
Interest on bank loans	\$ 29,099	9,797
Interest on lease liabilities	13,462	16,957
Other finance costs	32	40
Finance costs, net	\$ 42,593	26,794

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(ab) Financial instruments

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- 2) The maximum amount that the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The evaluation results generated by the internal system and the evaluation report provided by the external hedging institution are both taken into consideration before granting the appropriate credit line to counterparties. The counterparties' transaction type, financial position and collaterals are also taken into consideration. All credit lines have expiration dates and are subject to reexamination before the granting of any extensions.

3) Concentration of credit risk

As of December 31, 2025 and 2024 (after restatement), the Company's five largest customers accounted for 81% and 84% of total accounts receivable, respectively, and the concentration of credit risk was relatively insignificant for the remaining accounts receivable. After considering specific factors and conducting risk evaluation, the credit risks of the Company's five largest customers would not have had any material impact on the Company.

4) Receivables

Before accepting a new customer, the Company takes both the client evaluation results generated by the internal system and the evaluation report provided by the external hedging institution into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed twice a year. For fair presentation of the accounts receivable, the Company reviews the aging and recovery of accounts receivable every week.

The average credit period of sales of goods is 30 days to 120 days. No interest is charged on accounts receivable since the credit period is short.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Company's credit risk was significantly reduced.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished by the Company's different customer base.

The Company writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the accounts receivable are not recoverable. For the uncollectible accounts receivables, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

For information of credit risk from notes receivable and accounts receivable, please refer to Note 6(e).

Other financial assets at amortized cost includes other receivables and time deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses.

(ii) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. Since the Company has sufficient equity and working capital, which ensure compliance with loan covenants, the Company has no liquidity risk.

The following tables show the Company's remaining contractual maturities for its financial liabilities with agreed-upon repayment periods.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>Over 5 years</u>
December 31, 2025						
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 785,750	798,656	798,656	-	-	-
Accounts payable	807,209	807,209	807,209	-	-	-
Accounts payable - related parties	970,113	970,113	970,113	-	-	-
Other payables	636,962	636,962	636,962	-	-	-
Lease liabilities	<u>357,984</u>	<u>400,148</u>	<u>50,269</u>	<u>100,116</u>	<u>99,905</u>	<u>149,858</u>
	<u>\$ 3,558,018</u>	<u>3,613,088</u>	<u>3,263,209</u>	<u>100,116</u>	<u>99,905</u>	<u>149,858</u>

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>Over 5 years</u>
December 31, 2024 (after restatement)						
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 527,850	534,728	534,728	-	-	-
Accounts payable	770,639	770,639	770,639	-	-	-
Accounts payable - related parties	666,724	666,724	666,724	-	-	-
Other payables	559,502	559,502	559,502	-	-	-
Lease liabilities	596,212	671,094	77,041	148,949	148,368	296,736
Guarantee deposits received	2,460	2,460	2,460	-	-	-
	<u>\$ 3,123,387</u>	<u>3,205,147</u>	<u>2,611,094</u>	<u>148,949</u>	<u>148,368</u>	<u>296,736</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Foreign currency risk

The Company was exposed to foreign currency risk because it owned assets and liabilities which were denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters by using financial instruments such as foreign exchange spot transactions, forward exchange contracts, etc.

For the Company, the main purpose of using dual-currency investment is to eliminate the financial risks of currency exchange rates.

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	<u>December 31, 2025</u>			<u>December 31, 2024 (after restatement)</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 122,300	31.430	3,843,878	117,639	32.785	3,856,791
RMB	4,551	4.472	20,353	9,445	4.561	43,078
JPY	6,255	0.201	1,256	8,783	0.2099	1,843
HKD	362	4.038	1,462	1,042	4.222	4,400
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	115,757	31.430	3,637,922	85,608	32.785	2,806,646
RMB	8,265	4.472	36,962	758	4.561	3,458
HKD	1,934	4.038	7,811	1,337	4.222	5,644
EUR	23	36.90	851	40	34.140	1,362
JPY	4,950	0.2008	994	4,950	0.2099	1,039

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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For the years ended December 31, 2025 and 2024 (after restatement), the Company realized and unrealized net foreign exchange (loss) gains were \$(32,755) thousand and \$128,630 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

The Company was mainly exposed to the U.S. dollar. The following table shows the Company sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the U.S. dollar. The 5% sensitivity rate is used in reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, for which their translation at the end of the reporting period is adjusted for a 5% change in foreign currency rates.

	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Gain or loss from 5% increase in foreign currency rate		
USD	\$ <u>(10,298)</u>	<u>(52,507)</u>

2) Interest rate risk

The Company was exposed to fair value interest risk, because entities in the Company hold financial assets and liabilities with fixed rate, and the Company was exposed to cash flow interest rate risk because entities in the Company hold financial asset and liabilities with floating rate.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Fair value interest rate risk		
– Financial assets	\$ 2,222,289	2,528,862
– Financial liabilities	860,864	1,020,494
Cash flow interest rate risk		
– Financial assets	1,751,775	1,690,371
– Financial liabilities	282,870	163,925

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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If interest rates had been 1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 (after restatement), would have increased by \$14,689 thousand and \$15,264 thousand, respectively. Had market interest rates been 1% lower, the impact would have been negative but at the same amounts.

3) Other price risk

The Company was exposed to equity price risks through its investments in equity securities and mutual funds.

Sensitivity analysis was used to measure equity price risks at the end of the reporting period.

Had the position of domestic and foreign equity investments been 5% higher/lower, the Company's pre-tax profit for the years ended December 31, 2025 and 2024, would increase/decrease by \$55,736 thousand and \$42,876 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL; the Company's other comprehensive income for the years ended December 31, 2025 and 2024, would increase/decrease by \$131,614 thousand and \$210,337 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

(iv) Fair value of financial instruments

1) Fair value hierarchy

Fair value of financial instruments measured at fair value on a recurring basis were as follows; management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

	December 31, 2025				Total
	Book value	Fair Value			
	Level 1	Level 2	Level 3		
<u>Financial assets</u>					
<u>Financial assets at FVTPL</u>					
Mutual funds	\$ 1,071,795	1,071,795	-	-	1,071,795
Domestic unlisted shares	42,932	-	-	42,932	42,932
Subtotal	<u>1,114,727</u>	<u>1,071,795</u>	<u>-</u>	<u>42,932</u>	<u>1,114,727</u>
<u>Financial assets at FVOCI</u>					
Domestic listed shares	<u>2,632,286</u>	<u>2,632,286</u>	<u>-</u>	<u>-</u>	<u>2,632,286</u>
<u>Financial assets measured at amortized cost</u>					
Cash and cash equivalents	1,325,824	-	-	-	-
Financial assets measured at amortized cost	2,653,700	-	-	-	-
Receivables	3,055,077	-	-	-	-
Refundable deposits	10,946	-	-	-	-
Subtotal	<u>7,045,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,792,560</u>	<u>3,704,081</u>	<u>-</u>	<u>42,932</u>	<u>3,747,013</u>

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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	December 31, 2025				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
<u>Financial liabilities at amortized cost</u>					
Short-term borrowings	\$ 785,750	-	-	-	-
Payables	2,414,284	-	-	-	-
Lease liabilities	357,984	-	-	-	-
Total	<u>\$ 3,558,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2024 (after restatement)				
	Book value	Fair Value			Total
		Level 1	Level 1	Level 1	
<u>Financial assets</u>					
<u>Financial assets at FVTPL</u>					
Mutual funds	\$ 796,046	796,046	-	-	796,046
Domestic unlisted shares	61,471	-	-	61,471	61,471
Foreign unlisted shares	3	-	-	3	3
Subtotal	<u>857,520</u>	<u>796,046</u>	<u>-</u>	<u>61,474</u>	<u>857,520</u>
<u>Financial assets at FVOCI</u>					
Domestic listed shares	<u>4,206,739</u>	<u>4,206,739</u>	<u>-</u>	<u>-</u>	<u>4,206,739</u>
<u>Financial assets measured at amortized cost</u>					
Cash and cash equivalents	1,709,686	-	-	-	-
Financial assets measured at amortized cost	1,707,155	-	-	-	-
Receivables	2,475,743	-	-	-	-
Refundable deposits	15,735	-	-	-	-
Subtotal	<u>5,908,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,972,578</u>	<u>5,002,785</u>	<u>-</u>	<u>61,474</u>	<u>5,064,259</u>
<u>Financial liabilities</u>					
<u>Financial liabilities at amortized cost</u>					
Short-term borrowings	\$ 527,850	-	-	-	-
Payables	1,996,865	-	-	-	-
Lease liabilities	596,212	-	-	-	-
Guarantee deposits received	2,460	-	-	-	-
Total	<u>\$ 3,123,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A) Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, then the active market quotation shall be used as the fair value. The market prices announced by major Exchanges and over-the-counter (OTC) trading centers of central government bonds, which are judged to be popular, are the basis for the fair value of listed (OTC) equity instruments and debt instruments with active market quotations.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.

Notes to the Financial Statements

If the public quotation of a financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority in a timely and frequent manner, and the price represents the actual and regular fair market transactions, then the financial instrument has an active market quotation. If the above conditions are not met, the market is deemed not active. Generally speaking, large difference in buying and selling price, significant increase of buying and selling price, and few transactions are indicators of an inactive market.

If the financial instruments held by the Company fit into an active market, their fair values are listed according to the categories and attributes as follows:

- The callable bond of a TWSE listed company, the stock, draft or corporate bond of a TWSE/TPEX listed company are financial assets and financial liabilities with standard terms and traded in an active market, and their fair values are determined by reference to the market quotation.

In addition to the aforementioned financial instruments with an active market, the fair value of the remaining financial instruments is acquired using valuation techniques or by reference to the counterparty quotes. The fair value acquired through valuation technique can refer to the current fair value, the discounted cash flow method or other valuation techniques for financial instruments with similar substantive conditions and characteristics in essence, including the market information available on the reporting date using the model (such as the reference yield curve of the OTC market, and the average quotation of Reuters commercial promissory note rate).

If the financial instruments held by the Company do not fit into an active market, their fair values are listed according to the categories and attributes as follows:

- The fair value of an equity instrument without active market quotation is estimated using comparable company method, after adjusting for the effect of discount on the lack of marketability.

B) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

No transfers have occurred between the fair value levels in the hierarchy for the years ended December 31, 2025 and 2024.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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4) Reconciliation of Level 3 fair values

	Financial Assets at fair value through profit or loss
Opening balance, January 1, 2025	\$ 61,474
Recognized in profit or loss	(18,533)
Disposal	<u>(9)</u>
Ending balance, December 31, 2025	<u>\$ 42,932</u>
Opening balance, January 1, 2024	\$ 61,476
Recognized in profit or loss	<u>(2)</u>
Ending balance, December 31, 2024	<u>\$ 61,474</u>

5) 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 to reflect reasonably possible alternative assumptions would have the following effects:

- A) The fair value of domestic unlisted shares are determined using the market approach and net value of investees' major assets. The significant unobservable inputs used by the Company as of December 31, 2025 and 2024, were a 10% and 0% discount rate, respectively. If the inputs to the valuation model and discount rate were increased by 1% to reflect reasonably possible alternative assumptions while all other variables were held constant, the profit or loss will increase (decrease) as follows:

	Inputs	Upward or downward Movements	Current profit (loss) arising from changes in fair value	
			Favorable	Unfavorable
December 31, 2025				
Domestic unlisted shares	Liquidity discount rate	1%	429	(429)
December 31, 2024				
Domestic unlisted shares	Liquidity discount rate	1%	683	(683)

- B) The fair values of unlisted equity securities are determined by using the closing price from public trading sessions and net value of investees' major assets. The significant unobservable inputs used by the Company as of December 31, 2024, were a 0% discount rate. If the inputs to the valuation model and discount rate were increased by 1% to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the shares would decrease by less than \$1 thousand.

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(v) Offsetting financial assets and financial liabilities

The Company is eligible to present certain financial assets and financial liabilities on a net basis on the balance sheets since the offsetting criteria are met.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets.

	December 31, 2025		
	Gross Amounts of Recognized Financial Assets(a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets(b)	Net Amounts of Financial Assets Presented in the Balance Sheets(c)=(a)-(b)
Accounts receivable	\$ 4,444,177	2,141,584	2,302,593
Accounts receivable from related parties	46,616	-	46,616
Other receivables from related parties	2,163,814	1,481,660	682,154
Total	\$ 6,654,607	3,623,244	3,031,363

	December 31, 2025		
	Gross Amounts of Recognized Financial Liabilities(a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets(b)	Net Amounts of Financial Liabilities Presented in the Balance Sheets(c)=(a)-(b)
Accounts payable	\$ 2,948,793	2,141,584	807,209
Accounts payable from related parties	2,451,773	1,481,660	970,113
Total	\$ 5,400,566	3,623,244	1,777,322

	December 31, 2024 (after restatement)		
	Gross Amounts of Recognized Financial Assets(a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets(b)	Net Amounts of Financial Assets Presented in the Balance Sheets(c)=(a)-(b)
Accounts receivable	\$ 2,997,054	1,354,705	1,642,349
Accounts receivable from related parties	92,603	-	92,603
Other receivables from related parties	2,112,684	1,396,327	716,357
Total	\$ 5,202,341	2,751,032	2,451,309

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	December 31, 2024 (after restatement)		
	Gross Amounts of Recognized Financial Liabilities(a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets(b)	Net Amounts of Financial Liabilities Presented in the Balance Sheets(c)=(a)-(b)
Accounts payable	\$ 2,125,344	1,354,705	770,639
Accounts payable from related parties	2,063,051	1,396,327	666,724
Total	<u>\$ 4,188,395</u>	<u>2,751,032</u>	<u>1,437,363</u>

(ac) Financial risk management

The Company's major financial instruments include equity investments, accounts receivable, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments for speculative purposes.

The material financial activities were reviewed by the Company's board of directors in accordance with the internal control system and related rules. The Company should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authorities carry out their duties.

(ad) Capital management

The policy of the board of directors is to maintain a sound capital structure and the confidence of investors, creditors and market, in order to support the development of future operations.

The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2025 and 2024 (after restatement), were as follows:

	December 31, 2025	December 31, 2024 (after restatement)
Total liabilities	\$ 9,286,535	8,643,385
Less: cash and cash equivalents	1,325,824	1,709,686
Net debt	<u>\$ 7,960,711</u>	<u>6,933,699</u>
Total equity	<u>\$ 10,765,775</u>	<u>11,746,194</u>
Adjusted equity*	<u>\$ 18,726,486</u>	<u>18,679,893</u>
Debt-to-equity ratio	<u>42.51 %</u>	<u>37.12 %</u>

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

* Total capital is equivalent to total equity which includes capital, reserves, retained earnings, other equity and non-controlling interests of the Company plus net debt.

As of December 31, 2025, the Company's capital management approach had not changed.

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the parent company only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Elitegroup Computer Systems (HK) Co., Limited	Subsidiaries
Elitegroup Computer Systems (Japan) Co., Ltd.	Subsidiaries
Elitegroup Computer System Holding Co., Ltd. (BVI)	Subsidiaries
Elitegroup Computer Systems Korea Co., Ltd.	Subsidiaries
Unitop International Corp.	Subsidiaries
Unity Investments Limited	Subsidiaries
ECS Holding (HK) Co., Limited	Subsidiaries
Elitegroup Technology (Thailand) Co., Ltd. (ECS Thailand)	Subsidiaries
ESC Holding (America) Co. (USA)	Subsidiaries
Elite Technology (Cayman) Co., Ltd.	Subsidiaries
Elitegroup Computer Systems Inc. (ECS USA)	Subsidiaries
Super ECS USA, Inc. (SEU)	Subsidiaries
Alpha Leader Ltd. (HK)	Subsidiaries
Beijing Xun Run Technology Co., Ltd.	Subsidiaries
ECS Digital Technology (Shenzhen) Co., Ltd.	Subsidiaries
Golden Elite Technology (Shenzhen) Ltd. (興英數位科技) (GECSD)	Subsidiaries
Tatung Co.	Parent Company
Tatung System Technologies Inc.	Fellow Company
Tatung (Thailand) Co., Ltd.	Fellow Company
Tisnet Technology Inc	Fellow Company
Tatung Asset Development Co. (Note1)	Fellow Company
IoTecha Corp.	Associates (Note2)

Note1: Shan-Chin Asset Development Co., Ltd. was renamed Tatung Asset Development Co. on July 4, 2024.

Note2: The Company no longer has significant influence over IoTecha Corp. since September 3, 2024.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

<u>Relationship</u>	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Parent Company	\$ 29,721	116,718
Associates	-	9,636
Fellow Company	-	119
Subsidiaries	493,142	666,579
	<u>\$ 522,863</u>	<u>793,052</u>

The terms and conditions of sales transactions with related parties were not significantly different from those for third parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

<u>Relationship</u>	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Parent Company	\$ 241	143
Associates	-	-
Subsidiaries – GECSD	5,637,203	4,448,507
	<u>\$ 5,637,444</u>	<u>4,448,650</u>

(iii) Contract liabilities

The details of advance receipts of the Company from related parties were as follows:

<u>Relationship</u>	<u>December 31,</u> <u>2025</u>	<u>December 31, 2024</u> <u>(after restatement)</u>
Subsidiaries	\$ <u>12,840</u>	<u>1,828</u>

(iv) Prepayments

The details of prepayments of the Company to related parties were as follows:

<u>Relationship</u>	<u>December 31,</u> <u>2025</u>	<u>December 31, 2024</u> <u>(after restatement)</u>
Fellow Company	\$ <u>16</u>	<u>114</u>

(Continued)

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Notes to the Financial Statements

(v) Receivables from related parties

The receivables of the Company from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Accounts receivable	Parent Company	\$ 5,512	23,041
	Subsidiaries – SEU	40,962	64,920
	Subsidiaries	<u>142</u>	<u>4,642</u>
		<u>\$ 46,616</u>	<u>92,603</u>
Other receivables	Parent Company	\$ 4	38
	Fellow Company	3,552	-
	Subsidiaries – GECSD	678,371	715,970
	Subsidiaries	<u>227</u>	<u>349</u>
		<u>\$ 682,154</u>	<u>716,357</u>

The outstanding receivables from related parties are unsecured. As of December 31, 2025 and 2024 (after restatement), no impairment loss was recognized for receivables from related parties.

(vi) Payables to related parties

The payables of the Company to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024 (after restatement)</u>
Accounts payable	Subsidiaries – GECSD	<u>\$ 970,113</u>	<u>666,724</u>
Other payables	Parent Company	\$ 71	56
	Subsidiaries	<u>41,761</u>	<u>12,306</u>
		<u>\$ 41,832</u>	<u>12,362</u>

The outstanding payables to related parties are unsecured and will be settled in cash.

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Notes to the Financial Statements

(vii) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment of the Company purchased from related parties are summarized as follows:

<u>Relationship</u>	<u>Account</u>	<u>For the year ended December 31</u>	
		<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Subsidiaries	Property, plant and equipment	\$ 1,251	394
Fellow Company	Property, plant and equipment	-	1,250
		<u>\$ 1,251</u>	<u>1,644</u>

(viii) Lease agreement

- 1) As of December 31, 2025 and 2024, (after restatement), the refundable deposits of the Company to related parties for leasing amounted to \$10,421 thousand and \$15,242 thousand, respectively.

<u>Account</u>	<u>Relationship</u>	<u>December 31,</u> <u>2025</u>	<u>December 31, 2024</u> <u>(after restatement)</u>
Lease liabilities – current	Tatung Asset Development Co.,	\$ 40,324	58,930
Lease liabilities – non-current	Tatung Asset Development Co.,	317,144	533,908
		<u>\$ 357,468</u>	<u>592,838</u>

<u>Account</u>	<u>Relationship</u>	<u>For the year ended December 31</u>	
		<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Interest expense	Tatung Asset Development Co.,	\$ 13,422	16,836

On February 21, 2025, the Board of Directors of the Company resolved to early terminate the lease of certain floors of an office building located in Zhongshan District, Taipei City, which previously leased from Tatung Asset Development Co., effective on February 28, 2025. As a result, the net book value of the right-of-use asset decreased by 84,109 thousand, the total lease liabilities decreased by \$84,792 thousand, and lease modification gain of \$683 thousand was recognized.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

On November 7, 2025, the Board of Directors of the Company resolved to early terminate the lease of certain floors of an office building located in Zhongshan District, Taipei City, which previously leased from Tatung Asset Development Co., effective on December 31, 2025. As a result, the net book value of the right-of-use asset decreased by \$94,940 thousand, the total lease liabilities decreased by \$96,761 thousand, and a lease modification gain of \$1,821 thousand was recognized.

- 2) The amounts of rental expense recognized by the Company from lease agreements to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>For the year ended December 31</u>	
		<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Rental expense	Asset Development Co., Ltd.	\$ <u>233</u>	<u>186</u>

(ix) Others

- 1) The related parties provided other services or transactions, resulting in the following expenses for the Company:

<u>Relationship</u>	<u>Account</u>	<u>For the year ended December 31</u>	
		<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Parnet Company	Professional fees	\$ 21	10
Parent Company	Miscellaneous expenses	1	-
Subsidiaries	Professional fees	43,319	32,986
Subsidiaries	Product maintenance fees	10,031	12,322
Subsidiaries	Research material	1,253	2,513
Subsidiaries	Product repair expenses	1,049	2,754
Subsidiaries	Others	92	197
Fellow Company	Repair expenses	317	570
Fellow Company	Postage fees	76	154
Fellow Company	Miscellaneous expenses	4,299	5,013
Fellow Company	Miscellaneous purchase	-	24
		<u>\$ 60,458</u>	<u>56,543</u>
Subsidiaries— ECS Thailand	Manufacturing expense – processing	52,831	26,374
		<u>\$ 52,831</u>	<u>26,374</u>

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

- 2) The Company provided other services or transactions to related parties, resulting in the following income for the Company:

<u>Relationship</u>	<u>Account</u>	<u>For the year ended December 31</u>	
		<u>2025</u>	<u>2024</u> <u>(after restatement)</u>
Parent Company	Other revenue	\$ -	58
Subsidiaries— Others	Other revenue	278	6,443
Fellow Company	Other revenue	1,297	40
Fellow Company	Interest income	614	548
		<u>\$ 2,189</u>	<u>7,089</u>

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 70,450	83,548
Post-employment benefits	1,163	1,984
	<u>\$ 71,613</u>	<u>85,532</u>

The compensation of directors and key executives, as determined by the compensation committee, is based on the performance of individuals and market trends.

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31,</u> <u>2025</u>	<u>December 31, 2024</u> <u>(after restatement)</u>
Pledged deposits (classified as financial assets at amortized cost—current)	Tariff guarantee for imported raw materials	<u>\$ 3,700</u>	<u>3,800</u>

(9) Commitments and contingencies

- (a) The Company has traded with Brazilian customers FLEX IMP EXP IND E COM DE MAQ E MOT LTDA (hereinafter called FLEX Company) since 2002. However, since 2007, FLEX ceased to pay the Company's accounts, resulting delinquent accounts made full provision for losses amounted to US\$3,678 thousand.

In February 2009, the Company filed a lawsuit in the Manaus District Court in Brazil (hereinafter called the Court), requesting FLEX to repay the such amount of the payment. However, after the summons, FLEX Company filed a counterclaim against the Company in the same court, claiming that they were returned and claimed compensation by their customers because of the defective products selling from the Company. The Court dismissed the lawsuit which the Company filed in the first instance and, meanwhile, ruled that the Company was liable to FLEX for damages amounted to BRL42,513 thousand of the counterclaim.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
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In the judgment of the counterclaim, the Court did not appoint a technical expert to clarify the attribution of responsibility for defects. On October 19, 2022, the Company's appointed attorneys-at-law filed an appeal with objective evidence of third-party test reports. As of the reporting date of the financial statements, the trial of the lawsuit has not yet been concluded. Moreover, according to the analysis of the attorneys, the Court has a low probability of upholding the original judgment. Thus, the Company did not recognize the relevant litigation provision.

- (b) On April 15, 2025, the Company received a notice from the Hong Kong International Arbitration Centre ("HKIAC") that Ever Unicorn Estate Limited, Excellence Group Investment Limited, Excellence Real Estate Group Limited, and Excellence Commercial Properties Co., Ltd. submitted a request for arbitration. The arbitration concerns disputes arising from or in connection with the share purchase agreement of Dragon Asia Trading Co., Ltd. (BVI), entered into on April 9, 2017, between the claimants and Elitegroup Computer Systems Co., Ltd. and ECS Digital Technology (Shenzhen) Ltd. The claimants are seeking the return of the share transfer consideration, together with interest. On May 19, 2025, the Company submitted a written response to HKIAC regarding the application for additional parties, adding Golden Elite Technology (Shenzhen) Ltd. as the third respondent and Shenzhen Real Estate Financing Guarantee Co., Ltd. as the sixth claimant. On September 18, 2025, HKIAC confirmed the constitution of the arbitral tribunal.

Based on the legal teams' assessment, the Company believes that there has been no material breach of contract, nor are there any circumstances for termination or rescission of the agreement as stipulated therein. All parties, including the guarantors, remain obligated to fulfill their contractual obligations. Accordingly, the Company has determined that the arbitration is not expected to have a material impact on its current operations. The arbitration proceedings are currently temporarily suspended pending a review of potential conflicts of interest involving the legal representatives.

For further details regarding the share transaction, please refer to Note 6(h).

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the year ended December 31						
	By function	2025			2024 (after restatement)		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item							
Employee benefits							
Salary	-	706,881	706,881	-	882,206	882,206	
Labor and health insurance	-	49,800	49,800	-	70,224	70,224	
Pension	-	23,798	23,798	-	36,237	36,237	
Remuneration of directors	-	25,273	25,273	-	7,643	7,643	
Others	-	29,784	29,784	-	31,123	31,123	
Depreciation	-	113,944	113,944	-	123,503	123,503	
Amortization	-	26,606	26,606	-	6,286	6,286	

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Note: As of the years ended December 31, 2025 and 2024 (after restatement), the depreciation expenses recognized in other gains and losses by the Company were \$1,835 thousand and \$1,834 thousand, respectively.

For the years ended December 31, 2025 and 2024 (after restatement), the information on the number of employees and employee benefit expense of the Company is as follows :

	For the year ended December 31	
	2025	2024 (after restatement)
Number of employees	<u>485</u>	<u>706</u>
Number of directors (non-employee)	<u>7</u>	<u>6</u>
Average employee benefit expense	<u>\$ 1,695</u>	<u>1,457</u>
Average employee salary expense	<u>\$ 1,479</u>	<u>1,260</u>
Percentage of average employee salary expense adjustment	<u>17.38 %</u>	<u>(5.76)%</u>
Remuneration for supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

The policy, standard and combination of remuneration the procedures for remuneration setting, and the correlation with operating performance and future risks:

(b) Remuneration policy, standards and combinations:

The remuneration of the Company's directors and managers, based on the Articles 13-2 and 19 of the Company's Articles of Incorporation (the "Articles") as set out below, is determined by the remuneration committee according to each director's and manager's participation in the Company's operations and the value of their contributions, as well as the relevant results of their performance evaluation; thereafter, submitted to the board of directors for resolution.

Article 13-2 of the Articles: The remuneration to directors is determined by the board of directors based on their participation in the Company's operations and the value of their contributions, taking into account the usual standards in the industry.

Article 19 of the Articles: If a Company makes a profit during the year, the earnings shall first be offset against any deficit, then, a minimum of 10% and a maximum of 1% shall be distributed as compensation to employees and directors, respectively.

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(c) Procedure for remuneration setting:

In order to regularly evaluate the remuneration to directors and managers, the evaluation results performed by the Company's directors and managers are based on:

- (i) Directors' remuneration: According to the "Measures of Remuneration for Directors and Functional Committee Members" and "Measures of Board of Directors Self-evaluation and Peer Evaluation" of the Company, the important performance evaluation items for directors include understanding the Company's goals and tasks, knowing their responsibilities, their participation in the Company's operations, their internal relationship management and communication, professionalism and continuing education of directors, as well as internal controls, which the remuneration to directors is based upon, in addition to the usual standard within the industry.
- (ii) Managers' remuneration: The remuneration to managers is based on the "Measures of Salaries, Bonuses and Remuneration" and "Measures of Performance Reward", wherein the important items of managers performance evaluation include:
 - 1) Financial indicators: Allocated based on the department contribution to the Company's profit according to internal profit reports, including the Company's revenue, gross margin ratio, budget achievement rate, net profit before tax, achievement rate of net profit after tax, performance standard on inventories and receivables, etc.
 - 2) Non-financial indicators: Comprehensive consideration of two major factors, including the Company's core value implementation and operational management capabilities, as well as participation in sustainable operations, taking into account the manager's goal achievement rate and contribution to the Company's performance for his or her operating performance and remuneration.

(d) Correlation with operating performance and future risks:

- (i) The review of payment standards and systems related to the Company's remuneration policy takes the Company's overall operating conditions as the main consideration, and determines payment standards based on performance achievement rates and contributions, in order to enhance the overall organizational team effectiveness of the board of directors and managers. We also refer to industry salary standards to ensure that the Company's management remuneration is competitive within the industry so as to retain outstanding management talents.
- (ii) The performance targets of the Company's managers are combined with "risk control" to ensure that possible risks within the scope of responsibility can be managed and prevented, and the results of the ratings are based on actual performance and linked to relevant human resources, as well as relevant salary and remuneration policies. Important decisions of the Company's management are made after balancing various risk factors. The performance of relevant decisions is reflected in the Company's profitability, and the remuneration to the management is related to the performance of risk control. The Company minimize the possibility of future operating risks, and review the remuneration system at any time based on actual operating conditions and relevant laws to strike a balance between the Company's sustainable operations and risk control.

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Notes to the Financial Statements

(e) Recompilation of the 2024 parent company only financial statements

On June 30, 2025, the Company merged with its wholly-owned subsidiary, ECS Industrial Computer Co., Ltd. This transaction is considered a merger as it is an organizational restructuring under joint control, and based on this, we have recompiled a comparative parent company only financial report for the previous period.

	<u>Before recompilation</u>	<u>Amount affected</u>	<u>After recompilation</u>
Balance Sheet			
Cash and cash equivalents	\$ 1,566,108	143,578	1,709,686
Financial assets at amortized cost, net— current	1,652,055	55,100	1,707,155
Accounts receivable, net	1,595,087	28,951	1,624,038
Accounts receivable—related parties	112,901	(20,298)	92,603
Other receivables	27,867	14,878	42,745
Other receivables—related parties	728,372	(12,015)	716,357
Inventories	698,694	346	699,040
Prepayments	50,138	11,168	61,306
Other current assets	8,845	2,556	11,401
Investment accounted for using the equity method	5,977,494	(225,269)	5,752,225
Property, plant and equipment	304,488	3,388	307,876
Right-of-use assets	545,312	47,330	592,642
Investment property, net	212,925	(47,249)	165,676
Other intangible assets	5,561	2,366	7,927
Deferred tax assets	869,444	80	869,524
Refundable deposits	15,393	342	15,735
Net defined benefit asset, non-current	189,629	37,396	227,025
Other non-current assets	195	61	256
Total assets	20,346,870	42,709	20,389,579
Accounts payable	770,398	241	770,639
Other payables	548,466	11,036	559,502
Lease liabilities—current	61,708	29	61,737
Other current liabilities	1,057,068	23,703	1,080,771
Deferred tax liabilities	418,167	7,648	425,815
Lease liabilities—non-current	534,423	52	534,475
Total liabilities	8,600,676	42,709	8,643,385

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

<u>Comprehensive Income Statement</u>	<u>Before recompilation</u>	<u>Amount affected</u>	<u>After recompilation</u>
Operating revenue	13,663,080	540,259	14,203,339
Operating costs	(12,668,800)	(307,223)	(12,976,023)
Unrealized (realized) profit (loss) from sales	(782)	4,183	3,401
Selling expenses	(261,388)	(85,872)	(347,260)
Administrative expenses	(482,401)	(276)	(482,677)
Research and development expenses	(685,540)	(77,631)	(763,171)
Interest income	92,630	9,241	101,871
Other income	108,392	(46,959)	61,433
Other gains and losses, net	142,461	17,385	159,846
Shares of profit of subsidiaries, associates and joint ventures accounted for using the equity method	23,587	(43,622)	(20,035)
Income tax expenses	5,060	(9,485)	(4,425)
Net loss	(90,495)	-	(90,495)
Other comprehensive income (loss)			
Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit plans	38,016	3,131	41,147
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	2,504	(2,504)	-
remeasurements of defined benefit plans			
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(7,602)	(627)	(8,229)
Other comprehensive income (loss), net of taxes	350,701	-	350,701
Total comprehensive income (loss)	260,206	-	260,206

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	<u>Before recompilation</u>	<u>Amount affected</u>	<u>After recompilation</u>
<u>Cash Flow Statement</u>			
Cash flows from (used in) operating activities:			
Adjustments:			
Loss before tax	(95,555)	9,485	(86,070)
Depreciation expenses	120,234	5,103	125,337
Amortization expenses	4,380	1,906	6,286
Expected credit losses	6,513	(2,060)	4,453
Interest income	(92,630)	(9,241)	(101,871)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(23,587)	43,622	20,035
Unrealized (realized) gross profit on transactions with subsidiaries	782	(4,183)	(3,401)
Unrealized foreign exchange gain	(28,515)	3,370	(25,145)
Changes in operating assets and liabilities:			
accounts receivable	112,397	(31,679)	80,718
other receivables	(28,744)	6,327	(22,417)
inventories	(63,316)	17,718	(45,598)
prepayments	4,769	5,426	10,195
other current assets	10,697	(2,263)	8,434
net defined benefit assets	12,496	(14,683)	(2,187)
accounts payable	(330,438)	(7,964)	(338,402)
other payables	(219,352)	16,794	(202,558)
provisions	27,206	(16,262)	10,944
other current liabilities	(252,529)	(28,251)	(280,780)
Interest received	97,573	9,524	107,097
Income taxes paid	(134,706)	(44,103)	(178,809)

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

	<u>Before recompilation</u>	<u>Amount affected</u>	<u>After recompilation</u>
Cash flows from investing activities:			
Acquisition of financial assets at amortized cost	(6,891,365)	(580,090)	(7,471,455)
Proceeds from disposal of financial assets at amortized cost	8,750,690	635,090	9,385,780
Acquisition of property, plant and equipment	(186,716)	(7,022)	(193,738)
Proceeds from disposal of property, plant and equipment	155	12,422	12,577
Increase in refundable deposits	(145)	(171)	(316)
Decrease in other non-current assets	(127)	(813)	(940)
Dividends received	101,014	(101,014)	-
Cash flows from financing activities			
Payments of lease liabilities	(61,141)	(9)	(61,150)
Net decrease in cash and cash equivalents	(1,682,753)	(83,021)	(1,765,774)
Cash and cash equivalents at the beginning of period	3,248,861	226,599	3,475,460
Cash and cash equivalents at the end of period	1,566,108	143,578	1,709,686

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(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

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period		Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
						Ending balance							Item	Value		
1	ECS Digital Technology (Shenzhen) Ltd.	Golden Elite Technology (Shenzhen) Ltd. (興英數位科技(深圳)有限公司)	Other receivables-related parties	Yes	185,040	156,520	156,520	0.90%	Short-term financing	-	Operational needs	-	-	-	RMB 190,595	RMB 190,595
					RMB 40,000,000	RMB 35,000,000									RMB 42,623,461	RMB 42,623,461
					Note 2	Note 3									Note 4	Note 4

Note 1: The nature of financing is provided as follows:

1. Securities issuers: 0
2. The invested company was marked from 1 in ascending order of numerals.

Note 2: The calculation of the amount was based on the highest exchange rate from January to December 2025.

Note 3: The calculation of the amount was based on the closing rate on December 31, 2025.

Note 4: The total amount of lending to borrower for funding of short-term period shall not exceed forty percent of lender’s net worth between the subsidiaries and the foreign company in which the company directly or indirectly holds more than 100 percent of the voting shares. Individual amount of lending shall not exceed forty percent of lender’s net worth.

(ii) Guarantees and endorsements for other parties: None

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elitegroup Computer Systems Co., Ltd.	Ordinary shares Lu-Chu Development Corporation	None	Financial assets at fair value through profit or loss – non-current	4,851,680	42,932	2.24 %	42,932	
	Tatung Co.	Parent Company	Financial assets at fair value through other comprehensive income – non-current	83,432,206	2,632,286	3.88 %	2,632,286	
ECS Holding (America) Co. (USA)	Ordinary shares IoTecha Corp.	None	Financial assets at fair value through other comprehensive income – non-current	2,000,000	-	19.58 %	-	
	Preferred shares IoTecha Corp.	None	Financial assets at fair value through other comprehensive income – non-current	1,108,942	-	8.15 %	-	
Elitegroup Computer Systems Co., Ltd.	Beneficiary certificate Franklin Templeton SinoAm Money Market Fund	None	Financial assets at fair value through profit or loss – current	18,726,338	205,035	- %	205,035	
	Fubon Money Market Fund	None	Financial assets at fair value through profit or loss – current	6,514,851	102,340	- %	102,340	
	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss – current	7,075,918	101,676	- %	101,676	
	SinoPac TWD Money Market Fund	None	Financial assets at fair value through profit or loss – current	13,923,334	205,029	- %	205,029	
	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss – current	11,402,201	201,386	- %	201,386	
	Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss – current	3,340,214	50,256	- %	50,256	
	Franklin Templeton SinoAm Asia Pacific Balanced Fund - Accu - TWD	None	Financial assets at fair value through profit or loss – current	1,386,722	18,804	- %	18,804	
	Nomura Taiwan Dynamic Asset Allocation Fund	None	Financial assets at fair value through profit or loss – current	117,647	11,062	- %	11,062	
	Fuh Hwa Global Balanced Fund - TWD	None	Financial assets at fair value through profit or loss – current	565,278	22,628	- %	22,628	
	Fuh Hwa Olympic II Fund of Funds - TWD	None	Financial assets at fair value through profit or loss – current	697,344	15,153	- %	15,153	
	Fuh Hwa Global Fixed Income Fund of Funds	None	Financial assets at fair value through profit or loss – current	319,693	5,160	- %	5,160	
	Taishin Senior Secured High Yield Bond Fund A TWD	None	Financial assets at fair value through profit or loss – current	1,000,000	11,348	- %	11,348	
	Nomura Multi Income Multi-Asset Fund	None	Financial assets at fair value through profit or loss – current	389,308	5,351	- %	5,351	
	KGI Taiwan Multi-Asset Income Fund-TWD A	None	Financial assets at fair value through profit or loss – current	2,402,851	33,352	- %	33,352	
	KGI Global Multi-Asset Income Fund	None	Financial assets at fair value through profit or loss – current	745,926	11,162	- %	11,162	
Franklin Templeton SinoAm Multi-Asset Income Fund	None	Financial assets at fair value through profit or loss – current	360,231	5,252	- %	5,252		
SinoPac Asia Convertible Bond Fund	None	Financial assets at fair value through profit or loss – current	20,339	66,801	- %	66,801		

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Elitegroup Computer Systems (HK) Co., Limited	Beneficiary certificate							
	SinoPac Asia Convertible Bond Fund	None	Financial assets at fair value through profit or loss – current	7,882	25,888	- %	25,888	
	SinoPac USD Money Market Funds	None	Financial assets at fair value through profit or loss – current	272,692	USD 823,679 97,526		USD 823,679 97,526	
ECS Trading (Shenzhen) Co., Ltd.	Financial product China Construction Bank Wealth Management “HengYing”(Corporate) (Daily) Open-end Net Worth RMB Financial Investment Product	None	Financial assets at fair value through profit or loss – current	-	69,925	- %	69,925	
					RMB 15,637,530		RMB 15,637,530	
Golden Elite Technology (Shenzhen) Ltd. (興英數位科技(深圳)有限公司)	Financial product	None	Financial assets at fair value through profit or loss – current	-	10	- %	10	
					RMB 2,261		RMB 2,261	
				-	RMB 134,360	- %	RMB 134,360	
				-	RMB 30,047,462 134,849	- %	RMB 30,047,462 134,849	
ECS Digital Technology (Shenzhen) Ltd.	Financial product	None	Financial assets at fair value through profit or loss – current	-	94,924	- %	94,924	
					RMB 21,228,105 67,316	- %	RMB 21,228,105 67,316	
					RMB 15,054,037		RMB 15,054,037	

Note: The above marketable securities had not been used as guarantees or collaterals for borrowing and were not subject to other restrictions.

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Elitegroup Computer Systems Co., Ltd.	Super ECS USA, Inc.	Subsidiary of ECS Holding (America) Co. (USA)	Sale	(389,369)	(2)%	OA 90 days	-	-	40,962	2%	-
Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Elitegroup Computer Systems Co., Ltd.	Parent company	Sale	(5,637,203)	(84)%	OA 60 days	-	-	970,113	61%	-
Elitegroup Computer Systems Co., Ltd.	Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Subsidiary of ECS Holding (HK) Co., Limited	Purchase	5,637,203	35%	OA 60 days	-	-	(970,113)	(55)%	-
Super ECS USA, Inc.	Elitegroup Computer Systems Co., Ltd.	Parent company	Purchase	389,369	100%	OA 90 days	-	-	(40,962)	(100)%	-
Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Tronco-Tech (Shen zhen) Ltd.	Fellow company	Sale	(205,898)	(1)%	OA 90 days	-	-	92,593	6%	-
Tronco-Tech (Shen zhen) Ltd.	Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Fellow company	Purchase	205,898	96%	OA 90 days	-	-	(92,593)	(100)%	-

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Elitegroup Computer Systems Co., Ltd.	Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Subsidiary	678,371 (Note 2)	-	678,371	Strengthen the collection	254	-
Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Elitegroup Computer Systems Co., Ltd.	Parent company	974,087 (Note 2)	6.89	438,339	Strengthen the collection	958,305	-
ECS Digital Technology (Shenzhen) Ltd.	Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Fellow company	174,122	0.13	-	-	-	-

Note 1: The calculation of turnover days excludes other receivables.

Note 2: The Company disposed of 100% equity of Dragon Asia in August 2020, lost control of Dragon Asia, Million Up and Golden Elite Technology (興英科技), and derecognized the related subsidiaries. The Company accounted for the residual equity in ECS Holding (HK) Co., Limited and Golden Elite Technology (興英數位科技).

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(b) Information on investees

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount (Note 1)		Balance as of December 31, 2025			Net income (losses) of investee (Note 2)	Investment income (losses) (Note 2)	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
Elitegroup Computer Systems Co., Ltd.	Elitegroup Computer Systems (HK) Co., Limited	Hong Kong	Sale of motherboards, computer peripheral products and related components	62,413	62,413	16,560,000	100.00 %	272,220	6,040	6,040 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	Elitegroup Computer Systems (Japan) Co., Ltd.	Japan	Sale of motherboards, notebook, computer peripheral products and related components	19,078	19,078	1,136	100.00 %	20,952	1,245	1,245 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	Elitegroup Computer System Holding Co., Ltd. (BVI)	British Virgin Islands	Holding company	640,902	640,902	14,132,270	100.00 %	35,332	2,884	2,884 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	ECS Holding (America) Co. (USA)	USA	Holding company	830,259	830,259	3,362	100.00 %	883,421	3,363	3,363 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	Elitegroup Computer Systems Korea Co., Ltd.	Korea	Sale of motherboards, maintenance and sales support	66,780	66,780	469,000	100.00 %	14,915	1,152	1,152 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	Unitop International Corp.	British Virgin Islands	Holding company	-	-	600	100.00 %	346,385	689,510	689,510 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	Unity Investments Limited	Samoa	Holding company	62,052	62,052	1,905,000	100.00 %	92,137	2,890	2,890 (Note 3)	
Elitegroup Computer Systems Co., Ltd.	ECS Holding (HK) Co., Limited	Hong Kong	Holding company	2,111,745	2,111,745	71,327,000	100.00 %	3,114,165	82,300	78,141 (Notes 3 and 4)	
Elitegroup Computer Systems Co., Ltd.	Elitegroup Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of computer and computer peripheral products	385,041	429,753	4,009,998	99.99 %	168,065	(107,682)	(107,682) (Note 3)	
Elitegroup Computer Systems Co., Ltd.	ECS Industrial Computer Co., Ltd.	Taiwan	Sales of computer, computer peripheral products and related components	-	150,100	-	- %	-	(11,108)	(10,235) (Note 3)	
Elitegroup Computer Systems Co., Ltd.	Golden Prosperity (Cayman) Co., Ltd	Cayman	Holding company	1,058,760	1,058,760	6,700,001	100.00 %	1,128,296	(1,639)	(1,639) (Note 3)	
Elitegroup Computer System Holding Co., Ltd. (BVI)	Venture Well Holdings Limited. (BVI)	British Virgin Islands	Holding company	327,107	327,107	10,407,486	68.45 %	20,362	(464)	(317) (Note 3)	
				USD 10,407,486	USD 10,407,486			USD 647,837	USD (14,873)	USD (10,181)	
ECS Holding (America) Co. (USA)	Elitegroup Computer Systems Inc. (USA)	USA	Sale of motherboards, notebook, computer peripheral products, related components and systems assembled	55,714	527,164	47,552	100.00 %	177,503	(10,299)	(10,299) (Note 3)	
				USD 1,772,643	USD 16,772,643			USD 5,647,562	USD (330,294)	USD (330,294)	
ECS Holding (America) Co. (USA)	Super ECS USA, Inc.	USA	Sale of motherboards, computer peripheral products and related components	15,715	15,715	2,500,000	100.00 %	196,470	9,338	9,338 (Note 3)	
				USD 500,000	USD 500,000			USD 6,251,021	USD 299,503	USD 299,503	
Unity Investments Limited	Unique Sino Limited	Samoa	Holding company	59,403	59,403	1,890,000	100.00 %	92,116	2,890	2,890 (Note 3)	
				USD 1,890,000	USD 1,890,000			USD 2,930,826	USD 92,681	USD 92,681	
Venture Well Holdings Limited. (BVI)	Alpha Leader Limited. (HK)	Hong Kong	Trading of IC and electric components	1,413	1,413	349,688	100.00 %	22,018	(629)	(629) (Note 3)	
				USD 44,947	USD 44,947			USD 700,540	USD (20,164)	USD (20,164)	
Elite Technology (Cayman) Co., Ltd.	Elite Circuit Technology (Thailand) Co., Ltd.	Thailand	Manufacture, research and development of PCBs, motherboards, systems and peripheral products	653,534	653,534	6,522,947	99.99 %	649,606	(2,023)	(2,023) (Note 3)	
				THB 652,294,700	THB 652,294,700			THB 648,374,322	THB (2,123,549)	THB (2,123,549)	

Note 1: The amount was calculated based on the closing rate on December 31, 2025.

Note 2: The calculation of the amount was based on the average exchange rate from January to December 2025.

Note 3: The financial statements used as a basis for calculating investment income had been audited.

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ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

Note 4: The board of directors approved Mainland Assets Activation Plan on January 23, 2018, and completed the transfers of 52% and 48% interest of Dragon Asia on March 27, 2018 and August 25, 2020, respectively. After the disposal of 100% equity of Dragon Asia, the Company had lost control of Dragon Asia, Million Up and Golden Elite Technology (興英科技), and derecognized the related subsidiaries. The Company accounted for the residual equity in ECS Holding (HK) Co., Limited and Golden Elite Technology (興英數位科技). Please refer to Note 6(h).

(c) Information on investment in mainland China

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025 (Note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025 (Note 2)	Net income (losses) of the investee (Note 3)	Percentage of ownership	Investment income (losses) (Notes 1 and 3)	Carrying value (Note 2)	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
Xun Rui Electron (Shenzhen) Co., Ltd.	Manufacture and maintenance of electric equipment and instrument, computer peripheral products and cases	33,002	Indirect investment by Elitegroup Computer Systems (HK) Co., Limited	24,978	-	-	24,978	(382)	100.00%	(382)	5,788	-	-
		USD 1,050,000		USD 794,718	-	-	USD 794,718	RMB (88,219)	USD (12,263)	USD 184,159	-	-	
Beijing Xun Run Technology Co., Ltd.	Manufacture and maintenance of electric equipment and instrument, computer peripheral products and cases	50,288	Indirect investment by Elitegroup Computer Systems (HK) Co., Limited	54,675	-	-	54,675	-	100.00%	-	53,864	-	-
		USD 1,600,000		USD 1,739,577	-	-	USD 1,739,577	RMB (75)	USD (10)	USD 1,713,762	-	-	
ECS Trading (Shenzhen) Co., Ltd.	Wholesale, trade, maintenance and technical consultation of computers and peripheral products	62,860	Indirect investment by Unique Sino Limited of Unity Investments Limited	62,860	-	-	62,860	2,890	100.00%	2,890	92,114	-	-
		USD 2,000,000		USD 2,000,000	-	-	USD 2,000,000	RMB 666,762	USD 92,681	USD 2,930,751	-	-	
Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Manufacture, research and development of PCBs, motherboards, systems, assembly of notebook, tablets and peripheral products	1,901,515	Indirect investment by ECS Holding (HK) Co., Limited	2,178,948	-	-	2,178,948	104,510	100.00%	100,351	2,675,987	-	(Note 6)
		USD 60,500,000		USD 69,327,000	-	-	USD 69,327,000	RMB 24,113,668	USD 3,218,455	USD85,141,175	-	-	
Elitegroup Computer Systems (SIP) Co., Ltd.	Research, development and manufacture of notebook, tablets and related components	352,016	Indirect investment by Unitop International Corp.	352,016	-	314,300	37,716	(25,104)	-%	(25,104)	-	539,820	(Note 5)
		USD 11,200,000		USD 11,200,000	-	10,000,000	USD 1,200,000	RMB (5,883,820)	USD (805,124)	USD -	USD18,000,000	-	-
ECS Digital Technology (Shenzhen) Ltd.	Manufacture, research and development of PCBs, motherboards, systems, assembly of notebook, tablets and peripheral products	487,165	Indirect investment by ECS Holding (HK) Co., Limited	487,165	-	-	487,165	312	100.00%	312	448,352	-	-
		USD 15,500,000		USD 15,500,000	-	-	USD 15,500,000	RMB 71,981	USD 10,005	USD14,265,093	-	-	
Tronco-Tech (Shen zhen) Ltd.	Wholesale of computer and related components, sale of software and technical consultation of computers	1,341	Indirect investment by ECS Trading (Shenzhen) Co., Ltd.	-	-	-	-	1,987	100.00%	2,191	3,624	-	-
		USD 300,000		USD -	-	-	USD -	RMB 458,418	USD 505,434	USD 810,408	-	-	

(Continued)

ELITEGROUP COMPUTER SYSTEMS CO., LTD.
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,846,342	3,247,405	(Note 4)
USD90,561,295 (Note 2)	USD103,321,811 (Note 2)	-

Note 1: The calculation of investment income (loss) was based on the investees' audited financial statements.

Note 2: The amount was calculated based on the closing rate on December 31, 2025.

Note 3: The calculation of the amount was based on the average exchange rate from January to December 2025.

Note 4: On February 6, 2023, the Company obtained the updated certification as being qualified for operating the headquarters, which was issued by the Industrial Development Bureau, MOEA (Letter No. 11251002620), the effective period started from February 1, 2023, to January 31, 2026, thus, the ceiling amount of investment in mainland China is not applicable to the Company.

Note 5: Please refer to Note 4(c) and Note 2 on "Basis of Consolidation" and "Subsidiaries Included in the Consolidated Financial Statements", respectively, for further details.

Note 6 : Please refer to Note 4 of "Information on investees" .

(iii) Significant transactions

Company Name	Counterparty (Investee Company)	Transaction Type	Purchase/Sale		Comparison of Price with the Market	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with the Market	Amount	%		
Elitegroup Computer Systems Co., Ltd.	Golden Elite Technology (Shenzhen) Ltd. (興英數位科技)	Purchase	(5,637,203)	(35)%	No significant differences	OA 60 days	No significant differences	(970,113)	(55)%	6,326	(Note)

Note: Unrealized profit and loss are due to upstream transactions.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2025.

Elitegroup Computer Systems Co., Ltd.

Statement of cash and cash equivalents

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Period</u>	<u>Interest rate</u>	<u>Amount</u>
Petty cash			\$ <u>425</u>
Foreign cash on hand			
U.S. dollar (US\$8,159)			256
Euro (€745)			<u>28</u>
Cash in bank			<u>284</u>
Foreign currency deposits			
U.S. dollar (US\$24,050,911)			755,920
Japanese Yen (¥6,255,458)			1,256
Hong Kong dollar (HK\$362,018)			1,462
Euro (€6,008)			222
Chinese Yuan (RMB649,991)			<u>2,907</u>
			761,767
Demand deposits			386,308
Checking accounts			<u>4,751</u>
			<u>1,152,826</u>
Cash equivalents			
Time deposits			
U.S. dollar (US\$2,300,000)	2025/12/19~2026/01/19	3.54%~4.02%	72,289
New Taiwan dollar	2025/12/03~2026/02/06	1.225%	<u>100,000</u>
			<u>172,289</u>
Total			<u>\$ <u>1,325,824</u></u>

Elitegroup Computer Systems Co., Ltd.
Statement of financial assets measured at fair value
through profit or loss - current
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Financial Instrument</u>	<u>Shares</u>	<u>Initial Cost of Acquisition</u>	<u>Fair Value</u>	
			<u>Unit Price (NT\$)</u>	<u>Amount</u>
Franklin Templeton SinoAm Money Market Fund	18,726,338	\$ 200,000	10.9490	205,035
Fubon Money Market Fund	6,514,851	100,000	15.7087	102,340
Taishin 1699 Money Market Fund	7,075,918	100,000	14.3694	101,676
Sinopac TWD Money Market Fund	13,923,334	200,000	14.7256	205,029
UPAMC James Bond Money Market Fund	11,402,201	200,000	17.6620	201,386
Taishin Ta-Chong Money Market Fund	3,340,214	50,000	15.0457	50,256
Franklin Templeton SinoAm Asia Pacific BalancedFund-Accu-TWD	1,386,722	15,018	13.5600	18,804
Nomura Taiwan Dynamic Asset Allocation Fund	117,647	5,000	94.0300	11,062
Fuh Hwa Global Balanced Fund-TWD	565,278	15,000	40.0300	22,628
Fuh Hwa Olympic II Fund of Funds-TWD	697,344	10,084	21.7300	15,153
Fuh Hwa Global Fixed Income Fund of Funds	319,693	5,000	16.1400	5,160
Taishin Senior Secured High Yield Bond Fund A TWD	1,000,000	10,000	11.3475	11,348
Nomura Multi Income Multi-Asset Fund	389,308	5,000	13.7445	5,351
KGI Taiwan Multi-Asset Income Fund-TWD A	2,402,851	25,000	13.8800	33,352
KGI Global Multi-Asset Income Fund	745,926	10,000	14.9641	11,162
Franklin Templeton SinoAm Multi-Asset Income Fund	360,231	5,000	14.5800	5,252
SinoPac Asia Convertible Bond Fund	20,339	66,119	3,284.4350	66,801
				<u>\$ 1,071,795</u>

Elitegroup Computer Systems Co., Ltd.
Statement of financial assets measured at fair value
through other comprehensive income - non-current
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(c) for relevant information.

Statement of financial assets measured at amortized
cost - current

Please refer to Note 6(d) for relevant information.

Elitegroup Computer Systems Co., Ltd.
Statement of trade receivables
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Unrelated parties	
Client A	\$ 864,800
Client B	371,308
Client C	326,490
Client D	216,717
Others (Note)	523,278
	2,302,593
Less: Allowance for impairment loss	(17,910)
	\$ 2,284,683
Related parties	
Super ECS USA, Inc.	\$ 40,962
Tatung Co.	5,512
Others (Note)	142
	\$ 46,616

Note: The amounts of the receivables from clients included in others did not individually exceed 5% of the total account balance.

Elitegroup Computer Systems Co., Ltd.
Statement of inventories
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note Market Price</u>
	<u>Cost</u>	<u>Net Realizable Value</u>	
Raw materials	\$ 346,910	341,407	Net realizable value
Work in process	26,766	25,719	Net realizable value
Finished goods	<u>657,942</u>	<u>693,092</u>	Net realizable value
Total	1,031,618	<u>\$ 1,060,218</u>	
Less: Allowance for inventory valuation loss	<u>(14,318)</u>		
Net amounts	<u>\$ 1,017,300</u>		

Elitegroup Computer Systems Co., Ltd.
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Name	Balance, January 1, 2025		Additions		Decreases		Investment Gain (Loss) Recognized Under the Equity Method	Change Recognized Under the Equity Method	Cumulative Translation Adjustments	Unrealized Gross Profit	Others	Balance, December 31, 2025			Net Equity	Collateral	Remark
	Shares	Amount	Shares	Amount	Shares	Amount						Shares	%	Amount			
Elitegroup Computer Systems (HK) Co., Limited	16,560,000	\$ 276,223	-	-	-	-	6,040	-	(10,043)	-	-	16,560,000	100.00 %	272,220	276,223	None	
Elitegroup Computer Systems (Japan) Co., Ltd.	1,136	20,647	-	-	-	-	1,245	-	(940)	-	-	1,136	100.00 %	20,952	20,647	^	
Elitegroup Computer System Holding Co., Ltd. (BVI)	14,132,270	33,823	-	-	-	-	2,884	-	(1,375)	-	-	14,132,270	100.00 %	35,332	33,823	^	
ECS Holding (America) Co. (USA)	3,362	921,645	-	-	-	-	3,363	-	(37,871)	(3,716)	-	3,362	100.00 %	883,421	916,868	^	
Elitegroup Computer Systems (Korea) Co., Ltd.	469,000	14,483	-	-	-	-	1,152	-	(402)	(318)	-	469,000	100.00 %	14,915	14,483	^	
Unitop International Corp.	1,600	351,101	-	-	1,000	(633,950)	689,510	-	(60,276)	-	-	600	100.00 %	346,385	351,101	^	
Unity Investments Limited	1,905,000	91,185	-	-	-	-	2,890	-	(1,807)	-	(131)	1,905,000	100.00 %	92,137	91,185	^	Note 2
ECS Holding (HK) Co., Limited	71,327,000	3,104,894	-	-	-	-	78,141	-	(68,870)	-	-	71,327,000	100.00 %	3,114,165	3,131,775	^	Note 1
Elitegroup International Holding (Thailand) Co., Ltd.	4,399,998	154,702	1,200,000	114,591	1,590,000	-	(107,682)	-	6,454	-	-	4,009,998	99.99 %	168,065	168,065	^	
Elite Technology (Cayman) Co. Ltd.	6,700,001	1,119,420	-	-	-	-	(1,639)	-	10,515	-	-	6,700,001	100.00 %	1,128,296	1,128,296	^	
		<u>\$ 6,088,123</u>		<u>114,591</u>		<u>(633,950)</u>	<u>675,904</u>	<u>-</u>	<u>(164,615)</u>	<u>(4,034)</u>	<u>(131)</u>			<u>6,075,888</u>	<u>6,132,466</u>		

Note 1: The board of directors approved Mainland Assets Activation Plan on January 23, 2018, and completed the transfers of 52% and 48% interest of Dragon Asia on March 27, 2018 and August 25, 2020, respectively. After the disposal of 100% equity of Dragon Asia, the Company had lost control of Dragon Asia, Million Up and Golden Elite Technology (興英科技), and derecognized the related subsidiaries. The Company accounted for the residual equity in ECS Holding (HK) Co., Limited and Golden Elite Technology (興英數位科技). Please refer to Note 6(h).

Note 2: ECS Trading (Shenzhen) Co., Ltd. acquired a 30% equity interest in Tronco-Tech (Shenzhen) Ltd. from minority shareholders and completed the registration of a 100% ownership in Tronco-Tech (Shenzhen) Ltd. in May 2025.

Elitegroup Computer Systems Co., Ltd.
Statement of changes in right-of-use assets
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(l) for relevant information.

Statement of short-term borrowings
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Type</u>	<u>Description</u>	<u>Balance, December 31, 2024</u>	<u>Contract term</u>	<u>Interest rate range</u>	<u>Mortgage or guarantee</u>	<u>Note</u>
Unsecured Loans	Bank A	\$ 314,300	2025/10/22-2026/01/19	Note	None	USD \$ 10,000,000
"	Bank A	188,580	2025/12/17-2026/03/17	"	"	USD \$ 6,000,000
"	Bank C	<u>282,870</u>	2025/12/23-2026/06/18	"	"	USD \$ 9,000,000
		<u>\$ 785,750</u>				

Note: Interest rate: 4.35%~4.62%.

Elitegroup Computer Systems Co., Ltd.
Statement of trade payables
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Unrelated parties	
Vendor A	\$ 230,536
Vendor B	154,953
Vendor C	114,040
Vendor D	92,227
Vendor E	58,853
Others (Note)	<u>156,600</u>
	<u>\$ 807,209</u>
Related parties	
Golden Elite (Shenzhen) Co., Ltd. (興英數位科技)	<u>\$ 970,113</u>

Note: The amounts of vendor included in others did not individually exceed 5% of the total account balance.

Statement of other payables

Please refer to Note 6(q) for relevant information.

Statement of other current liabilities

Please refer to Note 6(q) for relevant information.

Elitegroup Computer Systems Co., Ltd.

Statement of lease liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, December 31, 2025
Buildings	Mainly used for office	8 years	2.875%	\$ 357,468
Office equipment	For operation used	3 years	2.75%	516
				357,984
			Transfer into current liabilities within a year	(40,630)
			Lease liabilities - non-current	\$ 317,354

Statement of operating revenue

For the year ended December 31, 2025

Item	Amount
Computer and peripheral products	\$ 17,218,745
Less: Sales returns and allowances	(47,766)
Net revenue	\$ 17,170,979

Elitegroup Computer Systems Co., Ltd.
Statement of operating costs
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Balance, beginning of year	\$ 185,917
Add: Raw materials purchased	2,854,870
Less: Raw materials sold	(1,284,087)
Transferred to expenses	(3,306)
Loss on physical inventory	(15)
Balance, end of year	<u>(346,910)</u>
Raw material used in current year	1,406,469
Indirect manufacturing expense	<u>65,159</u>
Manufacturing cost	1,471,628
Add: Work in process, beginning of year	15,697
Work in process purchased	8,984
Less: Work in process sold	(6,212)
Transferred to expenses	(4,321)
Work in process, end of year	<u>(26,766)</u>
Cost of finished goods	1,459,010
Add: Finished goods, beginning of year	580,299
Finished goods purchased	13,056,843
Others	43,870
Less: Transferred to expenses	(21,210)
Finished goods, end of year	<u>(657,942)</u>
Costs of finished goods sold	14,460,870
Costs of raw materials sold	1,284,087
Costs of semi-finished goods sold	6,212
Loss on physical inventory	15
Gain on inventory valuation	<u>(68,507)</u>
Cost of goods sold	<u><u>\$ 15,682,677</u></u>

Elitegroup Computer Systems Co., Ltd.
Statement of selling expenses
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Employee benefit expenses	\$ 83,333
Export expenses	71,345
Product maintenance fees	35,458
Royalty expenses	19,927
Professional fees	56,780
Others (Note)	<u>34,072</u>
	<u><u>\$ 300,915</u></u>

Note: The amounts of the items included in others did not individually exceed 5% of the total selling expenses.

Statement of administrative expenses

<u>Item</u>	<u>Amount</u>
Employee benefit expenses	\$ 363,847
Professional fees	66,412
Depreciation expenses	66,395
Others (Note)	<u>54,094</u>
	<u><u>\$ 550,748</u></u>

Note: The amounts of the items included in others did not individually exceed 5% of the total administrative expenses.

Elitegroup Computer Systems Co., Ltd.
Statement of research and development expenses
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Employee benefit expenses	\$ 388,355
Depreciation expenses	44,102
Others (Note)	<u>86,291</u>
	<u>\$ 518,748</u>

Note: The amounts of the items included in others did not individually exceed 5% of the total research and development expenses.