

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 AND 2024

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OFCO Industrial Corporation:

Opinion

We have audited the accompanying parent company only balance sheets of OFCO Industrial Corporation (the "Company") as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 parent company only financial statements are stated as follows:

Cut-off of export operating revenue

Description

Refer to Note 4(30) for the accounting policies on revenue recognition.

The Company's export operating revenues account for a significant percentage of total revenue, and the export operating revenue is recognized based on the terms specified in the contracts. As different customers have different transaction terms, and the procedures involve manual process and judgment of the management and have a material impact on the financial statements, we considered the cut-off of export operating revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding, assessed and tested the effectiveness of internal controls related to the cut-off of export operating revenue.

2. Obtained the transaction details of the export operating revenue for a specific period before and after the balance sheet date, confirmed the completeness and randomly checked the supporting documents (including confirming transaction terms, checking orders, shipping slips, customs declarations and bills of lading, etc.), to verify whether the export operating revenue has been recorded in the appropriate period.

Investments accounted for under equity method - estimation of the stage of completion of the subsidiary's projects

Refer to Note 4(13) for the accounting policies on investments accounted for under equity method, and Note 6(7) for details of investments accounted for under equity method.

As of December 31, 2025, the investment in the Company's subsidiary accounted for under equity method, Yung Fu Co., Ltd., amounted to NT\$175,959 thousand. As the revenue was recognized by adopting the percentage of completion method, which involved the uncertainty of accounting estimates, and the revenue was material, we considered it a key audit matter for the Company which is described as follows:

Description

The construction revenue of Yung Fu Co., Ltd. arises mainly from the waste turnkey business and engineering projects such as solar power projects. Revenue from projects are recognized by adopting the percentage of completion method based on the input level during the contract period, and the contract cost is recognized as the cost in the period in which it is incurred. The stage of completion is calculated by referring to the cost incurred by each contract up to the end of the reporting period as a percentage of the estimated total cost of such contract. As the aforementioned estimated total cost involves uncertainty in accounting estimates, and that the estimated total cost can affect the calculation of stage of completion and the recognition of construction revenue, we considered the estimation of the stage of completion of projects a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding on the internal operating procedures for the calculation of estimated total cost evaluation, randomly checked the calculation of estimated total cost of major projects, and confirmed whether the cost evaluation process was consistent with the internal operating procedures.
2. For major projects of the year, randomly checked the estimated total cost that had been properly approved, including supporting documents for added and reduced amounts in the year.
3. Obtained detailed accounts of costs and expenses for the year, and randomly checked relevant vouchers to confirm whether the amount of input used to calculate the stage of completion of projects during the year had been properly accounted for.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only 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 parent company only financial statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 9, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OFKO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 67,938	3	\$ 175,967	6
1110	Financial assets at fair value through profit or loss - current	6(2)	45,958	2	59,452	2
1120	Financial assets at fair value through other comprehensive income - current	6(3)	23,816	1	25,643	1
1136	Financial assets at amortised cost - current	6(1)(4) and 8	59,332	2	140,067	4
1150	Notes receivable, net	6(5)	-	-	3	-
1170	Accounts receivable, net	6(5)	39,651	2	130,884	4
1180	Accounts receivable - related parties	6(5) and 7	-	-	29,223	1
1200	Other receivables		7,632	-	14,351	-
1210	Other receivables - related parties	7	159,108	6	30,609	1
1220	Current income tax assets	6(31)	1,266	-	14,123	-
130X	Inventories	5(2) and 6(6)	66,959	3	440,113	14
1410	Prepayments	7	8,241	-	40,392	1
1460	Non-current assets held for sale, net	6(8)(13)	9,463	1	-	-
1476	Other financial assets		-	-	500	-
11XX	Total current assets		<u>489,364</u>	<u>20</u>	<u>1,101,327</u>	<u>34</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)(17)	247,800	10	221,316	7
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	374,696	15	111,440	3
1550	Investments accounted for under equity method	6(7) and 7	916,710	37	1,105,077	34
1600	Property, plant and equipment	6(8)(10)(14), 7 and 8	274,550	11	510,030	16
1755	Right-of-use assets	6(9)	4,814	-	96,951	3
1760	Investment property, net	6(8)(10)(11), 7 and 8	103,333	4	-	-
1780	Intangible assets	6(12)	8,750	-	13,750	-
1840	Deferred income tax assets	6(31)	73,218	3	20,839	1
1915	Prepayments for equipment	6(8)(12)	-	-	15,030	1
1920	Guarantee deposits paid		516	-	2,609	-
1975	Net defined benefit asset - non-current	6(18)	-	-	4,795	-
1990	Other non-current assets	7	7,138	-	20,343	1
15XX	Total non-current assets		<u>2,011,525</u>	<u>80</u>	<u>2,122,180</u>	<u>66</u>
1XXX	Total assets		<u>\$ 2,500,889</u>	<u>100</u>	<u>\$ 3,223,507</u>	<u>100</u>

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OF CO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(15) and 8	\$ 365,594	15	\$ 299,122	9
2130	Current contract liabilities	6(23)	1,242	-	3,302	-
2150	Notes payable		-	-	4,558	-
2170	Accounts payable		825	-	907	-
2180	Accounts payable - related parties	7	92,720	4	123,503	4
2200	Other payables	6(16)	3,865	-	97,181	3
2220	Other payables - related parties	7	14,804	-	21,071	1
2280	Current lease liabilities	6(9)	1,124	-	14,796	-
21XX	Total current liabilities		<u>480,174</u>	<u>19</u>	<u>564,440</u>	<u>17</u>
	Non-current liabilities					
2530	Corporate bonds payable	6(17)	-	-	348,356	11
2570	Deferred income tax liabilities	6(31)	13,981	1	13,934	-
2580	Lease liabilities - non-current	6(9)	3,839	-	88,542	3
2645	Guarantee deposits received	7	10,233	-	-	-
25XX	Total non-current liabilities		<u>28,053</u>	<u>1</u>	<u>450,832</u>	<u>14</u>
2XXX	Total liabilities		<u>508,227</u>	<u>20</u>	<u>1,015,272</u>	<u>31</u>
	Equity					
	Share capital	6(17)(19)				
3110	Common stock		1,006,739	40	1,006,697	31
3200	Capital surplus	6(7)(17)(19)(20)	1,110,593	45	1,110,464	34
	Retained earnings	6(3)(22)				
3310	Legal reserve		51,123	2	51,123	2
3320	Special reserve		10,568	1	14,827	1
3350	Unappropriated retained earnings		(142,165)	(6)	35,692	1
3400	Other equity interest	6(3)(7)	(44,196)	(2)	(10,568)	-
3XXX	Total equity		<u>1,992,662</u>	<u>80</u>	<u>2,208,235</u>	<u>69</u>
	Significant contingent liabilities and unrecognized contract commitments	7 and 9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 2,500,889</u>	<u>100</u>	<u>\$ 3,223,507</u>	<u>100</u>

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

OFKO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(23) and 7	\$ 1,033,792	100	\$ 1,384,459	100
5000	Operating costs	6(6)(9)(18)(29)(30) and 7	(986,536)	(95)	(1,330,094)	(96)
5900	Gross margin		47,256	5	54,365	4
	Operating expenses	6(9)(12)(18)(29)(30) and 7	(38,802)	(4)	(54,690)	(4)
6100	Selling expenses		(56,627)	(5)	(61,953)	(5)
6200	General and administrative expenses		(1,257)	-	(2,929)	-
6300	Research and development expenses		(96,686)	(9)	(119,572)	(9)
6000	Total operating expenses		(15,806)	1	-	-
6500	Net other income and expenses	6(10)(11)(24) and 7	33,624	(3)	(65,207)	(5)
6900	Operating loss		7,482	1	5,700	-
	Non-operating income and expenses		12,836	1	9,270	1
7100	Interest income	6(4)(25) and 7		-	112,238	8
7010	Other income	6(3)(26) and 7	(13,688)	(1)	(14,198)	(1)
7020	Other gains and losses	6(2)(7)(9)(14)(27), 7 and 12	(184,514)	(18)	(100,546)	(7)
7050	Finance costs	6(9)(28)	(174,898)	(17)	12,464	1
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	(208,522)	(20)	(52,743)	(4)
7000	Total non-operating income and expenses		46,540	4	16,731	1
7900	Loss before income tax		(\$ 161,982)	(16)	(\$ 36,012)	(3)
7950	Income tax benefit	6(31)				
8200	Loss for the year					
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligations	6(18)	\$ -	-	(\$ 22)	-
8316	Unrealised (losses) gains on valuation of financial assets at fair value through other comprehensive income	6(3)	(29,771)	(3)	1,566	-
8330	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)	(3,857)	-	6,249	1
8349	Income tax benefit related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	-	-	5	-
8300	Other comprehensive (loss) income for the year		(\$ 33,628)	(3)	\$ 7,798	1
8500	Total comprehensive (loss) income for the year		(\$ 195,610)	(19)	(\$ 28,214)	(2)
	Loss per share (in dollars)	6(32)				
9750	Basic		(\$ 1.61)		(\$ 0.36)	
9850	Diluted		(\$ 1.61)		(\$ 0.36)	

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

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Other Equity Interest			Total equity
		Common stock	Certificate of entitlement to new shares from convertible bonds	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised (losses) gains on valuation of financial assets at fair value through other comprehensive income	
For the year ended December 31, 2024											
Balance at January 1, 2024		\$ 1,000,587	\$ 1,320	\$ 2,076	\$ 1,095,632	\$ 35,725	\$ 44,211	\$ 154,689	\$ 373	(\$ 15,200)	\$ 2,319,413
Net loss for the year ended December 31, 2024		-	-	-	-	-	-	(36,012)	-	-	(36,012)
Other comprehensive income (loss) for the year ended December 31, 2024	6(3)(7)	-	-	-	-	-	-	(17)	-	7,815	7,798
Total comprehensive income (loss) for the year ended December 31, 2024		-	-	-	-	-	-	(36,029)	-	7,815	(28,214)
Distribution of 2023 earnings:											
Legal reserve		-	-	-	-	15,398	-	(15,398)	-	-	-
Reversal of special reserve		-	-	-	-	-	(29,384)	29,384	-	-	-
Cash dividends	6(22)	-	-	-	-	-	-	(100,510)	-	-	(100,510)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	3,556	-	(3,556)	-
Proceeds from employee stock options exercised	6(19)	-	-	5,960	-	-	-	-	-	-	5,960
Exercise of employee stock options	6(19)(20)	4,710	-	(8,036)	3,326	-	-	-	-	-	-
Conversion of convertible bonds	6(17)(20)	1,400	(1,320)	-	118	-	-	-	-	-	198
Adjustments for cash capital increase in subsidiaries not based on shareholding ratio	6(7)(20)	-	-	-	11,388	-	-	-	-	-	11,388
Balance at December 31, 2024		\$ 1,006,697	\$ -	\$ -	\$ 1,110,464	\$ 51,123	\$ 14,827	\$ 35,692	\$ 373	(\$ 10,941)	\$ 2,208,235
For the year ended December 31, 2025											
Balance at January 1, 2025		\$ 1,006,697	\$ -	\$ -	\$ 1,110,464	\$ 51,123	\$ 14,827	\$ 35,692	\$ 373	(\$ 10,941)	\$ 2,208,235
Net loss for the year ended December 31, 2025		-	-	-	-	-	-	(161,982)	-	-	(161,982)
Other comprehensive loss for the year ended December 31, 2025	6(3)(7)	-	-	-	-	-	-	-	-	(33,628)	(33,628)
Total comprehensive loss for the year ended December 31, 2025		-	-	-	-	-	-	(161,982)	-	(33,628)	(195,610)
Distribution of 2024 earnings:											
Reversal of special reserve		-	-	-	-	-	(4,259)	4,259	-	-	-
Cash dividends	6(22)	-	-	-	-	-	-	(20,134)	-	-	(20,134)
Conversion of convertible bonds	6(17)(20)	42	-	-	60	-	-	-	-	-	102
Overdue cash dividends payable	6(20)	-	-	-	69	-	-	-	-	-	69
Balance at December 31, 2025		\$ 1,006,739	\$ -	\$ -	\$ 1,110,593	\$ 51,123	\$ 10,568	(\$ 142,165)	\$ 373	(\$ 44,569)	\$ 1,992,662

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

OFCC INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 208,522)	(\$ 52,743)
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss		(2,892)	(91,278)
(Reversal of allowance) provision for inventory market price decline	6(6)	(32,465)	555
Net gain on disposal of office supplies	6(27)	(2,845)	-
Share of loss of subsidiaries, associated and joint ventures accounted for under equity method	6(7)	184,514	100,546
Gain on disposal of investments accounted for under equity method	6(27)	-	(490)
Depreciation	6(8)(9)(11)	62,765	80,109
Gain on disposal of property, plant and equipment	6(27)	(1,569)	(1,129)
Impairment loss on non-financial assets	6(8)(14)(27)	48,521	-
Gain on lease modification	6(9)(27)	(6,470)	-
Amortisation	6(12)(29)	5,000	1,250
Net gain on disposal of tooling and spares	6(27)	(10,795)	-
Interest income	6(25)	(7,482)	(5,700)
Dividend income	6(3)(26)	(4,732)	(1,019)
Interest expense	6(28)	13,688	14,198
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(10,098)	2,138
Notes receivable		3	(3)
Accounts receivable		91,233	(51,337)
Accounts receivable - related parties		29,223	(24,937)
Other receivables		11,411	5,299
Other receivables - related parties		(8,499)	(587)
Inventories		405,619	(178,792)
Prepayments		6,448	(9,321)
Net defined benefit assets - non-current		103	(51)
Changes in operating liabilities			
Current contract liability		(2,060)	(1,538)
Notes payable		(4,558)	(6,579)
Notes payable - related parties		-	(1,714)
Accounts payable		(82)	(719)
Accounts payable - related parties		(30,783)	30,863
Other payables		(91,667)	21,031
Other payables - related parties		(6,267)	17,270
Cash inflow (outflow) generated from operations		426,742	(154,678)
Interest received		7,482	5,700
Dividends received		4,732	3,348
Income tax refund		7,065	-
Interest paid		(7,791)	(6,487)
Income taxes paid		-	(4,004)
Net cash flows from (used in) operating activities		438,230	(156,121)

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OFICO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income - current	6(3)	\$ -	\$ 59,590
Decrease (increase) in financial assets at amortised cost - current		80,735	(126,741)
Increase in other receivable - related parties		(120,000)	(30,000)
Increase in other financial assets - current		500	(500)
Proceeds from disposal of office supplies		28,548	-
Acquisition of financial assets at fair value through other comprehensive income - non-current		(291,200)	(99,400)
Proceeds from disposal of investments accounted for under equity method - subsidiaries	6(7)	-	23,480
Cash paid for acquisition of property, plant and equipment	6(33)	(9,080)	(60,178)
Proceeds from disposal of property, plant and equipment		28,859	4,693
Increase in intangible assets	6(12)	-	(8,350)
Decrease (increase) in prepayments for equipment		10,340	(14,089)
Decrease (increase) in guarantee deposits paid		2,093	(528)
Increase in other non-current assets		(15,133)	(6,109)
Proceeds from disposal of tooling and spares		39,133	-
Net cash flows used in investing activities		(245,205)	(258,132)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Acquisition of investments accounted for under equity method - subsidiaries	6(7)	(4)	(100,000)
Increase in short-term borrowings	6(34)	1,093,516	946,977
Decrease in short-term borrowings	6(34)	(1,027,044)	(647,855)
Payments of lease liabilities	6(34)	(3,539)	(13,493)
Decrease in corporate bonds payable	6(34)	(354,151)	-
Increase in guarantee deposits received	6(34)	10,233	-
Proceeds from employee stock options exercised	6(19)	-	5,960
Payments of cash dividends	6(22)	(20,134)	(100,510)
Overdue cash dividends payable		69	-
Net cash flows (used in) from financing activities		(301,054)	91,079
Net decrease in cash and cash equivalents		(108,029)	(323,174)
Cash and cash equivalents at beginning of year	6(1)	175,967	499,141
Cash and cash equivalents at end of year	6(1)	\$ 67,938	\$ 175,967

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

OFCO INDUSTRIAL CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANISATION

(1) OFCO Industrial Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 21, 1984. The Company is primarily engaged in the manufacture of fastener screws and related products, metal heat treatment OEM and trading.

(2) The Company’s shares have been listed on the Taipei Exchange since May 1999.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 9, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

Except for the following, the above standards and interpretations do not have a material impact on the Company’s financial position and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’:

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

- (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Company's time deposits and pledged demand deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. If the cost exceeds net realisable value, valuation loss is accrued and recognized in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating costs.

(12) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(13) Investments accounted for using equity method / Subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. After acquisition of subsidiaries, the Company recognized proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", "Profit for the year" and "Other comprehensive income for the year" reported in an entity's parent company only statement of comprehensive income, shall equal to "Profit for the

year” and “Other comprehensive income” attributable to owners of the parent reported in that entity’s consolidated statement of comprehensive income. Total equity reported in an entity’s parent company only financial statements, shall equal to entity attributable to owners of parent reported in that entity’s consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost, except for those items that have been revalued in accordance with the law. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Estimated useful lives</u>
Buildings (including auxiliary equipment)	3~36 years
Machinery and equipment	2~23 years
Transportation equipment	4~ 9 years
Office equipment	4~11 years
Leasehold improvements	3~26 years
Other equipment	3~26 years

(15) Leasing arrangements (lessor) – operating leases

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

(16) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the

lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payment is comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 36 years.

(18) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible bonds payable

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

A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'Finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'Capital surplus – share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'Financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and 'Capital surplus – share options'.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the company and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(29) Dividends

Cash dividends are recorded in the financial statements as liabilities in the period in which they are resolved by the Board of Directors of the Company; stock dividends are recorded in the financial statements as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

A. Sales of goods

- (a) Sales revenue from the Company's products, such as fastener screws, is recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

- (a) The Company provides processing services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the balance sheet date as a proportion of the total services to be provided.
- (b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below.

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

B. As of December 31, 2025, the carrying amount of inventories was \$66,959.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand	\$ 100	\$ 250
Checking accounts and demand deposits	<u>67,838</u>	<u>86,890</u>
	<u>67,938</u>	<u>87,140</u>
Cash equivalents:		
Time deposits	<u>-</u>	<u>88,827</u>
	<u>\$ 67,938</u>	<u>\$ 175,967</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2025 and 2024, the Company has transferred \$59,332 and \$140,067 of demand deposits and time deposits pledged as collateral to “financial assets at amortised cost - current”, respectively.

C. Details of the Company’s cash and cash equivalents pledged to others as collateral (listed as “Financial assets at amortised cost - current”) as of December 31, 2025 and 2024 are described in Note 8.

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

Items	December 31, 2025	December 31, 2024
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 27,797	\$ 17,283
Emerging stocks	40,500	40,500
	68,297	57,783
Valuation adjustment	(22,339)	1,669
	\$ 45,958	\$ 59,452
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks - private placement	\$ 36,000	\$ 36,000
Call options of bonds	-	416
	36,000	36,416
Valuation adjustment	211,800	184,900
	\$ 247,800	\$ 221,316

- A. The Company recognized net gain on financial assets mandatorily measured at fair value through profit or loss amounting to \$2,542 and \$101,479 (listed as “Other gains and losses”) for the years ended December 31, 2025 and 2024, respectively.
- B. The Company recognized call options of bonds measured at fair value through profit and loss of \$416 and \$– for the years ended December 31, 2025 and 2024, respectively.
- C. In November 2023, the Company subscribed a total of 5,000 thousand shares of King House Co., Ltd. through private placement, and the transfer of the private placement stock is restricted within three years.
- D. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.
- E. Information relating to credit risk is provided in Note 12(2).

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

Items	December 31, 2025	December 31, 2024
Current items:		
Equity instruments		
Listed stocks	\$ 58,386	\$ 58,386
Valuation adjustment	(34,570)	(32,743)
	<u>\$ 23,816</u>	<u>\$ 25,643</u>
Non-current items:		
Equity instruments		
Listed stocks - private placement	\$ 390,600	\$ 99,400
Valuation adjustment	(15,904)	12,040
	<u>\$ 374,696</u>	<u>\$ 111,440</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was its book value.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Dividend income recognized in profit or loss	\$ 4,732	\$ 1,019
Fair value change recognized in other comprehensive income	(29,771)	1,566
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ 3,556

- C. Aiming to satisfy the capital needs, the Company sold its equity investments of listed stocks at fair value of \$59,590, which resulted in cumulative gains on disposal of \$3,556 during the years ended December 31, 2024, which was reclassified as retained earnings.
- D. In December 2024, the Company subscribed a total of 7,000 thousand shares of TSG Development Co., Ltd. (formerly named Data Van International Corporation) through private placement, and the transfer of the private placement stock is restricted for three years.
- E. In February 2025, the Company subscribed a total of 13,000 thousand shares of China Fineblanking Technology Co., Ltd. through private placement, and the transfer of the private placement stock is restricted with three years.
- F. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

G. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost - current

Items	December 31, 2025	December 31, 2024
Pledged demand deposits	\$ 2,027	\$ 30,819
Pledged time deposits	57,305	109,248
	\$ 59,332	\$ 140,067

A. The Company recognized interest income in relation to financial assets at amortised cost amounting to \$1,241 and \$298 (listed as “Interest income”) for the years ended December 31, 2025 and 2024, respectively.

B. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was the book value.

C. Details of the Company’s financial assets at amortised cost pledged to others as collateral as of December 31, 2025 and 2024 are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company’s investment in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ -	\$ 3
Accounts receivable	\$ 39,674	\$ 130,907
Less: Allowance for uncollectible accounts	(23)	(23)
	\$ 39,651	\$ 130,884

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

	December 31, 2025	December 31, 2024
Not past due	\$ 21,916	\$ 123,700
Within 60 days past due	17,351	36,433
61 to 180 days past due	407	-
	\$ 39,674	\$ 160,133

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, notes and accounts receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$83,856.

C. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit

enhancements, the maximum exposure to credit risk in respect of the amount that the best represents the notes and accounts receivable held by the Company was book value.

D. As of December 31, 2025 and 2024, the Company did not hold any collaterals as guarantees for notes and accounts receivable.

E. Information relating to credit risk of notes and accounts receivable is provided in Notes 12(2).

F. As of December 31, 2025 and 2024, the Company had no notes and accounts receivable pledged to others.

(6) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Work in process	\$ 42,208	(\$ 6,219)	\$ 35,989
Finished goods	33,014	(2,044)	30,970
	<u>\$ 75,222</u>	<u>(\$ 8,263)</u>	<u>\$ 66,959</u>
	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 218,115	(\$ 26,902)	\$ 191,213
Work in process	155,285	(10,800)	144,485
Finished goods	107,441	(3,026)	104,415
	<u>\$ 480,841</u>	<u>(\$ 40,728)</u>	<u>\$ 440,113</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 1,018,091	\$ 1,338,441
(Reversal of allowance) provision for inventory market price decline (Note)	(32,465)	555
Loss on physical inventory	4,562	5,989
Revenue from sales of scraps	(3,652)	(14,891)
	<u>\$ 986,536</u>	<u>\$ 1,330,094</u>

(Note) For the year ended December 31, 2025, the Company reversed a previous inventory write-down which was accounted for as reduction of operating costs because certain inventories which were previously provided with allowance for decline in value were subsequently sold.

(7) Investments accounted for under equity method

A. Movements in investments accounted for under equity method:

	For the years ended December 31,	
	2025	2024
At January 1	\$ 1,105,077	\$ 1,113,305
Acquisition of investments accounted for under equity method	4	100,000
Disposal of investments accounted for under equity method	- (	22,990)
Share of loss of investments accounted for under equity method	(184,514) (	100,546)
Earnings distribution of investments accounted for under equity method	- (	2,329)
Adjustments for cash capital increase in subsidiaries not based on shareholding ratio	-	11,388
Changes in other ownership interest in subsidiaries recognized	(3,857)	6,249
At December 31	<u>\$ 916,710</u>	<u>\$ 1,105,077</u>

B. Details of investments accounted for under equity method as follows:

	December 31, 2025	December 31, 2024
TSG Transport Corp.	\$ 416,506	\$ 397,288
TSG Environmental Technology Corp.	78,333	56,474
TSG Power Corp.	245,912	155,027
Yung Fu Co., Ltd.	175,959	496,288
	<u>\$ 916,710</u>	<u>\$ 1,105,077</u>

C. The subsidiaries of the Company, TSG Transport Corp., increased its capital in May 2024, and the Company acquired all of the shares in the amount of \$100,000, which had already been paid in full.

D. Based on the overall development plan of the Company, the Board of Directors of the Company resolved to sell 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. in cash amounting to \$23,480 on May 7, 2024, and recognized as gain on disposal of investments accounted for under equity method of \$490 (listed as “Other gains or losses”), the effective date for transfer was set on June 30, 2024.

E. The shareholders of the subsidiary, Yung Fu Co., Ltd., during the extraordinary shareholders’ meeting on July 31, 2024, resolved to increase cash capital by \$201,300 through private placement. The Company did not participate to the capital increase in proportion to its shareholding percentage, resulting to a difference of \$11,388 which was recognized as additional paid-in capital (related account listed as “Non-controlling interest”). Non-controlling interest increased by \$201,300 due to cash capital increase.

- F. For the year ended December 31, 2025, in response to the capital reduction of the subsidiary, Yung Fu Co., Ltd., the Company increased its investment in Yung Fu Co., Ltd. amounting to \$4 to make up for the odd lots.
- G. For more information regarding the subsidiaries of the Company, refer to Note 4(3), “Basis of consolidation” of the Company and subsidiaries’ consolidated financial statements for the year ended December 31, 2025.
- H. As of December 31, 2025 and 2024, the Company has no investments accounted for under equity method pledged to others as collateral.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Lease equipment	Other equipment	Total
<u>January 1, 2025</u>									
Cost	\$ 92,904	\$ 85,022	\$ 652,072	\$ 7,483	\$ 18,038	\$ 171,682	\$ -	\$ 172,178	\$ 1,199,379
Accumulated depreciation	-	(72,427)	(376,590)	(5,314)	(14,530)	(119,388)	-	(93,766)	(682,015)
Accumulated impairment	-	-	(2,276)	-	-	(4,651)	-	(407)	(7,334)
	<u>\$ 92,904</u>	<u>\$ 12,595</u>	<u>\$ 273,206</u>	<u>\$ 2,169</u>	<u>\$ 3,508</u>	<u>\$ 47,643</u>	<u>\$ -</u>	<u>\$ 78,005</u>	<u>\$ 510,030</u>
<u>For the year ended December 31, 2025</u>									
At January 1	\$ 92,904	\$ 12,595	\$ 273,206	\$ 2,169	\$ 3,508	\$ 47,643	\$ -	\$ 78,005	\$ 510,030
Additions – Cost	-	484	-	-	-	698	-	6,249	7,431
Transferred from prepayments for equipment	-	322	-	-	-	1,932	-	2,436	4,690
Depreciation	-	(553)	(11,818)	(266)	(532)	(2,413)	(33,071)	(7,922)	(56,575)
Impairment loss	-	-	(30,945)	-	-	-	-	(17,576)	(48,521)
Disposals – Cost	-	-	(2,318)	(7,483)	(11,964)	-	-	(52,489)	(74,254)
– Accumulated depreciation	-	-	2,225	5,580	11,226	-	-	27,933	46,964
Reclassification									
– Cost (Note 1)	(92,904)	(85,828)	(564,229)	-	-	(173,490)	774,381	(36,662)	(178,732)
– Accumulated depreciation (Note 1)	-	72,980	331,756	-	-	121,526	(469,299)	16,017	72,980
– Accumulated impairment (Note 1)	-	-	2,276	-	-	4,651	(6,934)	7	-
Transfer to non-current assets held for sale									
– Cost (Note 2)	-	-	-	-	-	-	(50,050)	-	(50,050)
– Accumulated depreciation (Note 2)	-	-	-	-	-	-	40,587	-	40,587
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ 2,238</u>	<u>\$ 547</u>	<u>\$ 255,614</u>	<u>\$ 15,998</u>	<u>\$ 274,550</u>
<u>December 31, 2025</u>									
Cost	\$ -	\$ -	\$ 85,525	\$ -	\$ 6,074	\$ 822	\$ 724,331	\$ 91,712	\$ 908,464
Accumulated depreciation	-	-	(54,427)	-	(3,836)	(275)	(461,783)	(57,738)	(578,059)
Accumulated impairment	-	-	(30,945)	-	-	-	(6,934)	(17,976)	(55,855)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ 2,238</u>	<u>\$ 547</u>	<u>\$ 255,614</u>	<u>\$ 15,998</u>	<u>\$ 274,550</u>

(Note 1) Transferred to “Investment property, net”.

(Note 2) Please refer to Note 6 (13) Non-current assets held for sale.

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
<u>January 1, 2024</u>								
Cost	\$ 92,904	\$ 81,574	\$ 654,906	\$ 7,483	\$ 18,038	\$ 154,830	\$ 147,809	\$ 1,157,544
Accumulated depreciation	-	(70,696)	(352,707)	(4,628)	(13,974)	(107,551)	(84,892)	(634,448)
Accumulated impairment	-	-	(2,276)	-	-	(4,651)	(407)	(7,334)
	<u>\$ 92,904</u>	<u>\$ 10,878</u>	<u>\$ 299,923</u>	<u>\$ 2,855</u>	<u>\$ 4,064</u>	<u>\$ 42,628</u>	<u>\$ 62,510</u>	<u>\$ 515,762</u>
<u>For the year ended December 31, 2024</u>								
At January 1	\$ 92,904	\$ 10,878	\$ 299,923	\$ 2,855	\$ 4,064	\$ 42,628	\$ 62,510	\$ 515,762
Additions—Cost	-	1,470	5,509	-	-	16,141	28,324	51,444
Transferred from prepayments for equipment	-	3,430	1,894	-	-	711	5,258	11,293
Depreciation	-	(3,183)	(31,953)	(686)	(556)	(11,837)	(16,690)	(64,905)
Disposals—Cost	-	(1,452)	(10,237)	-	-	-	(9,213)	(20,902)
— Accumulated depreciation	-	<u>1,452</u>	<u>8,070</u>	-	-	-	<u>7,816</u>	<u>17,338</u>
At December 31	<u>\$ 92,904</u>	<u>\$ 12,595</u>	<u>\$ 273,206</u>	<u>\$ 2,169</u>	<u>\$ 3,508</u>	<u>\$ 47,643</u>	<u>\$ 78,005</u>	<u>\$ 510,030</u>
<u>December 31, 2024</u>								
Cost	\$ 92,904	\$ 85,022	\$ 652,072	\$ 7,483	\$ 18,038	\$ 171,682	\$ 172,178	\$ 1,199,379
Accumulated depreciation	-	(72,427)	(376,590)	(5,314)	(14,530)	(119,388)	(93,766)	(682,015)
Accumulated impairment	-	-	(2,276)	-	-	(4,651)	(407)	(7,334)
	<u>\$ 92,904</u>	<u>\$ 12,595</u>	<u>\$ 273,206</u>	<u>\$ 2,169</u>	<u>\$ 3,508</u>	<u>\$ 47,643</u>	<u>\$ 78,005</u>	<u>\$ 510,030</u>

- A. As of December 31, 2024, the Company's property, plant and equipment are all occupied by the owner for operating purpose. As of December 31, 2025, parts of the property, plant and equipment are for operating lease.
- B. The Company has not capitalized any interest for the years ended December 31, 2025 and 2024.
- C. For more information about the Company's property, plant and equipment that were pledged to others as collateral as of December 31, 2025 and 2024, refer to Note 8.
- D. Please refer to Note 6(14) for the accumulated impairment loss on non-financial assets.

(9) Leasing arrangements – lessee

- A. The Company leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 5 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise forklift. Low-value assets comprise air cleaners, etc.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 4,814	\$ 95,593
Transportation equipment	-	1,358
	<u>\$ 4,814</u>	<u>\$ 96,951</u>
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 3,698	\$ 14,842
Transportation equipment	73	362
	<u>\$ 3,771</u>	<u>\$ 15,204</u>

- D. For the years ended December 31, 2025 and 2024, the Company's additions to right-of-use assets were \$- and \$10,333, respectively.
- E. The information on profit or loss accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 366	\$ 1,807
Expense on short-term lease contracts	947	4,813
Expense on leases of low-value assets	13	62
Gain from lease modification	(6,470)	-

- F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$4,865 and \$20,175, respectively.

G. In determining lease terms, the Company takes into consideration all the facts and circumstances that create economic incentives to exercise an option to extend or terminate a lease. The assessment of the lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate. Based on the assessment of the exercise or non-exercise of the right to lease renewal, the Company's right-of-use assets and lease liabilities as of December 31, 2025 were reduced by \$88,366 and \$94,836 respectively, and a lease modification gain of \$6,470 (listed as "Other gains and losses"). There was no such situation for the year ended December 31, 2024.

(10) Leasing arrangements - lessor

- A. The Company leases various assets including lands, buildings, machinery equipment and other equipment, etc., (listed as "Property, Plant and Equipment" and "Investment property, net"), rental contracts are made for periods of 3 years, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To preserve the use of the leased assets, the lessee is usually required not to sublease, lend, transfer, mortgage or guarantee the leased assets.
- B. Based on the operating lease agreement, the Company recognized rent income in the amounts of \$51,296 in 2025 (listed as "Net other gains and losses"), which does not include variable lease payments. There was no such situation for the year ended December 31, 2024.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2025</u>
Next within 1 year	\$ 61,397
Next 1~2 years	61,397
Next 2~3 years	<u>10,232</u>
	<u>\$ 133,026</u>

(11) Investment property - net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2025</u>			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>For the year ended December 31, 2025</u>			
January 1	\$ -	\$ -	\$ -
Transfer - Cost	92,904	85,828	178,732
-Accumulated depreciation	-	(72,980)	(72,980)
Depreciation Expense	-	(2,419)	(2,419)
December 31	<u>\$ 92,904</u>	<u>\$ 10,429</u>	<u>\$ 103,333</u>
<u>December 31, 2025</u>			
Cost	\$ 92,904	\$ 85,828	\$ 178,732
Accumulated depreciation	-	(75,399)	(75,399)
	<u>\$ 92,904</u>	<u>\$ 10,429</u>	<u>\$ 103,333</u>

There was no such situation for the year ended December 31, 2024.

A. The investment property of the Company comprises the lands and buildings of plant in Qiaotou Dist., Kaohsiung City. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Rental income from the lease of the investment property	\$ 14,192	\$ -
Direct operating expenses arising from the investment property that generated income during the year	\$ 2,419	\$ -
Direct operating expenses arising from the investment property that did not generate income during the year	\$ -	\$ -

B. The fair value of investment properties held by the Company were \$523,325 as of December 31, 2025, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was categorized within Level 3 in the fair value hierarchy. There was no such situation for the year ended December 31, 2024.

C. For the information about investment property pledged to others as of December 31, 2025 and 2024, please refer to Note 8. for the explanation of pledged assets.

(12) Intangible assets

	<u>Computer Software</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>January 1, 2025</u>		
Cost	\$ 15,000	\$ -
Accumulated amortisation	(1,250)	-
	<u>\$ 13,750</u>	<u>\$ -</u>
<u>For the year ended December 31, 2025</u>		
January 1	\$ 13,750	\$ -
Additions – Acquired separately	-	8,350
Transferred from prepayments for equipment	-	6,650
Amortisation charge	(5,000)	(1,250)
December 31	<u>\$ 8,750</u>	<u>\$ 13,750</u>
<u>December 31, 2025</u>		
Cost	\$ 15,000	\$ 15,000
Accumulated amortisation	(6,250)	(1,250)
	<u>\$ 8,750</u>	<u>\$ 13,750</u>

A. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2025	2024
Operating costs	\$ 5,000	\$ 1,250

B. The Company has no capitalised any interests of the intangible assets for the year ended December 31, 2025 and 2024.

C. As of December 31, 2025 and 2024, the Company has no intangible asset pledged to others as collaterals.

(13) Non-current assets held for sale

A. In consideration of the changes in the production model, the obsolescence of certain equipment and ineffective production efficiency, the Company planned to sell certain machinery and equipment after negotiating with the lessees. The sale contract was signed in January 2026, therefore, the machinery and equipment were transferred to the non-current assets held for sale, net.

	December 31, 2025
Non-current assets held for sale	\$ 9,463

There was no such situation for the year ended December 31, 2024.

B. For relevant fair value information, please refer to Note 12(3).

(14) Impairment of non-financial assets

A. The impairment losses recognized by the Company for its property, plant and equipment as of December 31, 2025 and 2024 (listed as "Other gains and losses") were \$48,521 and \$-, respectively, as detailed below:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Recognized in profit or loss- current	Recognized in other comprehensive income	Recognized in profit or loss- current	Recognized in other comprehensive income
Impairment losses- Machinery	\$ 30,945	\$ -	\$ -	\$ -
Impairment losses- Other equipment	17,576	-	-	-
	<u>\$ 48,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. The details of the aforementioned impairment losses, disclosed by department, are as follows:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Recognized in profit or loss- current	Recognized in other comprehensive income	Recognized in profit or loss- current	Recognized in other comprehensive income
Screw Dept.	\$ 48,521	\$ -	\$ -	\$ -

C. The aforementioned impairment losses on machinery and other equipment were recognized based on the difference between the recoverable amount and the book amount due to the difficulty of equipment repair and replacement, as well as the special characteristics of the equipment model.

D. As of December 31, 2025 and 2024, the accumulated impairment losses recognized on the Company's non-financial assets were \$55,855 and \$7,334, respectively.

(15) Short-term borrowings

Type of borrowings	Maturity period	Interest rate range	December 31, 2025	Collateral
Guaranteed bank loans	2026.1.11~ 2026.1.29	1.95%~ 2.45%	\$ 316,000	Demand deposits, time deposits, land, buildings and structures
Unsecured bank loans	2026.6.29	2.45%	49,594	None
			<u>\$ 365,594</u>	
Type of borrowings	Maturity period	Interest rate range	December 31, 2024	Collateral
Guaranteed bank loans	2025.1.10~ 2025.6.6	1.95%~ 2.38%	\$ 299,122	Demand deposits, time deposits, land, buildings and structures

For more information about interest expense recognized by the Company for the year ended December 31, 2025 and 2024, please refer to Note 6(28).

(16) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonuses payable	\$ 1,769	\$ 25,452
Processing expenses payable	-	19,886
Packaging expenses payable	-	10,941
Utilities expenses payable	603	7,800
Repair expenses payable	5	7,491
Consumables expenses payable	-	5,605
Other payables	1,488	20,006
	<u>\$ 3,865</u>	<u>\$ 97,181</u>

(17) Corporate bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured convertible bonds	\$ -	\$ 354,253
Less: Discount on bonds payable	-	(5,897)
	<u>\$ -</u>	<u>\$ 348,356</u>

A. The Company issued the fourth unsecured convertible bonds in September 2022. The terms of convertible bonds issuance are as follows:

- (a) The Company was approved by the competent authority to raise and issue the fourth domestic unsecured bonds with a total amount of \$351,750 (related issuance cost was \$3,695), with a coupon rate of 0% and a maturity period of 3 years from September 30, 2022 to September 30, 2025. The convertible bonds will be redeemed in cash at 102.2669% of the face value of the bonds upon maturity.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (December 31, 2022) to the maturity date (September 30, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model as specified in the terms of the bonds on each effective date. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
- (d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. For the year ended December 31, 2023, the face value of the Company's convertible bonds of \$3,300 had been converted into 132 thousand shares of common shares. As of the date of record for the capital increase on January 29, 2024, the registration of changes had been completed (listed as

- “Common stock” of \$1,320 and reversed “Share capital—certificate of entitlement to new shares from convertible bonds” of \$1,320).
- C. For the year ended December 31, 2024, the face value of the Company’s convertible bonds of \$200 had been converted into 8 thousand shares of common shares. As of the date of record for the capital increase on August 9, 2024, the registration of changes had been completed (listed as “Common stock” of \$80 and “Capital surplus—issue premium” of \$126 and reversed “Capital surplus—bonds share options” of \$8).
- D. For the year ended December 31, 2025, the face value of the Company’s convertible bonds of \$100 had been converted into 4 thousand shares of common stock. As of the date of record for the capital increase on December 26, 2025, the registration of changes had been completed (listed as “Common stock” of \$42 and “Capital surplus—issue premium” of \$64 and reversed “Capital surplus—bonds share options” of \$4).
- E. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$13,784 were separated from the liability component and were recognized in “Capital surplus—bonds share options” in accordance with IAS 32. As of December 31, 2025 and 2024, the balances of the above “Capital surplus—bonds share options” were \$- and \$13,643, respectively, after the issue, repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. The call options and put options embedded in corporate bonds payable were separated from their host contracts and were recognized in “financial assets or liabilities at fair value through profit or loss” in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the corporate bonds payable after such separation was 2.24%.
- F. As of December 31, 2025, the corporate bonds had been fully repaid or converted.
- G. For more information about interest expenses recognized by the Company for the years ended December 31, 2025 and 2024, please refer to Note 6(28).

(18) Pensions

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Company suspended the contributions to the Labor Pension Fund until March 31, 2026, as approved by the competent authority. Also, the

Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The Company reached an agreement with all regular employees prior to the enforcement of the Labor Pension Act on July 1, 2005 to settle the service years under the old labor pension system in accordance with the Labor Standards Act and the Labor Pension Act, and applied to the Labor Affairs Bureau, Kaohsiung City Government for the approval of the cancellation of the Labor Pension Reserve Fund and the collection of the remaining funds in accordance with the Article 9 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds on December 23, 2025. Related information on the defined benefit pension plan disclosed above is shown as follow:

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$ -	(\$ 624)
Fair value of plan assets	-	5,419
Net defined benefit assets	<u>\$ -</u>	<u>\$ 4,795</u>

(b) Movements in net defined benefit assets are as follows:

	<u>For the year ended December 31, 2025</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
At January 1	(\$ 624)	\$ 5,419	\$ 4,795
Current service cost	(170)	-	(170)
Interest income	-	67	67
	<u>(794)</u>	<u>5,486</u>	<u>4,692</u>
Settlement loss	794	(794)	-
Receivables arising from the residual amount deposited in the labor pension reserve fund	-	(4,692)	(4,692)
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>For the year ended December 31, 2024</u>		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	(\$ 58)	\$ 4,824	\$ 4,766
Current service cost	(10)	-	(10)
Interest (expense) income	(1)	62	61
	(69)	4,886	4,817
Remeasurements:			
Return on plan assets	-	533	533
Change in financial assumptions	1	-	1
Experience adjustments	(556)	-	(556)
	(555)	533	(22)
At December 31	(\$ 624)	\$ 5,419	\$ 4,795

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	<u>For the year ended December 31, 2024</u>
Discount rate	1.40%
Future salary increases	2.00%

Assumptions regarding future mortality experience are both set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 29)	\$ 31	\$ 29	(\$ 28)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$1,062 and \$3,871, respectively.

(19) Share capital

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (unit: thousand shares):

	For the years ended December 31,	
	2025	2024
At January 1	100,670	100,059
Conversion of employee stock options	-	471
Conversion of convertible bonds	4	140
At December 31	<u>100,674</u>	<u>100,670</u>

- B. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 212 units were exercised between October 2023 to January 2024 (the proceeds from the subscription was \$3,668), 99 units were exercised between February to June 2024 (the proceeds from the subscription was \$1,712) and 160 units were exercised between September to October 2024 (the proceeds from the subscription was \$2,656). As of the date of record for the capital increase on January 29, 2024, August 9, 2024 and November 6, 2024, the registration of changes had been completed (listed as “Common stock” of \$4,710 and “Capital surplus – Issue premium” of \$3,326).
- C. For more information about the status of the request for conversion of the Company’s corporate bonds for the years ended December 31, 2025 and 2024, please refer to Note 6(17).
- D. As of December 31, 2025, the Company’s authorised capital was \$4,000,000 (including \$96,000 reserved for conversion of employee stock options), and the paid-in capital was \$1,006,739,

consisting of 100,674 thousand shares of ordinary stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(20) Capital surplus

For the year ended December 31, 2025						
	Issuance premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Bonds share options	Employee stock options	Others	Total
At January 1	\$ 913,323	\$ 165,548	\$ 13,643	\$ 11,209	\$ 6,741	\$1,110,464
Conversion of convertible bonds	64	- (4)		-	-	60
Stock options upon expiration	13,639	- (13,639)		-	-	-
Employee stock options forfeited	7,451	-	- (7,451)		-	-
Reclassification	3,758	-	- (3,758)		-	-
Overdue cash dividends payable	-	-	-	-	69	69
At December 31	<u>\$ 938,235</u>	<u>\$ 165,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,810</u>	<u>\$ 1,110,593</u>

For the year ended December 31, 2024						
	Issuance premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Bonds share options	Employee stock options	Others	Total
At January 1	\$ 909,815	\$ 154,160	\$ 13,651	\$ 11,265	\$ 6,741	\$1,095,632
Conversion of convertible bonds	126	- (8)		-	-	118
Conversion of employee stock options	3,326	-	-	-	-	3,326
Employee stock options forfeited	56	-	- (56)		-	-
Adjustments for cash capital increase in subsidiaries not based on shareholding ratio	-	11,388	-	-	-	11,388
At December 31	<u>\$ 913,323</u>	<u>\$ 165,548</u>	<u>\$ 13,643</u>	<u>\$ 11,209</u>	<u>\$ 6,741</u>	<u>\$ 1,110,464</u>

A. Pursuant to the R.O.C Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided

that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

- B. For more information about “Capital surplus – issuance premium”, “Capital surplus – bonds share options” and “Capital surplus – employee stock options”, please refer to Note 6(19), Note 6(17), and Note 6(21).
- C. For more information about “Adjustments for cash capital increase in subsidiaries not based on shareholding ratio”, please refer to Note 6(7).

(21) Share-based payment

On October 21, 2020, the Company issued 3,000 units of compensatory stock option plan at a subscription price of \$21.6 (in dollars) per share, which was set up based on not lower than the market price of the Company’s common stock on the grant date, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company’s common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of the end date of the validity period (October 20, 2025), the subscription price for employee stock options has been adjusted to \$16.6 (in dollars). The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the employee stock option plan. Among them, 913 thousand shares were awarded to the employees of subsidiaries over a 3-year period.

- A. Details of the number of options and weighted average exercise price of compensatory stock option plan for the years ended December 31, 2025 and 2024 are as follows:

Stock Options	For the year ended December 31, 2025	
	Number of options (unit)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	349	\$ 16.6
Options expired	(349)	16.6
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-
Options approved but not yet issued at December 31	-	-

Stock Options	For the year ended December 31, 2024	
	Number of options (unit)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	730	\$ 17.3
Options exercised	(351)	17.0
Options expired	(30)	17.0
Options outstanding at December 31	349	16.6
Options exercisable at December 31	349	16.6
Options approved but not yet issued at December 31	-	-

For more information about the collection of payment of employee stock options exercised, please refer to Note 6 (19).

- B. The fair value of the Company's stock option plan is estimated using the Black-Scholes option-pricing model. Relevant information is as follows:

	October 21, 2020
Grant date	
Stock price (in dollars)	\$ 21.35
Exercise price (in dollars)	21.60
Dividend rate	0%
Expected price volatility	27.97%
Risk-free interest rate	0.2285%
Expected option life	5 years
Fair value per unit (per share)	NTD\$5.24 (in dollars)

(22) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. In accordance with the Company's original Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, and then set 10% of the remaining amount aside as legal reserve (except when the legal reserve has already reached the total capital), and the remainder, if any, shall be distributed as dividends to shareholders resolved by the Company's shareholders at the shareholders' meeting. On June 11, 2025, shareholders during their meeting resolved that the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, and then set 10% of the remaining amount aside as legal reserve (except when the legal reserve has already reached the paid-in capital), and the remainder, if any, shall be distributed as dividends to shareholders resolved by the Company's shareholders at the shareholders' meeting. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the

Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders during their meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, where dividends and bonus, in whole or in part, are distributed in the form of cash, the Board of Directors is authorized to make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders during their meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of \$7,745 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The Company recognized cash dividends distributed to owners amounting to \$20,134 (NT\$0.2 (in dollars) per share) and \$100,413 (NT\$1 (in dollars) per share and adjusted to \$100,510 due to conversion of employee stock options and conversion of bonds) for the appropriations of 2024 and 2023 earnings. For 2025, the Company generated accumulated losses, therefore the disclosure about the information of the distribution of earnings was not required.

(23) Operating revenue

	For the years ended December 31,	
	2025	2024
Revenue from contracts with customers	\$ 1,033,792	\$ 1,384,459

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product and types of services:

	For the years ended December 31,	
	2025	2024
Revenue from sales of screws	\$ 869,682	\$ 1,063,908
Others	164,110	320,551
	<u>\$ 1,033,792</u>	<u>\$ 1,384,459</u>

	For the years ended December 31,	
	2025	2024
Timing of revenue recognition		
At a point in time	\$ 1,030,822	\$ 1,373,620
Over time	2,970	10,839
	<u>\$ 1,033,792</u>	<u>\$ 1,384,459</u>

B. The Company has recognized the following revenue-related contract liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities – current			
Receipts in advance	\$ 1,242	\$ 3,302	\$ 4,840

Revenue recognized for the years ended December 31, 2025 and 2024, which was included in the contract liabilities at the beginning of the year, amounted to \$1,856 and \$4,367, respectively.

(24) Net other income and expenses

	For the years ended December 31,	
	2025	2024
Other income - rental income	\$ 51,296	\$ -
Other expenses - depreciation expense	(35,490)	-
	<u>\$ 15,806</u>	<u>\$ -</u>

(25) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 2,156	\$ 4,801
Interest income from financial assets measured at amortised cost	1,241	298
Interest income from loans to related parties	4,071	563
Other interest income	14	38
	<u>\$ 7,482</u>	<u>\$ 5,700</u>

(26) Other income

	For the years ended December 31,	
	2025	2024
Commission income	\$ -	\$ 2,260
Subsidy income	60	1,152
Dividend income	4,732	1,019
Rental income	285	-
Insurance claims income	3,868	-
Other income	3,891	4,839
	<u>\$ 12,836</u>	<u>\$ 9,270</u>

(27) Other gains and losses

	For the years ended December 31,	
	2025	2024
Net gain on financial assets at fair value through profit or loss	\$ 2,542	\$ 101,479
Net gain on disposals of property, plant and equipment	1,569	1,129
Impairment loss on non-financial assets	(48,521)	-
Gain from lease modifications	6,470	-
Net foreign exchange gains	27,404	9,500
Net gain on disposal of office supplies	2,845	-
Gain on disposal of investments accounted for under equity method	-	490
Net gain on disposal of tooling and spares	10,795	-
Other losses	(118)	(360)
	<u>\$ 2,986</u>	<u>\$ 112,238</u>

(28) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 7,138	\$ 4,680
Convertible bonds payable	5,897	7,711
Interest expense on lease liabilities	366	1,807
Other	287	-
	<u>\$ 13,688</u>	<u>\$ 14,198</u>

(29) Expenses by nature

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense	\$ 25,169	\$ 28,135	\$ 53,304	\$ 121,315	\$ 32,078	\$ 153,393
Depreciation	\$ 14,817	\$ 12,458	\$ 27,275	\$ 65,061	\$ 15,048	\$ 80,109
Amortisation	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 1,250	\$ 1,250

(30) Employee benefit expense

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Wages and salaries	\$ 21,463	\$ 23,573	\$ 45,036	\$ 100,703	\$ 26,265	\$ 126,968
Labor and health insurance expenses	2,002	2,617	4,619	10,813	2,177	12,990
Pension costs	451	714	1,165	2,779	1,092	3,871
Other personnel expenses	1,253	1,231	2,484	7,020	2,544	9,564
	<u>\$ 25,169</u>	<u>\$ 28,135</u>	<u>\$ 53,304</u>	<u>\$ 121,315</u>	<u>\$ 32,078</u>	<u>\$ 153,393</u>

- A. As at December 31, 2025 and 2024, the average number of employees of the Company were 69 and 215, which included 7 and 8 non-employee directors, respectively. The average employee benefit expense and the average wages and salaries for the years ended December 31, 2025 and 2024 were \$860 and \$726, \$741 and \$613, respectively. Adjustment of average employee salaries for the year ended December 31, 2025 was an increase of 18%.
- B. In accordance with the Articles of Incorporation of the Company, the Board of Directors is authorized to determine the remuneration of the Company's directors based on the extent of their participation in the Company's operations, value of contribution and the general pay levels of the industry; the remuneration policy to the managers is determined based on their position, contribution, operating performance of the Company for the year and future risks of the Company as submitted to the Board of Directors for resolution after being reviewed by the Remuneration Committee; the remuneration policy to the employees is determined based on their abilities, contribution to the Company and their performance, market value of the position, and operational risk.
- C. In accordance with the Company's original Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Employees' compensation will be distributed in the form of shares or cash. The Company may, by a resolution adopted by more than half vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or cash; and in addition, thereto a report of such

distribution shall be submitted to the shareholders during their meeting. However, the original Articles of Incorporation was amended by resolution of the shareholders' meeting on June 11, 2025, to stipulate that a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~3% for employees' compensation, of which no less than 0.1% of the annual profits shall be allocated as employees' compensation for rank-and-file employees, and shall not be higher than 3% for directors' and supervisors' remuneration. The above-mentioned profit status for the year refers to the pre-tax profit prior to deducting compensation of employees and remuneration of directors.

- A. For the year ended December 31, 2025 and 2024, no employees' compensation and directors' remuneration were accrued because of losses incurred for the years.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

- A. Income tax benefit:

- (a) Components of income tax benefit:

	For the years ended December 31,	
	2025	2024
Current tax		
Tax on undistributed earnings	\$ -	\$ 3,378
Prior year income tax under (over) estimation	5,792	(8,474)
Total current tax	<u>5,792</u>	<u>(5,096)</u>
Deferred tax		
Origination and reversal of temporary differences	(52,332)	(11,635)
Income tax benefit	<u>(\$ 46,540)</u>	<u>(\$ 16,731)</u>

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

	For the years ended December 31,	
	2025	2024
Remeasurements of defined benefit obligations	\$ -	(\$ 5)

B. Reconciliation between income tax benefit and accounting loss:

	For the years ended December 31,	
	2025	2024
Effect from items disallowed by tax regulation	(\$ 2,532)	\$ 2,081
Effect from temporary differences not recognized as deferred tax	797	(2,362)
Change in assessment of realisation of deferred tax assets	(50,597)	(11,354)
Tax on undistributed earnings	-	3,378
Prior year income tax under (over) estimation	5,792	(8,474)
Income tax benefit	<u>(\$ 46,540)</u>	<u>(\$ 16,731)</u>

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

	For the year ended December 31, 2025			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Unrealised loss on inventory market price decline	\$ 8,145	(\$ 6,493)	\$ -	\$ 1,652
Unrealised loss on currency exchange	905	(905)	-	-
Pension	354	-	-	354
Unrealised expenses	65	(19)	-	46
Impairment loss on non-financial assets	-	9,704	-	9,704
Tax losses	11,370	50,092	-	61,462
	<u>\$ 20,839</u>	<u>\$ 52,379</u>	<u>\$ -</u>	<u>\$ 73,218</u>
Deferred tax liabilities				
Temporary differences				
Pension	(\$ 1,400)	\$ 21	\$ -	(\$ 1,379)
Unrealised gain on currency exchange	-	(68)	-	(68)
Incremental tax on land revaluation	(12,534)	-	-	(12,534)
	<u>(\$ 13,934)</u>	<u>(\$ 47)</u>	<u>\$ -</u>	<u>(\$ 13,981)</u>
	<u>\$ 6,905</u>	<u>\$ 52,332</u>	<u>\$ -</u>	<u>\$ 59,237</u>

	For the year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Unrealised loss on inventory market price decline	\$ 8,034	\$ 111	\$ -	\$ 8,145
Unrealised loss on currency exchange	805	100	-	905
Pension	349	-	5	354
Unrealised expenses	-	65	-	65
Tax losses	-	11,370	-	11,370
	<u>\$ 9,188</u>	<u>\$ 11,646</u>	<u>\$ 5</u>	<u>\$ 20,839</u>
Deferred tax liabilities				
Temporary differences				
Pension	(\$ 1,389)	(\$ 11)	\$ -	(\$ 1,400)
Incremental tax on land revaluation	(12,534)	-	-	(12,534)
	<u>(\$ 13,923)</u>	<u>(\$ 11)</u>	<u>\$ -</u>	<u>(\$ 13,934)</u>
	<u>(\$ 4,735)</u>	<u>\$ 11,635</u>	<u>\$ 5</u>	<u>\$ 6,905</u>

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

December 31, 2025				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2024	\$ 56,849	\$ 56,849	\$ -	2034
2025	250,462	250,462	-	2035
	<u>\$ 307,311</u>	<u>\$ 307,311</u>	<u>\$ -</u>	

December 31, 2024				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2024	\$ 56,849	\$ 56,849	\$ -	2034

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences		
Bad debts expense	\$ 4,543	\$ 4,543
Impairment of assets	1,467	1,467
	<u>\$ 6,010</u>	<u>\$ 6,010</u>

F. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of March 9, 2026.

(32) Loss per share

	<u>For the year ended December 31, 2025</u>		
	<u>Amount</u>	<u>Weighted average number of</u>	<u>Loss</u>
	<u>after tax</u>	<u>ordinary shares outstanding</u>	<u>per share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 161,982)	100,674	(\$ 1.61)

	<u>For the year ended December 31, 2024</u>		
	<u>Amount</u>	<u>Weighted average number of</u>	<u>Loss</u>
	<u>after tax</u>	<u>ordinary shares outstanding</u>	<u>per share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 36,012)	100,443	(\$ 0.36)

(33) Supplemental cash flow information

A. Investing activities with partial cash receipts and payments:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment	\$ 7,431	\$ 51,444
Add: Opening balance of notes payable (including related parties)	-	9,047
Opening balance of other payables (including related parties)	1,649	1,336
Less: Ending balance of other payables (including related parties)	-	(1,649)
Cash paid for acquisition of property, plant and equipment	<u>\$ 9,080</u>	<u>\$ 60,178</u>

B. Investing and financing activities with no cash flow effects:

	For the years ended December 31,	
	2025	2024
(a) Prepayments for equipment transferred to property, plant and equipment	\$ 4,690	\$ 11,293
(b) Prepayments for equipment transferred to intangible assets	\$ -	\$ 6,650
(c) Property, plant and equipment transferred to investment property	\$ 105,752	\$ -
(d) Property, plant and equipment transferred to non-current assets held for sale	\$ 9,463	\$ -
(e) Convertible bonds converted into share capital and capital surplus	\$ 102	\$ 198

(34) Changes in liabilities from financing activities

	For the year ended December 31, 2025				
	Short-term borrowings	Lease liabilities	Corporate bonds payable (including the current portion)	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ 299,122	\$ 103,338	\$ 348,356	\$ -	\$ 750,816
Changes in cash flow from financing activities	66,472	(3,539)	(354,151)	10,233	(280,985)
Changes in other non-cash items	-	(94,836)	5,795	-	(89,041)
At December 31	<u>\$ 365,594</u>	<u>\$ 4,963</u>	<u>\$ -</u>	<u>\$ 10,233</u>	<u>\$ 380,790</u>

	For the year ended December 31, 2024				
	Short-term borrowings	Lease liabilities	Corporate bonds payable (including the current portion)	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ -	\$ 106,498	\$ 340,843	\$ -	\$ 447,341
Changes in cash flow from financing activities	299,122	(13,493)	-	-	285,629
Changes in other non-cash items	-	10,333	7,513	-	17,846
At December 31	<u>\$ 299,122</u>	<u>\$ 103,338</u>	<u>\$ 348,356</u>	<u>\$ -</u>	<u>\$ 750,816</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
TSG Transport Corp.	Subsidiary
Yung Fu Co., Ltd.	Subsidiary
TSG Environmental Technology Corp.	Subsidiary
TSG Power Corp.	Subsidiary
TSG Engineering Corp.	Other related party (Note)
Chun Yu Works & Co., Ltd.	Other related party
Chun Yu Works (USA) Inc.	Other related party
Chun Zu Machinery Industry Co., Ltd.	Other related party
Chun Bang Precision Co., Ltd.	Other related party
TSG Sports Marketing Corp.	Other related party
United Fiber Optic Communication Inc.	Other related party

(Note) Originally a subsidiary of the Company and became an other related party after the Company sold 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. on June 28, 2024.

(2) Significant related party transactions

A. Sales of goods

	For the years ended December 31,	
	2025	2024
Chun Yu Works & Co., Ltd.	\$ 94,426	\$ 101,296
Other related parties	2,548	125
	<u>\$ 96,974</u>	<u>\$ 101,421</u>

Transaction price: Negotiated price for both related and third parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for third parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchases of goods

	For the years ended December 31,	
	2025	2024
Chun Yu Works & Co., Ltd.	\$ 410,141	\$ 590,418

Transaction price: Negotiated price for both related and third parties.

Payment terms (period): Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1~3 months. However, both parties may negotiate to extend payment terms depending on the funds available.

C. Property transactions

- (a) Disposal of office supplies (listed as “Prepayments”) and tooling and spares (listed as “Other non-current assets”):

	For the year ended December 31, 2025	
	Proceeds from disposal	Gains (losses) from disposal
Chun Yu Works & Co., Ltd.	\$ 67,681	\$ 13,640

There was no such situation for the year ended December 31, 2024.

- (b) Acquisition of property, plant and equipment:

	Objects	For the years ended December 31,	
		2025	2024
Chun Zu Machinery Industry Co., Ltd.	Machinery and equipment, prepayments for equipment	\$ -	\$ 5,980
Other related parties	Machinery and equipment	-	1,762
		\$ -	\$ 7,742

The Company purchased property, plant and equipment from related parties through negotiation.

- (c) Disposal of property, plant and equipment:

	Objects	For the year ended December 31, 2024	
		Proceeds from disposal	Gains (losses) from disposal
Other related parties	Machinery and equipment	\$ 2,635	(\$ 211)

The Company sold property, plant and equipment to related parties through negotiated price.

There was no such situation for the year ended December 31, 2025.

D. Equity transactions

Please refer to Note 6(7).

- E. Mold expenses and repair expenses (listed as “Operating costs” and “Other non-current assets”)

	For the years ended December 31,	
	2025	2024
Chun Bang Precision Co., Ltd.	\$ 7,796	\$ 37,633
Other related parties	971	3,674
	\$ 8,767	\$ 41,307

F. Packaging fee, freight expenses, export expenses and other expenses (listed as “Operating costs” and “Operating expenses”)

	For the years ended December 31,	
	2025	2024
Chun Yu Works & Co., Ltd.	\$ 62,005	\$ 1,833
TSG Transport Corp.	16,492	31,721
Other related parties	954	2,520
	<u>\$ 79,451</u>	<u>\$ 36,074</u>

G. Other income

	For the years ended December 31,	
	2025	2024
Yung Fu Co., Ltd.	\$ -	\$ 3,220

H. Rental income (listed as “Net other income and expenses”)

	For the years ended December 31,	
	2025	2024
Chun Yu Works & Co., Ltd.	\$ 51,296	\$ -

In March 2025, the Company leased the lands, plants and machinery & equipment etc., (listed as “Investment property, net” and “Property, plant and equipment - leased equipment”) in Qiaotou Dist., Kaohsiung City. to the related parties. The lease agreement is effective from March 2025 to February 2028. The lease payments as specified in the agreement are collected at the beginning of every month.

I. Receivables

	December 31, 2025	December 31, 2024
Accounts receivable:		
Chun Yu Works & Co., Ltd.	\$ -	\$ 29,223
Other receivables (not including loans to related parties):		
Chun Yu Works & Co., Ltd.	\$ 8,434	\$ 588
Subsidiary	674	21
	<u>\$ 9,108</u>	<u>\$ 609</u>

J. Prepayments

	December 31, 2025	December 31, 2024
Chun Yu Works & Co., Ltd.	\$ 2,974	\$ -
Subsidiary	-	2,108
	<u>\$ 2,974</u>	<u>\$ 2,108</u>

K. Payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
Chun Yu Works & Co., Ltd.	\$ 92,720	\$ 123,503
Other payables:		
Chun Yu Works & Co., Ltd.	\$ 13,210	\$ 215
Chun Bang Precision Co., Ltd.	-	14,373
Other related parties	-	2,123
Subsidiary	1,594	4,360
	<u>\$ 14,804</u>	<u>\$ 21,071</u>

L. Guarantee deposits received

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chun Yu Works & Co., Ltd.	\$ 10,233	\$ -

M. Loans to related parties (listed as “Other receivable – related parties”)

(a) Outstanding balance:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Yung Fu Co., Ltd.	\$ 150,000	\$ 30,000

As of December 31, 2025 and 2024, the Company’s loan commitments to its subsidiary, Yung Fu Co., Ltd., were both \$150,000.

(b) Interest income

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Yung Fu Co., Ltd.	\$ 4,071	\$ 563

The interest of loans was charged at 2.5% per annum. The interest was adjusted to 3% per annum since March 2025.

N. Endorsements and guarantees

Endorsements and guarantees provided to related parties:

<u>Endorser/ guarantor</u>	<u>Endorsee/guarantee</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The Company	Yung Fu Co., Ltd.	\$ 200,000	\$ 200,000

As of December 31, 2025 and 2024, the actual amounts of endorsement/guarantee provided by the Company were both \$180,000.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 4,397	\$ 7,715

8. PLEGDED ASSETS

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

<u>Pledged asset</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Purpose</u>
Pledged demand deposits (Note 1)	\$ 2,027	\$ 30,819	Guarantee for short-term borrowings
Pledged time deposits (Note 1)	57,305	109,248	Guarantee for short-term borrowings
Land (Note 2)	92,904	92,904	Guarantee for short-term borrowings
Buildings and structures, net (Note 2)	<u>10,429</u>	<u>12,595</u>	Guarantee for short-term borrowings
	<u>\$ 162,665</u>	<u>\$ 245,566</u>	

(Note 1) Listed as "Financial assets at amortised cost – current".

(Note 2) Listed as "Property, plant and equipment" and "Investment property, net".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2025 and 2024, the Company's remaining balance due for construction in progress and prepayments for equipment were \$- and \$11,288, respectively.

(2) As of December 31, 2025 and 2024, the unused letters of credit for the purchase of raw materials amounted to \$- and \$67,399, respectively.

(3) As of December 31, 2025 and 2024, information about endorsements and guarantees to subsidiaries is provided in Note 7.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On February 25, 2026, the Board of Directors of the Company resolved to participate in the subscription of 20,000 thousand ordinary shares at a price of NT\$10 (in dollars) per share through the cash capital increase of Openness Specialty Materials Corp. Ltd., and the total consideration for the subscription amounted to \$200,000. However, the payment has not yet been remitted as of March 9, 2026.

(2) To increase return on shareholders' equity and optimize the capital structure, the Board of Directors of the Company's subsidiary, TSG Power Corp., resolved to reduce capital and refund cash to shareholders amounting to \$170,000, and retire 17,000 thousand ordinary shares. After the capital reduction, the paid-in capital was \$23,000, consisting of 2,300 thousand shares on February 4, 2026. The capital reduction was set effective on February 5, 2026.

(3) To improve the financial structure and meet the Company's operating needs, the Board of Directors of the Company's subsidiary, Yung Fu Co., Ltd., proposed to reduce capital amounting to \$244,803 to offset the losses on February 26, 2026. After the capital reduction, the paid-in capital was \$89,124. However, the capital reduction has not yet been approved by the shareholders.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

The information on financial instruments by category is provided in Notes 6 and 12(3).

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

- i. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable EUR and USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting collection forecast of accounts receivable.
- ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting, and therefore accounts for financial assets or liabilities at fair value through profit or loss.
- iii. The Company's businesses involve some non-functional currency operations (the functional currency of the Company is the New Taiwan Dollar). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR:NTD	\$ 1,422	36.90	\$ 52,490
USD:NTD	3,134	31.43	98,500
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	18	36.90	670
USD:NTD	6	31.43	199
December 31, 2024			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR:NTD	\$ 8,181	34.14	\$ 279,316
USD:NTD	1,280	32.79	41,964
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	14	34.14	478
USD:NTD	13	32.79	440

- (i) Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to USD and EUR had appreciated/depreciated by 1% with all other factors remaining constant, the Company's net profit after tax for the years ended December 31, 2025 and 2024 would increase/decrease by \$1,201 and \$2,563, respectively.
- (ii) Total exchange gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to \$27,404 and \$9,500, respectively.

II. Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise securities issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$2,938 and \$2,808, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$3,985 and \$1,371, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

The Company's borrowings are financial instruments at floating rates. Thus, future cash flows will fluctuate due to changes in market interest rates and future changes in effective rates of debt instruments. However partial interest rate risk is offset by cash and cash equivalents held at variable rates. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by \$571 and \$374, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- II. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- III. The Company adopts the assumption under IFRS 9, that is, default occurs when the contract payments are past due over 90 days.
- IV. The Company adopts management of credit risk, whereby the default occurs when the contract payments are past due over certain number of days.
- V. The Company classifies customer's notes and accounts receivable in accordance with credit term. The Company applies the modified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecastability of conditions to adjust historical and timely information to assess the default possibility of notes and accounts receivable. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	<u>For the year ended December 31, 2025</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance at January 1 and December 31	\$ -	\$ 23	\$ 23

	<u>For the year ended December 31, 2024</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance at January 1 and December 31	\$ -	\$ 23	\$ 23

(c) Liquidity risk

- I. Cash flow forecasting is performed by the Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. Surplus cash held by the Company over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- III. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate		
Expiring within one year	\$ 484,406	\$ 527,103

- IV. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 366,445	\$ -	\$ -	\$ -
Accounts payable (including related parties)	93,545	-	-	-
Other payables (including related parties)	18,669	-	-	-
Lease liabilities	1,179	1,910	1,935	-
December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 300,655	\$ -	\$ -	\$ -
Notes payable (including related parties)	4,558	-	-	-
Accounts payable (including related parties)	124,410	-	-	-
Other payables (including related parties)	118,252	-	-	-
Lease liabilities	16,429	17,048	51,593	24,021
Corporate bonds payable	-	362,283	-	-

V. The Company's non-derivative financial liabilities did not anticipate the cash flows of maturity analysis will occur significantly earlier, or actual amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and emerging stocks with quoted market prices are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in

listed stocks-private placement (liquidity discount is 7.53% and 18.18%) and call options of the convertible bonds are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's non-current assets held for sale is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(11).
- C. Except for corporate bonds payable (including current portion) which is measured at a present value which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets - current, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposit received) approximate their fair values.
- D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Non-recurring fair value measurements</u>				
Non-current assets held for sale	\$ -	\$ -	\$ 9,463	\$ 9,463
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 45,958	\$ 247,800	\$ -	\$ 293,758
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 23,816	\$ 374,696	\$ -	\$ 398,512
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 59,452	\$ 220,900	\$ -	\$ 280,352
Call options of corporate bonds	-	416	-	416
	<u>\$ 59,452</u>	<u>\$ 221,316</u>	<u>\$ -</u>	<u>\$ 280,768</u>
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 25,643	\$ 111,440	\$ -	\$ 137,083

- E. The methods and assumptions the Company used to measure fair value are as follows:
- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging stocks</u>
Market quoted price	Closing price	Average price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- (c) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- F. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present discounted value techniques and option pricing models. The call options of corporate bonds is usually evaluated according to the binomial tree convertible bond model.
- G. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.
- H. For the years ended December 31, 2025 and 2024, there was no financial instruments from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2025.)

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.

F. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 7.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

None.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash:		
Cash on hand		\$ 100
Checking Deposits		1
Demand Deposits – NTD		13,257
– Foreign Currency	USD 817 thousand @ 31.43	25,704
	EUR 782 thousand @ 36.90	28,876
		<u>\$ 67,938</u>

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS—CURRENT
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Number of Shares (in thousands)	Face Value (in dollars)	Total Amount	Interest Rate	Acquisition Cost	Fair Value		Amount of Change in The Fair Value is Attributable to Change in The Credit Risk	Note
							Unit Price (in dollars)	Total Amount		
Listed stocks	Chun Yu Works & Co., Ltd.	501	\$ 10	\$ 5,010	—	\$ 11,201	\$ 16.95	\$ 8,491	\$ -	—
"	Gloria Material Technology Corp.	436	10	4,360	—	16,596	32.10	14,022	-	—
Emerging stocks	Argo Yachts Development Co., Ltd.	1,500	10	15,000	—	40,500	15.63	23,445	-	—
						68,297		\$ 45,958		
	Valuation adjustment					(22,339)				
						\$ 45,958				

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL ASSETS AT AMORTISED COST – CURRENT
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Pledged demand deposits		\$ 2,027	Guarantee for short-term borrowings
Pledged time deposits	Expiration by 2026.1.9 Interest rate at 3.25%	57,305	Guarantee for short-term borrowings
		<u>\$ 59,332</u>	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Item</u>	<u>Amount</u>	<u>Note</u>
Boellhoff GmbH	Accounts receivable	\$ 4,662	—
Wurth Industry USA (Revcar Fasteners)	"	3,764	—
Wurth Industrie Service GmbH& Co. KG	"	3,290	—
Fastenal Company Purchasing	"	3,050	—
Achilles Seibert GmbH	"	2,098	—
Adolf Wurth GmbH & Co.KG	"	2,026	—
Others (individually less than 5%)	"	<u>20,784</u>	—
		39,674	
Less: Allowance for uncollectible accounts		(<u>23</u>)	—
		<u>\$ 39,651</u>	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF OTHER RECEIVABLES – RELATED PARTIES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 7 for the information related to related party transactions.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note	Collateral
	Cost	Net Realizable Value		
Work in process	\$ 42,208	\$ 88,712	Please refer to Note 4(11) for the method to determine the net realizable value.	None
Finished goods	33,014	36,866		"
	75,222	<u>\$ 125,578</u>		
Less: Allowance for valuation loss	(8,263)			
	<u>\$ 66,959</u>			

OFKO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS—NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instruments	Beginning Balance		Addition		Decrease		Valuation Adjustment Amount	Ending Balance		Collateral	Note
	Number of Shares (in thousands)	Fair Value	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount		Number of Shares (in thousands)	Fair Value		
Listed stocks - private placement :											
King House CO., Ltd.	5,000	\$ 220,900	-	\$ -	-	\$ -	\$ 26,900	5,000	\$ 247,800	None	—
Call options of convertible bonds	-	416	-	-	-	-	(416)	-	-	None	—
		<u>\$ 221,316</u>							<u>\$ 247,800</u>		

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME—NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instruments	Beginning Balance		Addition		Decrease		Valuation Adjustment Amount	Ending Balance		Collateral	Note
	Number of Shares (in thousands)	Fair Value	Number of Shares (in thousands)	Fair Value	Number of Shares (in thousands)	Fair Value		Number of Shares (in thousands)	Fair Value		
Listed stocks - private placement :											
TSG Development Co., Ltd. (formerly named Data Van International Corporation)	7,000	\$ 111,440	-	\$ -	-	\$ -	(\$ 27,230)	7,000	\$ 84,210	None	—
China Fineblanking Technology Co., Ltd.	-	-	13,000	291,200	-	-	(714)	13,000	290,486	None	—
		<u>\$ 111,440</u>							<u>\$ 374,696</u>		

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Company Name	Beginning Balance		Additions		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral	Note
	Number of Shares		Number of Shares		Number of Shares		Number of Shares	Percentage of Ownership	Amount	Unit Price			
	(in thousands)	Amount	(in thousands)	Amount	(in thousands)	Amount				(in thousands)	(in dollars)			Total Amount
TSG Transport Corp.	34,700	\$ 397,288	2,700	\$ 22,455	-	(\$ 3,237)	37,400	100%	\$ 416,506	\$ 11.14	\$ 416,506	None	—
TSG Environmental Technology Corp.	4,000	56,474	-	22,479	-	(620)	4,000	100%	78,333	19.58	78,333	None	—
TSG Power Corp.	19,300	155,027	-	90,885	-	-	19,300	100%	245,912	12.74	245,912	None	—
Yung Fu Co., Ltd.	49,622	496,288	-	4	(31,345)	(320,333)	18,277	54.89%	175,959	9.63	175,959	None	—
		<u>\$ 1,105,077</u>							<u>\$ 916,710</u>		<u>\$ 916,710</u>		

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – ACCUMULATED
DEPRECIATION AND ACCUMULATED IMPAIRMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment and Note 4(14) for the method to determine depreciation and useful lives for assets.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(11) for the information related to investment property, net.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(11) for the information related to investment property, net and Note 4(17) for the method to determine depreciation and useful lives for assets.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF DEFERRED TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6 (31) Income Taxes for details.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Type of Loan	Description	Ending Balance	Period of contract	Range of Interest Rate	Credit Facility	Collateral	Note
Secured Bank Borrowings	First Commercial Bank	\$ 306,000	2025.10.13~2026.1.22	1.95%~2.29%	\$ 490,000	Demand deposits, time deposits, land, buildings	—
"	Shin Kong Bank	10,000	2025.12.29~2026.1.29	2.45%	80,000	Demand deposits	—
Unsecured Bank Borrowings	Bank SinoPac	49,594	2025.12.31~2026.6.29	2.45%	100,000	—	—
		<u>\$ 365,594</u>					

OFCO INDUSTRIAL CORPORATION
STATEMENT OF ACCOUNTS PAYABLE – RELATED PARTIES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 7 for the information related to related party transactions.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Volume (ton)</u>	<u>Amount</u>	<u>Notes</u>
Sales:			
Screws	17,880	\$ 878,446	—
Steel billets	6,377	117,944	—
Wire Rod	1,861	<u>43,196</u>	—
		1,039,586	
Less: Sales returns, discounts and allowances		<u>(8,764)</u>	—
Operating revenue, net		1,030,822	
Revenue of processing service	-	<u>2,970</u>	—
Operating revenue		<u>\$ 1,033,792</u>	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning raw materials	\$ 218,115
Add: Raw materials purchased	135,479
Less: Disposal of raw materials	(159,289)
Loss on physical raw materials	(1,817)
Raw materials used during the year	192,488
Director labor	14,098
Manufacturing overhead	153,854
Manufacturing cost	360,440
Beginning work in process	155,285
Add: Work in process purchased	313,607
Less: Loss on physical work in process	(1,428)
Disposal of work in process	(4,823)
Ending work in process	(42,208)
Cost of finished goods	780,873
Beginning finished goods	107,441
Less: Loss on physical finished goods	(1,317)
Transferred to sample expenses	(4)
Ending finished goods	(33,014)
Cost of manufacturing and sales	853,979
Cost of raw materials sold	159,289
Cost of work in process sold	4,823
Cost of goods sold	1,018,091
Provision for inventory market price decline	(32,465)
Loss on physical inventory	4,562
Revenue from sale of scraps	(3,652)
Operating costs	<u>\$ 986,536</u>

OFCO INDUSTRIAL CORPORATION
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Packaging fee	—	\$ 67,555	—
Plating fee	—	18,063	—
Depreciation	—	14,817	—
Utilities	—	11,197	—
Wages and salaries	—	7,816	—
Other expenses (individually less than 5%)	—	<u>34,406</u>	—
		<u>\$ 153,854</u>	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Freight	—	\$ 16,841	—
Export fees	—	14,645	—
Wages and salaries	—	2,067	—
Other expenses (individually less than 5%)	—	<u>5,249</u>	—
		<u>\$ 38,802</u>	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 22,220	—
Depreciation	—	10,524	—
Amortization		5,000	
Professional service fees	—	5,083	—
Other expenses (individually less than 5%)	—	13,800	—
		<u>\$ 56,627</u>	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(28) for the information related to financial costs.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND
AMORTISATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(29) for the additional information related to expenses by nature and Note 6(30) for the information related to employee benefits.

OFCO Industrial Corporation
Loans to others
For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related parties	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature for financing (Note 1)	Amount of transactions with the borrower	Reason for financing	Allowance for doubtful accounts	Collateral		Limited on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
0	OFCO Industrial Corporation	Yung Fu Co., Ltd.	Other receivables - related party	Y	\$ 150,000	\$ 150,000	\$ 150,000	2.5%~3.00%	2	\$ -	Business development needs	\$ -	-	\$ -	\$ 199,266	\$ 398,532	(Note 2)
1	TSG Transport Corp.	Yung Fu Co., Ltd.	Other receivables - related party	Y	40,000	40,000	-	3.44%	2	-	Business development needs	-	-	-	41,567	83,134	(Note 2)
2	TSG Power Corp.	Yung Fu Co., Ltd.	Other receivables - related party	Y	20,000	20,000	-	3.44%	2	-	Business development needs	-	-	-	24,591	49,183	(Note 2)

(Note 1) The code represents the nature for financing as follows :

1. Trading partner.
2. Short-term financing.

(Note 2) The maximum amount for total loan is 20% of its net value; the maximum amount for individual loans is as follows :

1. For trading partner : shall not be higher of the purchases or sales amount of the most recent year.
2. For short-term financing : shall not be exceed 10% of the Company's net worth based on the latest audited or reviewed financial statements.

OFCO Industrial Corporation
Provision of endorsements and guarantees to others
For the year ended December 31, 2025

Table 2

Expressed in thousands of NTD

Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum balance during the period	Outstanding balance at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantee amount to net worth of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantee provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to party in Mainland China	Note
	Company name	Relationship (Note 1)											
OFCO Industrial Corporation	Yung Fu Co., Ltd.	3	\$ 199,266	\$ 200,000	\$ 200,000	\$ 180,000	\$ -	10.04%	\$ 797,065	Y	N	N	(Note 2)

(Note 1) The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary.
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2) The limit of total amount of endorsements shall not be higher of 40% of the Company's net worth, and the limit for a single party, except for the subsidiary owned over 90% by the Company shall not be higher of 20% of the Company's net worth, the others shall not be higher of 10% of the Company's net worth.

OFCO Industrial Corporation

Holding of marketable securities at the end of the year (excluding subsidiaries, associates and joint ventures)

December 31, 2025

Table 3

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account	Ending balance				
				Number of shares (in thousands)	Book value	Percentage of ownership (%)	Fair value	Note
OFCO Industrial Corporation	Stocks :							
	Chun Yu Works & Co., Ltd.	Other related party	Financial assets at fair value through profit or loss - current	501	\$ 8,491	0.17%	\$ 8,491	—
	Gloria Material Technology Corp.	Other related party	Financial assets at fair value through profit or loss - current	436	14,022	0.07%	14,022	—
	Argo Yachts Development Co., Ltd.	—	Financial assets at fair value through profit or loss - current	1,500	23,445	1.07%	23,445	—
	King House CO., Ltd.	—	Financial assets at fair value through profit or loss - non-current	5,000	247,800	2.96%	247,800	—
	Taiwan Styrene Monomer Corporation	—	Financial assets at fair value through other comprehensive income - current	2,688	23,816	0.51%	23,816	—
	TSG Development Co., Ltd. (formerly named Data Van International Corporation)	—	Financial assets at fair value through other comprehensive income - non-current	7,000	84,210	4.80%	84,210	—
	China Fineblanking Technology Co., Ltd.	The Company is the juristic director	Financial assets at fair value through other comprehensive income - non-current	13,000	290,486	12.17%	290,486	—
TSG Transport Corp.	Stocks :							
	Taiwan Steel Insurance Broker Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	691	22,115	14.29%	22,115	—
	China Fineblanking Technology Co., Ltd.	The Company is the juristic director	Financial assets at fair value through other comprehensive income - non-current	2,000	44,994	1.87%	44,994	—
TSG Environmental Technology Corp.	Stocks :							
	Taiwan Steel Insurance Broker Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	60	1,925	1.24%	1,925	—

OFCO Industrial Corporation

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

For the year ended December 31, 2025

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Description of transaction				Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		Note
			Purchases/(sales)	Amount	Percentage of total purchases/(sales)	Credit term	Unit Price	Credit term	Balance	Percentage of notes or accounts receivable/(payable)	
OFCO Industrial Corporation	Chun Yu Works & Co., Ltd.	Other related party	Purchases	\$ 410,141	91%	Closes its accounts 30 days after the end of each month	No significant difference	No significant difference	(\$ 92,720)	(99%)	—
TSG Transport Corp.	Gloria Material Technology Corp.	Other related party	(Sales)	(423,957)	(48%)	Closes its accounts 30 days after the end of each month	No significant difference	No significant difference	52,281	44%	—
	TMP Steel Co., Ltd.	Other related party	(Sales)	(198,857)	(22%)	Closes its accounts 60 days after the end of each month	No significant difference	No significant difference	35,622	30%	—

OFCO Industrial Corporation

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2025

Table 5

Expressed in thousands of NTD

Company Name	Counterparty	Relationship	Receivables from related party			Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			General ledger account	Amount	Turnover rate	Amount	Action taken for overdue accounts		
OFCO Industrial Corporation	Yung Fu Co., Ltd.	Subsidiary	Other receivables	\$ 150,000	-	\$ -	-	\$ -	-

OFCO Industrial Corporation
Significant inter-company transactions during the reporting period
For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD

Number (Note 1)	Company name	Name of counterparty	Relationship (Note 2)	General ledger account	Intercompany transactions		Percentage of consolidated total operating revenue or total assets (Note 3)
					Amount	Transaction terms	
0	OFCO Industrial Corporation	Yung Fu Co., Ltd.	1	Endorsements and guarantees	\$ 200,000	—	4%
				Other receivables	150,000	—	3%
				Inter-set revenue	4,071	—	—
1	TSG Transport Corp.	OFCO Industrial Corporation	2	Sales	16,079	Closes its accounts 40 days after the end of each month	—
2	TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	3	Purchase	4,022	As agreed by both parties	—

(Note 1) The information of transactions between the parent company and its subsidiaries should be noted in column "Number." The number means :

1. The number 0 represents the Company.
2. The consolidated subsidiaries are numbered in order from number 1.

(Note 2) The relationship between transaction company and counterparty is classified into one of the following three categories :

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

(Note 3) In calculating the percentage, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

(Note 4) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is 3 million.

OFCO Industrial Corporation

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2025

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main Businesses	Initial investment amount		Share held as at December 31, 2025			Net profit (loss) of the investee for the year	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2025	Balance as at December 31, 2024	Shares	Percentage of ownership (%)	Book value			
OFCO Industrial Corporation	TSG Transport Corp.	Taiwan	Container rental, transportation and packing services	\$ 250,000	\$ 250,000	34,700,000	100%	\$ 416,506	\$ 22,455	\$ 22,455	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	40,000	40,000	4,000,000	100%	78,333	22,479	22,479	Subsidiary
	TSG Power Corp.	Taiwan	Energy technology services	194,554	194,554	19,300,000	100%	245,912	48,584	90,885	Subsidiary
	Yung Fu Co., Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,305	427,301	18,276,624	54.89%	175,959 (	576,346) (	320,333)	Subsidiary
TSG Transport Corp.	Yung Fu Co., Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	2,380	2,380	91,496	0.27%	1,545 (	576,346)	-	Subsidiary (Note)
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	3,637	3,637	139,865	0.42%	2,362 (	576,346)	-	Subsidiary (Note)

(Note) According to the related regulations, it is not required to disclose investment income (loss) recognized by the Company.