

**OFCO INDUSTRIAL CORPORATION AND  
SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2025 AND 2024**

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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.

OFCO INDUSTRIAL CORPORATION

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare

OFCO Industrial Corporation

March 9, 2026

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **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 consolidated financial statements section of our report. We are independent of the Group 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 Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2025 consolidated 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 Group'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.

### **Estimation of the stage of completion of projects**

#### Description

Please refer to Note 4(30) for the accounting policies.

The construction revenue of the environmental protection business of the Group 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 the estimated total cost can affect the calculation of stage of completion and the recognition of construction revenue, therefore, 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 had been properly approved, including supporting documents for added and reduced amounts in the year.
3. Obtain detailed account, 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.

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unmodified opinion on the parent company only financial statements of OFCO Industrial Corporation as of and for the years ended December 31, 2025 and 2024.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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

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The accompanying consolidated 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 consolidated 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.

**OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 550,782	10	\$ 371,660	7
1110	Financial assets at fair value through profit or loss - current	6(2)	45,958	1	59,452	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	23,816	-	25,643	-
1136	Financial assets at amortised cost - current	6(1)(4) and 8	261,746	5	245,667	4
1140	Current contract assets	6(26)	3,103	-	3,103	-
1150	Notes receivable, net	6(5)	40	-	18	-
1170	Accounts receivable, net	6(5)	316,843	6	385,425	7
1180	Accounts receivable - related parties	6(5) and 7	96,057	2	144,897	3
1200	Other receivables		30,708	1	14,630	-
1210	Other receivables - related parties	7	8,575	-	746	-
1220	Current income tax assets	6(34)	1,617	-	15,765	-
130X	Inventories	5(2) and 6(6)	66,959	1	440,389	8
1410	Prepayments	6(7) and 7	645,566	12	593,588	11
1460	Non-current assets held for sale, net	6(8)(14)	77,800	2	-	-
1476	Other current financial assets		-	-	500	-
11XX	<b>Total current assets</b>		<u>2,129,570</u>	<u>40</u>	<u>2,301,483</u>	<u>41</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)(19)	247,800	5	221,316	4
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	443,730	8	139,531	2
1535	Financial assets at amortised cost - non-current	6(1)(4) and 8	47,773	1	109,006	2
1600	Property, plant and equipment	6(8)(10)(14)(15), 7 and 8	626,086	12	1,130,201	20
1755	Right-of-use assets	6(9)	16,389	-	111,528	2
1760	Investment property, net	6(8)(10)(11), 7 and 8	135,785	2	32,452	1
1780	Intangible assets	6(12)	799,395	15	849,866	15
1840	Deferred income tax assets	6(34)	488,500	9	309,426	5
1915	Prepayments for equipment	6(8)	129,080	2	158,072	3
1920	Guarantee deposits paid		50,445	1	12,990	-
1975	Net defined benefit asset, non-current	6(21)	2,631	-	7,426	-
1990	Other non-current assets	6(12)(13)(15) and 7	257,403	5	293,730	5
15XX	<b>Total non-current assets</b>		<u>3,245,017</u>	<u>60</u>	<u>3,375,544</u>	<u>59</u>
1XXX	<b>Total assets</b>		<u>\$ 5,374,587</u>	<u>100</u>	<u>\$ 5,677,027</u>	<u>100</u>

(Continued)

**OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED 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	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(16), 7 and 8	\$ 1,012,768	19	\$ 649,922	12
2110	Short-term notes and bills payable	6(17) and 8	79,959	1	114,414	2
2130	Current contract liabilities	6(26)	84,568	2	50,908	1
2150	Notes payable		1,557	-	7,622	-
2170	Accounts payable		447,906	8	454,659	8
2180	Accounts payable - related parties	7	93,287	2	132,075	2
2200	Other payables	6(18)	105,120	2	193,780	3
2220	Other payables - related parties	7	460,665	9	17,573	-
2230	Current income tax liabilities	6(34)	10,572	-	8,019	-
2280	Current lease liabilities	6(9)	4,213	-	18,728	-
2310	Advance receipts	6(14)	94,838	2	-	-
2320	Long-term liabilities, current portion	6(20) and 8	120,324	2	201,266	4
21XX	<b>Total current liabilities</b>		<u>2,515,777</u>	<u>47</u>	<u>1,848,966</u>	<u>32</u>
	<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6(19)	-	-	348,356	6
2540	Long-term borrowings	6(20) and 8	652,436	12	722,719	13
2570	Deferred income tax liabilities	6(34)	13,981	-	13,934	-
2580	Lease liabilities - non-current	6(9)	12,711	-	99,526	2
2645	Guarantee deposits received	7	48,842	1	41,096	1
2670	Other non-current liabilities		560	-	564	-
25XX	<b>Total non-current liabilities</b>		<u>728,530</u>	<u>13</u>	<u>1,226,195</u>	<u>22</u>
2XXX	<b>Total liabilities</b>		<u>3,244,307</u>	<u>60</u>	<u>3,075,161</u>	<u>54</u>
	<b>Equity attributable to owners of parent</b>					
	Share capital	6(19)(22)				
3110	Common stock		1,006,739	19	1,006,697	18
3200	Capital surplus	6(19)(22)(23)	1,110,593	21	1,110,464	19
	Retained earnings	6(3)(25)				
3310	Legal reserve		51,123	1	51,123	1
3320	Special reserve		10,568	-	14,827	-
3350	Unappropriated retained earnings		( 142,165)	( 3)	35,692	1
3400	Other equity interest	6(3)	( 44,196)	( 1)	( 10,568)	-
31XX	<b>Equity attributable to owners of parent</b>		<u>1,992,662</u>	<u>37</u>	<u>2,208,235</u>	<u>39</u>
36XX	<b>Non-controlling interests</b>	4(3)	<u>137,618</u>	<u>3</u>	<u>393,631</u>	<u>7</u>
3XXX	<b>Total equity</b>		<u>2,130,280</u>	<u>40</u>	<u>2,601,866</u>	<u>46</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 5,374,587</u>	<u>100</u>	<u>\$ 5,677,027</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED 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(12)(26) and 7	\$ 5,062,034	100	\$ 4,135,922	100
5000 Operating costs	6(6)(9)(12)(21)(32)(33) and 7	( 5,227,265)	( 103)	( 4,276,993)	( 104)
5900 Gross loss		( 165,231)	( 3)	( 141,071)	( 4)
Operating expenses	6(9)(12)(21)(32)(33) and 7				
6100 Selling expenses		( 35,661)	( 1)	( 32,386)	( 1)
6200 General and administrative expenses		( 176,250)	( 3)	( 138,326)	( 3)
6300 Research and development expenses		( 1,257)	-	( 2,930)	-
6000 Total operating expenses		( 213,168)	( 4)	( 173,642)	( 4)
6500 Net other income and expenses	6(10)(11)(27) and 7	15,806	-	-	-
6900 Operating loss		( 362,593)	( 7)	( 314,713)	( 8)
Non-operating income and expenses					
7100 Interest income	6(4)(28)	6,916	-	8,405	-
7010 Other income	6(3)(29)	28,894	1	43,611	1
7020 Other gains and losses	6(2)(8)(9)(15)(30)(36), 7 and 12	( 184,897)	( 4)	111,384	3
7050 Finance costs	6(9)(31) and 7	( 61,058)	( 1)	( 49,541)	( 1)
7000 Total non-operating income and expenses		( 210,145)	( 4)	113,859	3
7900 <b>Loss before income tax</b>		( 572,738)	( 11)	( 200,854)	( 5)
7950 Income tax benefit	6(34)	154,743	3	74,896	2
8200 <b>Loss for the year</b>		( \$ 417,995)	( 8)	( \$ 125,958)	( 3)
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Remeasurement of defined benefit obligations	6(21)	\$ -	-	( \$ 22)	-
8316 Unrealised (losses) gains on valuation of financial assets at fair value through other comprehensive income	6(3)	( 33,628)	( 1)	7,815	-
8349 Income tax benefit related to components of other comprehensive income that will not be reclassified to profit or loss	6(34)	-	-	5	-
8300 <b>Other comprehensive (loss) income for the year</b>		( \$ 33,628)	( 1)	\$ 7,798	-
8500 <b>Total comprehensive loss for the year</b>		( \$ 451,623)	( 9)	( \$ 118,160)	( 3)
Loss attributable to:					
8610 Owners of the parent		( \$ 161,982)	( 3)	( \$ 36,012)	( 1)
8620 Non-controlling interest		( 256,013)	( 5)	( 89,946)	( 2)
		( \$ 417,995)	( 8)	( \$ 125,958)	( 3)
Comprehensive loss attributable to:					
8710 Owners of the parent		( \$ 195,610)	( 4)	( \$ 28,214)	( 1)
8720 Non-controlling interest		( 256,013)	( 5)	( 89,946)	( 2)
		( \$ 451,623)	( 9)	( \$ 118,160)	( 3)
Loss per share (in dollars)	6(35)				
9750 Basic		( \$ 1.61)		( \$ 0.36)	
9850 Diluted		( \$ 1.61)		( \$ 0.36)	

The accompanying notes are an integral part of these consolidated financial statements.

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

	Equity attributable to owners of the parent											Non-controlling interests	Total equity
	Capital			Retained Earnings				Other Equity Interest			Total		
	Notes	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			
<b>For the year ended December 31, 2024</b>													
		\$ 1,000,587	\$ 1,320	\$ 2,076	\$ 1,095,632	\$ 35,725	\$ 44,211	\$ 154,689	\$ 373	(\$ 15,200)	\$ 2,319,413	\$ 294,804	\$ 2,614,217
		-	-	-	-	-	-	(36,012)	-	-	(36,012)	(89,946)	(125,958)
Other comprehensive income (loss) for the year ended December 31, 2024	6(3)	-	-	-	-	-	-	(17)	-	7,815	7,798	-	7,798
Total comprehensive income (loss) for the year ended December 31, 2024		-	-	-	-	-	-	(36,029)	-	7,815	(28,214)	(89,946)	(118,160)
Distribution of 2023 earnings:													
Legal reserve		-	-	-	-	15,398	-	(15,398)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(29,384)	29,384	-	-	-	-	-
Cash dividends	6(25)	-	-	-	-	-	-	(100,510)	-	-	(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(22)	-	-	5,960	-	-	-	-	-	-	5,960	-	5,960
Exercise of employee stock options	6(22)(23)	4,710	-	(8,036)	3,326	-	-	-	-	-	-	-	-
Conversion of convertible bonds	6(19)(23)	1,400	(1,320)	-	118	-	-	-	-	-	198	-	198
Adjustments for cash capital increase in subsidiaries not based on shareholding ratio	6(23)	-	-	-	11,388	-	-	-	-	-	11,388	(11,388)	-
Non-controlling interests participate in cash capital increase of subsidiaries		-	-	-	-	-	-	-	-	-	-	201,300	201,300
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	(1,139)	(1,139)
Balance at December 31, 2024		\$ 1,006,697	\$ -	\$ -	\$ 1,110,464	\$ 51,123	\$ 14,827	\$ 35,692	\$ 373	(\$ 10,941)	\$ 2,208,235	\$ 393,631	\$ 2,601,866
<b>For the year ended December 31, 2025</b>													
		\$ 1,006,697	\$ -	\$ -	\$ 1,110,464	\$ 51,123	\$ 14,827	\$ 35,692	\$ 373	(\$ 10,941)	\$ 2,208,235	\$ 393,631	\$ 2,601,866
Net loss for the year ended December 31, 2025		-	-	-	-	-	-	(161,982)	-	-	(161,982)	(256,013)	(417,995)
Other comprehensive loss for the year ended December 31, 2025		-	-	-	-	-	-	-	-	(33,628)	(33,628)	-	(33,628)
Total comprehensive loss for the year ended December 31, 2025		-	-	-	-	-	-	(161,982)	-	(33,628)	(195,610)	(256,013)	(451,623)
Distribution of 2024 earnings:													
Reversal of special reserve		-	-	-	-	-	(4,259)	4,259	-	-	-	-	-
Cash dividends	6(25)	-	-	-	-	-	-	(20,134)	-	-	(20,134)	-	(20,134)
Conversion of convertible bonds	6(19)(23)	42	-	-	60	-	-	-	-	-	102	-	102
Overdue cash dividends payable	6(23)	-	-	-	69	-	-	-	-	-	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	\$ 137,618	\$ 2,130,280

The accompanying notes are an integral part of these consolidated financial statements.

OFCC INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(\$ 572,738 )	(\$ 200,854 )
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss		( 2,892 )	( 91,468 )
(Reversal of allowance) provision for inventory market price decline	6(6)	( 32,465 )	555
Net gain on disposal of office supplies	6(30)	( 2,845 )	-
Gain on disposal of investments accounted for under equity method	6(30)(36)	-	( 490 )
Depreciation	6(8)(9)(11)(27)(32)	121,805	148,665
Gain on disposal of non-current assets held for sale	6(30)	( 127,428 )	-
Gain on disposal of property, plant and equipment	6(30)	( 1,642 )	( 1,248 )
Impairment loss on non-financial assets	6(8)(15)(30)	363,425	-
Gain from lease modification	6(9)(30)	( 6,495 )	( 1 )
Amortisation	6(12)(32)	53,653	48,130
Net gain on disposal of tooling and spares	6(30)	( 10,795 )	-
Unrealised concession revenue	6(12)(26)	( 2,882 )	( 68,983 )
Interest income	6(28)	( 6,916 )	( 8,405 )
Dividend income	6(3)(29)	( 5,332 )	( 1,049 )
Interest expense	6(31)	61,058	49,541
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		( 10,098 )	5,165
Current contract assets		-	2,778
Notes receivable		( 22 )	56
Accounts receivable		68,582	181,094
Accounts receivable - related parties		48,840	( 31,163 )
Other receivables		( 11,386 )	5,468
Other receivables - related parties		( 7,829 )	-
Inventories		405,895	( 178,991 )
Prepayments		( 77,681 )	( 130,458 )
Net defined benefit assets - non-current		103	( 51 )
Changes in operating liabilities			
Contract liability		33,660	( 155,275 )
Notes payable		( 6,065 )	( 11,446 )
Notes payable - related parties		-	( 1,714 )
Accounts payable		( 6,753 )	( 374,416 )
Accounts payable - related parties		( 38,788 )	38,975
Other payables		( 85,950 )	45,168
Other payables - related parties		3,092	15,409
Decrease in other non-current liabilities		( 4 )	-
Cash inflow (outflow) generated from operations		143,107	( 715,008 )
Interest received		6,916	8,405
Dividends received		5,332	1,049
Income tax refund		13,496	-
Interest paid		( 54,951 )	( 41,745 )
Income taxes paid		( 21,079 )	( 12,064 )
Net cash flows from (used in) operating activities		92,821	( 759,363 )

(Continued)

OFKO INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED 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
Increase in financial assets at amortised cost - current		( 16,079 )	( 171,422 )
Proceeds from disposal of office supplies		28,548	-
Proceeds from disposal of non-current assets held for sale	6(14)	335,316	-
Decrease (increase) in other financial assets - current		500	( 500 )
Acquisition of financial assets at fair value through other comprehensive income - non-current		( 336,000 )	( 99,400 )
Decrease in financial assets at amortised cost - non-current		61,233	46,178
Net cash received from disposal of subsidiaries	6(36)	-	1,733
Cash paid for acquisition of property, plant and equipment	6(36)	( 110,683 )	( 121,268 )
Proceeds from disposal of property, plant and equipment		30,497	4,862
Advance receipts from disposal of property, plant and equipment	6(14)	94,838	-
Increase in intangible assets	6(12)	( 300 )	( 8,386 )
Increase in prepayments for equipment		( 75,498 )	( 128,093 )
(Increase) decrease in guarantee deposits paid		( 37,455 )	2,221
Increase in other non-current assets		( 170,509 )	( 333,937 )
Proceeds from disposal of tooling and spares		39,133	-
Net cash flows used in investing activities		( 156,459 )	( 748,422 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(37)	2,485,078	2,660,133
Decrease in short-term borrowings	6(37)	( 2,122,232 )	( 2,166,355 )
Increase in short-term notes and bills payable	6(37)	666,300	456,800
Decrease in short-term notes and bills payable	6(37)	( 700,900 )	( 412,400 )
Increase in other payable - related parties	6(37)	440,000	-
Payments of lease liabilities	6(37)	( 7,791 )	( 17,933 )
Decrease in corporate bonds payable	6(37)	( 354,151 )	-
Increase in long-term borrowings	6(37)	79,000	1,958,018
Decrease in long-term borrowings	6(37)	( 230,225 )	( 1,556,791 )
Increase in guarantee deposits received	6(37)	7,746	7,468
Proceeds from employee stock options exercised	6(22)	-	5,960
Payments of cash dividends	6(25)	( 20,134 )	( 100,510 )
Overdue cash dividends payable	6(23)	69	-
Non-controlling interests participate in cash capital increase of subsidiaries		-	201,300
Change in non-controlling interests		-	( 1,139 )
Net cash flows from financing activities		242,760	1,034,551
Net increase (decrease) in cash and cash equivalents		179,122	( 473,234 )
Cash and cash equivalents at beginning of year	6(1)	371,660	844,894
Cash and cash equivalents at end of year	6(1)	\$ 550,782	\$ 371,660

The accompanying notes are an integral part of these consolidated financial statements.

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED 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. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (the “Group”), please refer to Note 4(3).

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated 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<sup>®</sup>”) 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 Group’s financial condition and financial performance based on the Group’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 Group

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 Group’s financial condition and financial performance based on the Group’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 Group’s financial position and financial performance based on the Group’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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the the "IFRSs").

##### (2) Basis of preparation

A. Except for the following items, these consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of the subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (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) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
OFCO Industrial Corporation	TSG Transport Corp.	Container rental, transportation and packing services	100.00	100.00	—
	TSG Environmental Technology Corp.	Recycling of materials, waste disposal services, etc.	100.00	100.00	—
	TSG Power Corp.	Energy technology services	100.00	100.00	
	TSG Engineering Corp.	Comprehensive construction, etc.	—	—	Note 1
	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	54.89	54.89	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
TSG Transport Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	0.27	0.27	Note 2
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	0.42	0.42	Note 2

(Note 1) Based on the overall development plan of the group, the Board of Directors of the Company resolved to sell 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. on May 7, 2024, and the effective date for transfer was set on June 30, 2024.

(Note 2) The shareholders of the subsidiary, Yung Fu Co., Ltd., during their extraordinary meeting on July 31, 2024, resolved to increase cash capital through private placement. The Group did not participate to the capital increase in proportion to its shareholding percentage.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

(a) As of December 31, 2025 and 2024, the non-controlling interest amounted to \$137,618 and \$393,631, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$ 137,618	44.42%	\$ 393,631	44.42%

(b) Summarized financial information of the subsidiary – Yung Fu Co., Ltd.:

<u>Balance sheets</u>	December 31, 2025	December 31, 2024
Current assets	\$ 934,823	\$ 705,826
Non-current assets	1,601,422	1,738,133
Current liabilities	( 1,618,534)	( 946,532)
Non-current liabilities	( 603,634)	( 607,004)
Total net assets	\$ 314,077	\$ 890,423
	For the years ended December 31,	
	2025	2024
<u>Statements of comprehensive income</u>		
Revenue	\$ 667,053	\$ 817,103
Loss before income tax	(\$ 703,042)	(\$ 308,693)
Income tax benefit	126,696	69,154
Loss profit for the year	(\$ 576,346)	(\$ 239,539)
Total comprehensive loss for the year	(\$ 576,346)	(\$ 239,539)
Comprehensive loss attributable to non-controlling interest	(\$ 256,013)	(\$ 89,946)
	For the years ended December 31,	
	2025	2024
<u>Statements of cash flows</u>		
Net cash used in operating activities	(\$ 237,057)	(\$ 526,648)
Net cash used in investing activities	( 446,189)	( 470,180)
Net cash provided from financing activities	690,629	813,008
Net increase (decrease) in cash and cash equivalents	7,383	( 183,820)
Cash and cash equivalents at beginning of the year	58,552	242,372
Cash and cash equivalents at end of the year	\$ 65,935	\$ 58,552

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated 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'.
- (5) 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.
- (6) 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 derecognised using trade date accounting.
  - C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income 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 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 Group 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 Group'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 derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group 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.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group'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 derecognised using trade date accounting.

C. At initial recognition, the Group 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 derecognised or impaired.

D. The Group'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.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(10) 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 Group 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 Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) 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 realizable value. Net realizable 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 realizable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating.

(13) Non-current assets held for sale

Non-current assets (or disposal groups) 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.

(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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. 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 the 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 ~ 50 years
Machinery and equipment	2 ~ 23 years
Transportation equipment	3 ~ 15 years
Office equipment	3 ~ 11 years
Leasehold improvements	1 ~ 26 years
Other equipment	2 ~ 26 years

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(16) 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.

(17) 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 Group. 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 to fixed payments, less any lease incentives receivable. The Group 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.

(18) Intangible assets

A. Concession

Separately acquired concession is stated at historical cost. Concession has a finite useful life and is amortised on a straight-line basis over its estimated useful lives of 20 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

- A. The Group 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 to sell or value in use. Except for goodwill, 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.

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

- A. 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.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(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 Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group 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 subsequent 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 derecognised 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 realised 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 Group 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 Group 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 its domestic subsidiary 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 consolidated 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 Group 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 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) The Sales revenue from the Group'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 Group 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 Group provides processing services. Revenue from providing services is recognized in the accounting period in which the services are rendered. 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 Group provides logistics and distribution services. Revenue from providing services is recognized in the accounting period in which the services are provided to customers.
- (c) The Group provides ocean freight forwarding services and import and export customs

clearance services, etc. Revenue from providing services is recognized in the period in which the services are provided to customers.

- (d) The Group sells the electricity generated from the operation of the incinerator and the sales revenue of electricity is based on the kWh and rate actually received by Taiwan Power Company during a time period, and is recognized at the time of collection.
- (e) The Group provides incinerator operation and management services, and recognizes revenue based on the volume of completed disposals over a time period.
- (f) The Group's estimate about revenues, costs and stage of completion are subject to revision whenever there is a change in circumstances. Any increase or decrease in revenues 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.

#### C. Revenue from construction

- (a) The Group provides waste turnkey and solar power projects related services. Revenue is recognized in the accounting period in which the services are rendered. Fixed price contracts revenue is recognized at the proportion of the services actually provided to the total services to be provided as of the balance sheet date, and the proportion of completion of services is determined based on the actual cost incurred to the estimated total cost. Customers pay the contract price in accordance with the payment schedule agreed upon. When the services already provided by the Group exceed the customers' payables, they will be considered as contract assets. If the customers' payables exceed the services already provided by the Group, they will be considered as contract liabilities.
- (b) The Group's estimates about revenues, costs, and stage of completion are subject to revision whenever there is a change in circumstances. Any increase or decrease in revenues 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.

#### D. Service concession arrangements

- (a) The service concession arrangements signed between the Group and the government (the grantor), in which the Group constructs the infrastructure for the provision of public services and provides operation services during the contract period. After the operation period ends, the operating assets providing the public services will be returned to the government. The consideration received or receivable for the construction and operation services provided by the Group in accordance with the contract shall be apportioned with reference to its relative fair value, and the related revenue shall be recognized in accordance with IFRS 15 "Revenue from Contracts with Customers".
- (b) The cost of providing construction or upgrading services in accordance with the service concession arrangement shall be handled in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".
- (c) The consideration received or receivable provided by the grantor shall be recognized at fair

value. It shall be recognized as an intangible asset according to the way the grantor provides the consideration to the operator as agreed in the contract. The operator recognizes an intangible asset to the extent that it receives a right to charge users of the public service.

E. Revenue from waste disposal

The Group provides waste transportation and disposal and other related services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The revenue from contracts is determined by multiplying the amount of waste actually processed by the unit price on the contract as of the balance sheet date.

F. Revenue from electricity sales

The Group sells the electricity generated from the operation of the incinerator and solar power generation system, and the sales revenue of electricity is based on the kWh and rate actually received by Taiwan Power Company during a time period, and is recognized at the time of collection.

G. Revenue from operation services

The Group provides incinerator operation and management services, and recognizes revenue based on the volume of completed disposals over a time period.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group'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 amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Group 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 evaluation.

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

B. Revenue recognition from construction

The Group judges the estimated total cost of completion based on the characteristics of the project and various objective factors, and the revenue recognition is estimated based on the percentage of the input cost to the estimated total cost of completion. The Group regularly reviews the reasonableness of the estimates. However, changes in the industry environment and construction conditions may lead to changes in the estimated total cost of completion, which will affect the amount recognized as revenue by the Group. Refer to Note 6(26) for the explanation on the recognition of construction revenue.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand	\$ 1,972	\$ 1,017
Checking accounts and demand deposits	<u>548,810</u>	<u>281,816</u>
	<u>550,782</u>	<u>282,833</u>
Cash equivalents:		
Time deposits	<u>-</u>	<u>88,827</u>
	<u>\$ 550,782</u>	<u>\$ 371,660</u>

- A. The Group 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 Group has transferred \$309,519 and \$354,673 of demand deposits and time deposits, pledged as collateral to “Financial assets at amortised cost - current” and “Financial assets at amortised cost - non-current”, respectively.
- C. Details of the Group’s cash and cash equivalents pledged to others as collateral (listed as “Financial assets at amortised cost - current” and “Financial assets at amortised cost - non-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 Group recognized net gain on financial assets mandatorily measured at fair value through profit or loss amounting to \$2,542 and \$101,533 (listed as “Other gains and losses”) for the years ended December 31, 2025 and 2024, respectively.
- B. The Group 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 Group subscribed a total 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 Group has no financial assets at fair value through profit or loss pledged to others as collateral.
- E. Information relating to credit risk is provided Note 12(2).

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

Items	December 31, 2025	December 31, 2024
Current item:		
Equity instruments		
Listed stocks	\$ 58,386	\$ 58,386
Valuation adjustment	( 34,570)	( 32,743)
	\$ 23,816	\$ 25,643
Non-current item:		
Equity instruments		
Listed stocks-private placement	\$ 435,400	\$ 99,400
Unlisted stocks	18,361	18,361
	453,761	117,761
Valuation adjustment	( 10,031)	21,770
	\$ 443,730	\$ 139,531

- A. The Group 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 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	\$ 5,332	\$ 1,049
Fair value change recognized in other comprehensive income	(\$ 33,628)	\$ 7,815
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ 3,556

- C. Aiming to satisfy the capital needs, the Group 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 year ended December 31, 2024, which was reclassified as retained earnings.
- D. In December 2024, the Group 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 with three years.
- E. In February 2025, the Group subscribed a total of 15,000 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 Group 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

Items	December 31, 2025	December 31, 2024
Current items:		
Pledged demand deposits	\$ 177,841	\$ 128,099
Pledged time deposits	83,905	117,568
	\$ 261,746	\$ 245,667
Non-current items:		
Pledged demand deposits	\$ 47,773	\$ 109,006

- A. The Group recognized interest income in relation to financial assets at amortised cost amounting to \$2,092 and \$1,669 (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 Group was the book value.
- C. Details of the Group’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 Group’s investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 40	\$ 18
Accounts receivable	\$ 316,866	\$ 385,448
Less: Allowance for uncollectible accounts	( 23)	( 23)
	\$ 316,843	\$ 385,425

- 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	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 40	\$ 392,271	\$ 18	\$ 478,314
Within 60 days past due	-	20,122	-	51,070
61 to 180 days past due	-	521	-	958
181 to 365 days past due	-	9	-	3
	<u>\$ 40</u>	<u>\$ 412,923</u>	<u>\$ 18</u>	<u>\$ 530,345</u>

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 \$681,250.
- 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 best represents the notes and accounts receivable held by the Group was the book value.
- D. As of December 31, 2025 and 2024, the Group did not hold any collateral as guarantees for notes and accounts receivable.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).
- F. As of December 31, 2025 and 2024, the Group has 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
Merchandise	\$ 276	\$ -	\$ 276
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>\$ 481,117</u>	<u>(\$ 40,728)</u>	<u>\$ 440,389</u>

The cost of inventories recognized as expense for the year:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 3,331,866	\$ 2,171,706
(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>\$ 3,300,311</u>	<u>\$ 2,163,359</u>

(Note) For the year ended December 31, 2025, the Group 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) Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayment for purchases	\$ 371,933	\$ 206,475
Prepaid expenses	142,756	196,231
Offset against business tax	68,851	68,996
Office supplies	54,741	70,300
Others (individually less than 5%)	7,285	51,586
	<u>\$ 645,566</u>	<u>\$ 593,588</u>

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Leased equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>January 1, 2025</u>									
Cost	\$107,155	\$ 97,826	\$ 1,142,182	\$ 209,567	\$ 21,516	\$ 175,627	\$ -	\$ 221,911	\$ 1,975,784
Accumulated depreciation	-	( 75,455)	( 465,891)	( 26,930)	( 16,150)	( 121,731)	-	( 132,092)	( 838,249)
Accumulated impairment	-	-	( 2,276)	-	-	( 4,651)	-	( 407)	( 7,334)
	<u>\$107,155</u>	<u>\$ 22,371</u>	<u>\$ 674,015</u>	<u>\$ 182,637</u>	<u>\$ 5,366</u>	<u>\$ 49,245</u>	<u>\$ -</u>	<u>\$ 89,412</u>	<u>\$ 1,130,201</u>
<u>For the year ended December 31, 2025</u>									
At January 1	\$107,155	\$ 22,371	\$ 674,015	\$ 182,637	\$ 5,366	\$ 49,245	\$ -	\$ 89,412	\$ 1,130,201
Additions—Cost	-	484	63,582	36,493	402	698	-	6,249	107,908
Transferred from prepayments for equipment	-	322	-	99,800	-	1,932	-	2,436	104,490
Depreciation	-	( 1,822)	( 34,392)	( 21,969)	( 1,132)	( 3,001)	( 33,071)	( 15,904)	( 111,291)
Impairment loss	-	-	( 167,351)	-	-	-	-	( 17,576)	( 184,927)
Disposals—Cost	-	-	( 202,318)	( 8,280)	( 12,202)	( 264)	-	( 53,089)	( 276,153)
— Accumulated depreciation	-	-	64,346	6,377	11,371	264	-	28,534	110,892
— Accumulated impairment	-	-	136,406	-	-	-	-	-	136,406
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)	-	-	( 318,242)	-	-	-	( 50,050)	-	( 368,292)
— Accumulated depreciation (Note 2)	-	-	42,017	-	-	-	40,587	-	82,604
At December 31	<u>\$ 14,251</u>	<u>\$ 8,507</u>	<u>\$ 27,866</u>	<u>\$ 295,058</u>	<u>\$ 3,805</u>	<u>\$ 1,561</u>	<u>\$ 255,614</u>	<u>\$ 19,424</u>	<u>\$ 626,086</u>
<u>December 31, 2025</u>									
Cost	\$ 14,251	\$ 12,804	\$ 120,975	\$ 337,580	\$ 9,716	\$ 4,503	\$ 724,331	\$ 140,845	\$ 1,365,005
Accumulated depreciation	-	( 4,297)	( 62,164)	( 42,522)	( 5,911)	( 2,942)	( 461,783)	( 103,445)	( 683,064)
Accumulated impairment	-	-	( 30,945)	-	-	-	( 6,934)	( 17,976)	( 55,855)
	<u>\$ 14,251</u>	<u>\$ 8,507</u>	<u>\$ 27,866</u>	<u>\$ 295,058</u>	<u>\$ 3,805</u>	<u>\$ 1,561</u>	<u>\$ 255,614</u>	<u>\$ 19,424</u>	<u>\$ 626,086</u>

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

(Note 2) Please refer to Note 6 (14) Non-current assets held for sale.

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2024</u>									
Cost	\$ 107,155	\$ 94,378	\$ 1,124,459	\$ 117,278	\$ 20,990	\$ 158,348	\$ 196,850	\$ 12,145	\$ 1,831,603
Accumulated depreciation	-	( 72,455)	( 408,690)	( 18,165)	( 15,106)	( 110,190)	( 107,712)	-	( 732,318)
Accumulated impairment	-	-	( 2,276)	-	-	( 4,651)	( 407)	-	( 7,334)
	<u>\$ 107,155</u>	<u>\$ 21,923</u>	<u>\$ 713,493</u>	<u>\$ 99,113</u>	<u>\$ 5,884</u>	<u>\$ 43,507</u>	<u>\$ 88,731</u>	<u>\$ 12,145</u>	<u>\$ 1,091,951</u>
<u>For the year ended December 31, 2024</u>									
At January 1	\$ 107,155	\$ 21,923	\$ 713,493	\$ 99,113	\$ 5,884	\$ 43,507	\$ 88,731	\$ 12,145	\$ 1,091,951
Additions—Cost	-	1,470	5,970	32,570	613	17,442	29,191	1,477	88,733
Transferred from prepayments for equipment	-	3,430	8,368	64,249	-	711	5,258	-	82,016
Transferred after acceptance inspection	-	-	13,622	-	-	-	-	( 13,622)	-
Depreciation	-	( 4,452)	( 65,271)	( 13,295)	( 1,080)	( 12,415)	( 32,372)	-	( 128,885)
Disposals—Cost	-	( 1,452)	( 10,237)	( 4,530)	( 87)	( 874)	( 9,388)	-	( 26,568)
— Accumulated depreciation	-	1,452	8,070	4,530	36	874	7,992	-	22,954
At December 31	<u>\$ 107,155</u>	<u>\$ 22,371</u>	<u>\$ 674,015</u>	<u>\$ 182,637</u>	<u>\$ 5,366</u>	<u>\$ 49,245</u>	<u>\$ 89,412</u>	<u>\$ -</u>	<u>\$ 1,130,201</u>
<u>December 31, 2024</u>									
Cost	\$ 107,155	\$ 97,826	\$ 1,142,182	\$ 209,567	\$ 21,516	\$ 175,627	\$ 221,911	\$ -	\$ 1,975,784
Accumulated depreciation	-	( 75,455)	( 465,891)	( 26,930)	( 16,150)	( 121,731)	( 132,092)	-	( 838,249)
Accumulated impairment	-	-	( 2,276)	-	-	( 4,651)	( 407)	-	( 7,334)
	<u>\$ 107,155</u>	<u>\$ 22,371</u>	<u>\$ 674,015</u>	<u>\$ 182,637</u>	<u>\$ 5,366</u>	<u>\$ 49,245</u>	<u>\$ 89,412</u>	<u>\$ -</u>	<u>\$ 1,130,201</u>

- A. As of December 31, 2024, the Group’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 Group has not capitalized any interest for the years ended December 31, 2025 and 2024.
- C. For more information about the Group’s property, plant and equipment that were pledged to others as collateral as of December 31, 2025 and 2024, reference to Note 8.
- D. Please refer to Note 6(15) for the accumulated impairment loss on non-financial assets.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including buildings, business vehicles and land. Rental contracts are typically made for periods of 2 to 20 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 part of business vehicles, parking spaces, forklift and staff dormitory, etc. Low-value assets comprise air cleaners and photocopiers, 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>
Land	\$ 241	\$ 351
Buildings	14,546	107,998
Transportation equipment (business vehicles)	<u>1,602</u>	<u>3,179</u>
	<u>\$ 16,389</u>	<u>\$ 111,528</u>
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 110	\$ 60
Buildings	6,474	17,526
Transportation equipment (business vehicles)	<u>1,511</u>	<u>2,194</u>
	<u>\$ 8,095</u>	<u>\$ 19,780</u>

- D. For the years ended December 31, 2025 and 2024, the Group’s additions and remeasurements to right-of-use assets were \$2,014 and \$18,063, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 777	\$ 2,256
Expense on short-term lease contracts	6,887	23,983
Expense on leases of low-value assets	2,067	1,526
Expense on variable lease payments	4,566	4,769
Gains from lease modification	( 6,495)	( 1)

F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$22,088 and \$50,467, respectively.

G. In determining lease terms, the Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of 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 Group's right-of-use assets and lease liabilities as of December 31, 2025 and 2024, were reduced by \$89,058, \$95,553, \$137 and \$138, respectively, and a lease modification gain of \$6,495 and \$1 were recognized (listed as "Other gains or losses"), respectively.

H. Impact of variable lease payments on lease liabilities:

The asset for which the subsidiaries, Yung Fu Co., Ltd. and TSG POWER Corp. adopt variable lease payments in the lease contracts are linked to the power generation revenue and publicly announced land price. The variable valuation of the lease assets is based on the revenue from power generation, area and publicly announced price of the land, and is recognized as an expense in the period when the payment conditions are triggered.

(10) Leasing arrangements - lessor

A. The Group 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. For 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 Group 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	\$ 32,452	\$ -	\$ 32,452
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 32,452</u>	<u>\$ -</u>	<u>\$ 32,452</u>
<u>For the year ended December 31, 2025</u>			
January 1	\$ 32,452	\$ -	\$ 32,452
Transfer - Cost	92,904	85,828	178,732
-Accumulated depreciation	-	( 72,980)	( 72,980)
Depreciation Expense	<u>-</u>	<u>( 2,419)</u>	<u>( 2,419)</u>
December 31	<u>\$ 125,356</u>	<u>\$ 10,429</u>	<u>\$ 135,785</u>
<u>December 31, 2025</u>			
Cost	\$ 125,356	\$ 85,828	\$ 211,184
Accumulated impairment	<u>-</u>	<u>( 75,399)</u>	<u>( 75,399)</u>
	<u>\$ 125,356</u>	<u>\$ 10,429</u>	<u>\$ 135,785</u>
<u>For the year ended December 31, 2024</u>			
Beginning and ending balance	<u>\$ 32,452</u>	<u>\$ -</u>	<u>\$ 32,452</u>

A. The investment property of the Group comprises the land plots of the Liu-Huang-Zi-Ping small section in Dingzhonggu section and the Shancheng section of Jinshan District in New Taipei City, and the lands and buildings of plant in Qiaotou District., 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	<u>\$ 14,192</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that generated income during the year	<u>\$ 2,419</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that did not generate income during the year	<u>\$ -</u>	<u>\$ -</u>

B. The fair value of investment properties held by the Group were \$587,285 and \$63,960 as of

December 31, 2025 and 2024, respectively, 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.

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>Concession</u>	<u>Computer Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2025</u>				
Cost	\$ 878,368	\$ 17,362	\$ 19,003	\$ 914,733
Accumulated amortisation	( 62,047)	( 2,820)	-	( 64,867)
	<u>\$ 816,321</u>	<u>\$ 14,542</u>	<u>\$ 19,003</u>	<u>\$ 849,866</u>
<u>For the year ended December 31, 2025</u>				
At January 1	\$ 816,321	\$ 14,542	\$ 19,003	\$ 849,866
Additions – Acquired separately	-	300	-	300
Acquisition of service concession agreement	2,882	-	-	2,882
Amortisation charge	( 48,205)	( 5,448)	-	( 53,653)
At December 31	<u>\$ 770,998</u>	<u>\$ 9,394</u>	<u>\$ 19,003</u>	<u>\$ 799,395</u>
<u>December 31, 2025</u>				
Cost	\$ 881,250	\$ 17,662	\$ 19,003	\$ 917,915
Accumulated amortisation	( 110,252)	( 8,268)	-	( 118,520)
	<u>\$ 770,998</u>	<u>\$ 9,394</u>	<u>\$ 19,003</u>	<u>\$ 799,395</u>

	Concession	Computer Software	Goodwill	Total
<u>January 1, 2024</u>				
Cost	\$ 809,385	\$ 2,326	\$ 19,003	\$ 830,714
Accumulated amortisation	( 15,618)	( 1,119)	-	( 16,737)
	<u>\$ 793,767</u>	<u>\$ 1,207</u>	<u>\$ 19,003</u>	<u>\$ 813,977</u>
<u>For the year ended December 31, 2024</u>				
At January 1	\$ 793,767	\$ 1,207	\$ 19,003	\$ 813,977
Additions – Acquired separately	-	8,386	-	8,386
Transferred from prepayments for equipment	-	6,650	-	6,650
Acquisition of service concession agreement	68,983	-	-	68,983
Amortisation charge	( 46,429)	( 1,701)	-	( 48,130)
At December 31	<u>\$ 816,321</u>	<u>\$ 14,542</u>	<u>\$ 19,003</u>	<u>\$ 849,866</u>
<u>December 31, 2024</u>				
Cost	\$ 878,368	\$ 17,362	\$ 19,003	\$ 914,733
Accumulated amortisation	( 62,047)	( 2,820)	-	( 64,867)
	<u>\$ 816,321</u>	<u>\$ 14,542</u>	<u>\$ 19,003</u>	<u>\$ 849,866</u>

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

	<u>For the years ended December 31,</u>	
	2025	2024
Operating costs	\$ 48,429	\$ 46,644
Selling expenses	6	15
Administrative expenses	5,218	1,471
	<u>\$ 53,653</u>	<u>\$ 48,130</u>

B. The subsidiary, Yung Fu Co., Ltd. signed the “Rehabilitate, Operate and Transfer of Waste Incineration Plant in Kanding Pingtung County” with the Pingtung County Government (hereinafter collectively referred to as “both parties”) in the form of ROT (Rehabilitate, Operate and Transfer) for construction and labor services. Both parties agreed to follow the Act for Promotion of Private Participation in Infrastructure Projects and regulations formulated by the relevant competent authorities to have the subsidiary Yung Fu Co., Ltd. handle the construction and operation. The operation period is 20 years, and the operating assets and operating rights are returned to Pingtung County Government when the operation period expires. The important information is summarized as follows:

- (a) The subsidiary, Yung Fu Co., Ltd. shall be responsible for the construction of the incineration plant and the maintenance and management of various facilities and equipment during the operation period, and promises to properly dispose of waste within the scope of processing capacity.
- (b) During the operation period, the subsidiary, Yung Fu Co., Ltd. shall calculate the

remuneration for operation and maintenance to be collected from the Pingtung County Government and the land rent, waste disposal fee, price change royalties, electricity sales increase royalties and other fees payable to the county government based on the contract terms.

(c) The subsidiary, Yung Fu Co., Ltd., should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than \$967,382. Before the deadline for renovation works (December 31, 2024), the subsidiary, Yung Fu Co., Ltd., should invest at least \$560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to Yung Fu Co., Ltd., the subsidiary shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government. As of December 31, 2025, the subsidiary, Yung Fu Co., Ltd., invested in and completed the renovation project amounting to \$1,335,732 (listed as “Intangible assets” and “Other non-current assets – others”), which had exceeded the minimum total amount of the originally committed investment.

(d) The subsidiary, Yung Fu Co., Ltd., recognizes the rights to sell electricity and dispose of waste from the provision of construction and service upgrades and the renovation cost to be committed in the future as intangible assets and revenue from service concession, respectively in accordance with the provisions of IFRIC 12, “Service Concession Arrangements”.

C. The Group has not capitalised any interest as intangible assets for the years ended December 31, 2025 and 2024.

D. As of December 31, 2025 and 2024, the Group has no intangible asset pledged to others as collateral.

(13) Other non-current assets

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Prepayments for incinerator equipment maintenance	\$ 250,265	\$ 273,387
Others	7,138	20,343
	<u>\$ 257,403</u>	<u>\$ 293,730</u>

Please refer to Note 6(15) for the accumulated impairment loss on non-financial assets.

(14) Non-current assets held for sale

	Machinery and equipment	Leased Asset	Total
January 1, 2025	\$ -	\$ -	\$ -
<u>For the year ended December 31, 2025</u>			
January 1	\$ -	\$ -	\$ -
Transferred from property, plant and equipment	276,225	9,463	285,688
Disposal	( 207,888)	-	( 207,888)
December 31	<u>\$ 68,337</u>	<u>\$ 9,463</u>	<u>\$ 77,800</u>
December 31, 2025	<u>\$ 68,337</u>	<u>\$ 9,463</u>	<u>\$ 77,800</u>

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

- A. In consideration of the changes in the production model, the obsolescence of certain equipment and ineffective production efficiency, the Group 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, which was amounting to \$9,463.
- B. Based on the consideration of operational efficiency and maintenance costs of the power generation equipment, the Board of Directors of the Group resolved to sell certain machinery and equipment of the subsidiary, TSG Power Corp. on July 2, 2025, which were transferred to the non-current assets held for sale, net amounting to \$276,225. Subsequently, between August 2025 and September 2025, the Group signed the contracts with the buyers in order to sell solar photovoltaic power generation equipment with the transfer of the associated rights, and the effective date for the transfer of rights and obligations was set on June 30, 2025. As of December 31, 2025, the Group had received the advance receipts amounting to \$94,838 (listed as "Advance receipts") from the buyers according to the progress of contract execution. As of December 31, 2025, the non-current assets held for sale that the Group had completed the transfer of ownership amounted to \$207,888. The disposal proceeds amounted to \$335,316, and remaining non-current assets held for sale which ownership has not yet been transferred amounting to \$68,337.
- C. For relevant fair value information, please refer to Note 12(3).

(15) Impairment of non-financial assets

- A. The impairment losses recognized by the Group for its property, plant and equipment as of December 31, 2025 and 2024 (listed as "Other gains and losses") were \$ 363,425 and \$-, respectively, as detailed below:

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment losses- Other non-current assets	\$ 178,498	\$ -	\$ -	\$ -
Impairment losses- Machinery	167,351			
Impairment losses- Other equipment	17,576	-	-	-
	<u>\$ 363,425</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	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Environmental Business Dept.	\$ 314,904	\$ -	\$ -	\$ -
Screw Dept.	48,521	-	-	-
	<u>\$ 363,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. The abovementioned impairment losses on other non-current assets were due to the fact that the incinerator's waste incineration efficiency was not as expected, therefore, the Group recognized impairment losses on all unusable components.

D. 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.

E. As of December 31, 2025 and 2024, the accumulated impairment losses recognized on the Group's non-financial assets were \$ 234,353 and \$7,334, respectively.

(16) Short-term borrowings

<u>Type of borrowings</u>	<u>Maturity period</u>	<u>Interest rate range</u>	<u>December 31, 2025</u>	<u>Collateral</u>
Secured bank borrowings	2026.1.9~ 2026.12.2	1.95%~ 3.62%	\$ 826,943	Demand deposits, time deposits, land, buildings and investment property
Unsecured bank borrowing	2026.2.6~ 2026.6.29	2.40%~ 2.50%	135,825	None
Other borrowing	2026.4.1	4.00%	<u>50,000</u>	Please refer to Note 7
			<u>\$ 1,012,768</u>	

<u>Type of borrowings</u>	<u>Maturity period</u>	<u>Interest rate range</u>	<u>December 31, 2024</u>	<u>Collateral</u>
Secured bank borrowings	2025.1.10~ 2025.12.2	1.95%~ 2.97%	\$ 602,122	Demand deposits, time deposits, land, buildings and structures and investment property
Unsecured bank borrowing	2025.4.2~ 2025.6.27	2.45%	<u>47,800</u>	None
			<u>\$ 649,922</u>	

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

(17) Short-term notes and bills payable

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial paper payable	\$ 80,000	2.55%~2.77%	Demand deposits and time deposits
Less: Unamortised discount	( <u>41</u> )		
	<u>\$ 79,959</u>		
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial paper payable	\$ 114,600	2.50%~2.72%	Demand deposits and machinery and equipment
Less: Unamortised discount	( <u>186</u> )		
	<u>\$ 114,414</u>		

- A. The above commercial papers were issued and secured by China Bills Finance Corporation and Union Bank of Taiwan for short-term financing.
- B. For more information about interest expenses recognized by the Group for the years ended December 31, 2025 and 2024, please refer to Note 6(31).

(18) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonuses payable	\$ 48,328	\$ 74,176
Receipts under custody	16,497	830
Business tax payable	7,411	1,578
Processing expenses payable	-	20,101
Mold expenses payable	-	14,964
Packaging expenses payable	-	10,941
Others (individually less than 5%)	32,884	71,190
	<u>\$ 105,120</u>	<u>\$ 193,780</u>

(19) 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 convertible 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 rates 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 expense recognized by the Group for the years ended December 31, 2025 and 2024, please refer to Note 6(31).

(20) Long-term borrowings

Type of borrowings	Maturity period	Interest rate range	December 31, 2025	Collateral
Secured bank borrowing	2026.3.2~ 2030.1.16	2.58%~ 2.75%	\$ 152,177	Demand deposits
Unsecured bank borrowing	2036.12.27	2.69%	<u>620,583</u>	None
			772,760	
Less: Current portion			( <u>120,324</u> )	
			<u>\$ 652,436</u>	

Type of borrowings	Maturity period	Interest rate range	December 31, 2024	Collateral
Secured bank borrowing	2026.3.2~ 2038.8.9	2.58%~ 2.94%	\$ 246,985	Demand deposits, machinery and equipment
Unsecured bank borrowing	2029.12.27	2.69%	<u>677,000</u>	None
			923,985	
Less: Current portion			( <u>201,266</u> )	
			<u>\$ 722,719</u>	

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

(21) Pensions

A. The Group 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 and its subsidiaries 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 its contributions to the Labor Pension Fund until March 31, 2026, as approved by the competent authority. Also, the Group 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 Group 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 follows:

(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	(\$ 5,790)	(\$ 6,414)
Fair value of plan assets	<u>8,421</u>	<u>13,840</u>
Net defined benefit assets	<u>\$ 2,631</u>	<u>\$ 7,426</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	(\$ 6,414)	\$ 13,840	\$ 7,426
Current service cost	( 170)	-	( 170)
Interest income	<u>-</u>	<u>67</u>	<u>67</u>
	<u>( 6,584)</u>	<u>13,907</u>	<u>7,323</u>
Settlement loss	794	( 794)	-
Receivables arising from the residual amount deposited in the pension reserve fund	<u>-</u>	<u>( 4,692)</u>	<u>( 4,692)</u>
At December 31	<u>(\$ 5,790)</u>	<u>\$ 8,421</u>	<u>\$ 2,631</u>
	<u>For the year ended December 31, 2024</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	(\$ 5,848)	\$ 13,245	\$ 7,397
Current service cost	( 10)	-	( 10)
Interest (expense) income	<u>( 1)</u>	<u>62</u>	<u>61</u>
	<u>( 5,859)</u>	<u>13,307</u>	<u>7,448</u>
Remeasurements:			
Return on plan assets	-	533	533
Change in financial assumptions	1	-	1
Experience adjustments	<u>( 556)</u>	<u>-</u>	<u>( 556)</u>
	<u>( 555)</u>	<u>533</u>	<u>( 22)</u>
At December 31	<u>(\$ 6,414)</u>	<u>\$ 13,840</u>	<u>\$ 7,426</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Group'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 at 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:

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

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

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

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

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 Group 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 Group 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 Group for the years ended December 31, 2025 and 2024 were \$11,659 and \$15,305, respectively.

(22) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (unit: thousands 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(19).

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.

(23) 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 reserve 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 – issue premium”, “Capital surplus – bonds share

options” and “Capital surplus — employee stock options”, please refer to Note 6(22), Note 6(19) and Note 6(24).

C. For more information about “Adjustments for cash capital increase in subsidiaries not based on shareholding ratio”, please refer to Note 4(3).

(24) 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 the weighted average exercise price of compensatory stock option plan for the years ended December 31, 2025 and 2024 are as follows:

Share 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	-	-
Share 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(22).

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:

	<u>October 21, 2020</u>
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)

(25) 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 Group'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.

(26) Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	<u>\$ 5,062,034</u>	<u>\$ 4,135,922</u>

A. Disaggregation of revenue from contracts with customers

The Group 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:



Except for the abovementioned contracts, all other contracts of the Group are with a less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(27) 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>

(28) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 4,795	\$ 6,123
Interest income from financial assets measured at amortised cost	2,092	1,669
Other interest income	29	613
	<u>\$ 6,916</u>	<u>\$ 8,405</u>

(29) Other income

	For the years ended December 31,	
	2025	2024
Gain on invalidated accounts payable	\$ -	\$ 23,192
Insurance claims income	4,047	6,429
Commission income	-	2,260
Rent income	2,262	1,657
Dividend income	5,332	1,049
Other income	17,253	9,024
	<u>\$ 28,894</u>	<u>\$ 43,611</u>

(30) Other gains and losses

	For the years ended December 31,	
	2025	2024
Net gains on financial assets at fair value through profit or loss	\$ 2,542	\$ 101,533
Net gains on disposals of property, plant and equipment	1,642	1,248
Impairment loss on non-financial assets	( 363,425)	-
Gain on disposal of non-current assets held for sale	127,428	-
Net foreign exchange gains	26,877	8,686
Gains from lease modifications	6,495	1
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	( 96)	( 574)
	<u>(\$ 184,897)</u>	<u>\$ 111,384</u>

(31) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 47,128	\$ 39,567
Convertible bonds payable	5,897	7,711
Related parties financing borrowings	6,781	-
Interest expense on lease liabilities	777	2,256
Other	475	7
	<u>\$ 61,058</u>	<u>\$ 49,541</u>

(32) Expenses by nature

	For the years ended December 31,					
	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses	<u>\$ 247,307</u>	<u>\$ 73,716</u>	<u>\$ 321,023</u>	<u>\$ 351,541</u>	<u>\$ 76,434</u>	<u>\$ 427,975</u>
Depreciation	<u>\$ 69,088</u>	<u>\$ 17,227</u>	<u>\$ 86,315</u>	<u>\$ 131,120</u>	<u>\$ 17,545</u>	<u>\$ 148,665</u>
Amortization	<u>\$ 48,429</u>	<u>\$ 5,224</u>	<u>\$ 53,653</u>	<u>\$ 46,644</u>	<u>\$ 1,486</u>	<u>\$ 48,130</u>

(33) Employee benefit expense

	For the years ended December 31,					
	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Wages and salaries	\$ 211,758	\$ 63,594	\$ 275,352	\$ 297,158	\$ 64,606	\$ 361,764
Labour and health insurance expenses	20,317	5,702	26,019	30,688	5,580	36,268
Pension costs	9,626	2,136	11,762	12,549	2,756	15,305
Other personnel expenses	5,606	2,284	7,890	11,146	3,492	14,638
	<u>\$ 247,307</u>	<u>\$ 73,716</u>	<u>\$ 321,023</u>	<u>\$ 351,541</u>	<u>\$ 76,434</u>	<u>\$ 427,975</u>

- A. 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.
- B. 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 .

(34) Income tax

A. Components of income tax benefit:

(a) Components of income tax benefit:

	For the years ended December 31,	
	2025	2024
Current tax		
Current tax on profits for the year	\$ 16,385	\$ 10,597
Tax on undistributed earnings	540	3,527
Prior year income tax under (over) estimation	7,359	(8,292)
Total current tax	24,284	5,832
Deferred tax		
Origination and reversal of temporary differences	(179,027)	(80,728)
Income tax benefit	(\$ 154,743)	(\$ 74,896)

(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
Tax calculated based on loss before tax and statutory tax rate	(\$ 63,898)	(\$ 22,197)
Effect from items disallowed by tax regulation	(2,532)	1,212
Effect from temporary differences not recognized as deferred tax	797	(2,362)
Changes in assessment of realisation of deferred tax assets	(97,009)	(46,784)
Tax on undistributed earnings	540	3,527
Prior year income tax under (over) estimation	7,359	(8,292)
Income tax benefit	(\$ 154,743)	(\$ 74,896)

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 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	224	-	-	224
Unrealised expenses	6,059	( 1,503)	-	4,556
Unrealised construction cost	138,775	( 7,705)	-	131,070
Impairment loss on non-financial assets	-	45,404	-	45,404
Tax losses	<u>155,318</u>	<u>150,276</u>	<u>-</u>	<u>305,594</u>
	<u>\$ 309,426</u>	<u>\$ 179,074</u>	<u>\$ -</u>	<u>\$ 488,500</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>\$ 295,492</u>	<u>\$ 179,027</u>	<u>\$ -</u>	<u>\$ 474,519</u>

For the year ended December 31, 2024				
	January 1	Recognized in other		December 31
		profit or loss	income	
Deferred tax assets				
Temporary differences				
Unrealised loss on inventory market price decline	\$ 8,034	\$ 111	\$ -	\$ 8,145
Unrealised loss on currency exchange	1,631	( 726)	-	905
Pension	219	-	5	224
Unrealised expenses	1,147	4,912	-	6,059
Unrealised construction cost	134,941	3,834	-	138,775
Tax losses	82,710	72,608	-	155,318
	<u>\$ 228,682</u>	<u>\$ 80,739</u>	<u>\$ 5</u>	<u>\$ 309,426</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>\$ 214,759</u>	<u>\$ 80,728</u>	<u>\$ 5</u>	<u>\$ 295,492</u>

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

December 31, 2025				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2016~2025	<u>\$ 1,663,703</u>	<u>\$ 1,663,703</u>	<u>\$ 135,731</u>	2026~2035
December 31, 2024				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2016~2024	<u>\$ 912,322</u>	<u>\$ 912,322</u>	<u>\$ 135,731</u>	2026~2034

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	<u>1,467</u>	<u>1,467</u>
	<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.

(35) 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 of the parent	(\$ 161,982)	<u>100,674</u>	(\$ 1.61)

	<u>For the year ended December 31, 2024</u>		
	<u>Amount</u>	<u>Weighted average number of</u>	<u>Earnings</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>			
Profit attributable to ordinary shareholders of the parent	(\$ 36,012)	<u>100,443</u>	(\$ 0.36)

(36) 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	\$ 107,908	\$ 88,733
Add: Opening balance of notes payable (including related parties)	-	9,047
Opening balance of other payables	2,775	26,263
Less: Ending balance of other payables	<u>-</u>	<u>( 2,775)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 110,683</u>	<u>\$ 121,268</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	\$ <u>104,490</u>	\$ <u>82,016</u>
(b) Prepayments for equipment transferred to intangible assets	\$ <u>-</u>	\$ <u>6,650</u>
(c) Property, plant and equipment transferred to investment property	\$ <u>105,752</u>	\$ <u>-</u>
(d) Property, plant and equipment transferred to non-current assets held for sale	\$ <u>285,688</u>	\$ <u>-</u>
(e) Convertible bonds converted into share capital and capital surplus	\$ <u>102</u>	\$ <u>198</u>
(f) Other non-current asstes transferred to prepaid expenses	\$ <u>-</u>	\$ <u>147,297</u>

C. The Group sold the 100% equity of the subsidiary, TSG Engineering Corp., to the related party, United Fiber Optic Communication Inc., and accordingly, lost control over the subsidiary on June 28, 2024 (please refer to Note 4(3)). Below is the information on the consideration received for the transaction and the fair values of the assets and liabilities of the subsidiary:

	December 31, 2024
Procees from disposal of subsidiary	\$ <u>23,480</u>
Fair values of the assets and liabilities of the disposed subsidiary	
Cash and cash equivalent	21,747
Other current assets	2,541
Other non-current assets	13
Other current liabilities	( <u>1,311</u> )
Total indentifiable net assets	<u>22,990</u>
Gains on disposal of subsidiary	\$ <u>490</u>

(37) Changes in liabilities from financing activities

For the year ended December 31, 2025

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Other payables - related parties	Corporate bonds payable (including the current portion)	Long-term loans (including the current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 649,922	\$ 114,414	\$ 118,254	\$ -	\$ 348,356	\$ 923,985	\$ 41,096	\$ 2,196,027
Changes in cash flow from financing activities	362,846	( 34,600)	( 7,791)	440,000	( 354,151)	( 151,225)	7,746	262,825
Changes in other non-cash items	-	145	( 93,539)	-	5,795	-	-	( 87,599)
At December 31	<u>\$ 1,012,768</u>	<u>\$ 79,959</u>	<u>\$ 16,924</u>	<u>\$ 440,000</u>	<u>\$ -</u>	<u>\$ 772,760</u>	<u>\$ 48,842</u>	<u>\$ 2,371,253</u>

For the year ended December 31, 2024

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Corporate bonds payable (including the current portion)	Long-term loans (including the current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 156,144	\$ 70,007	\$ 118,262	\$ 340,843	\$ 522,758	\$ 33,628	\$ 1,241,642
Changes in cash flow from financing activities	493,778	44,400	( 17,933)	-	401,227	7,468	928,940
Changes in other non-cash items	-	7	17,925	7,513	-	-	25,445
At December 31	<u>\$ 649,922</u>	<u>\$ 114,414</u>	<u>\$ 118,254</u>	<u>\$ 348,356</u>	<u>\$ 923,985</u>	<u>\$ 41,096</u>	<u>\$ 2,196,027</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Group
TSG United Co., Ltd.	The juristic director of the Company
Chun Yu Works & Co., Ltd.	Other related party
Chun Zu Machinery Industry Co., Ltd.	Other related party
Chun Bang Precision Co.,Ltd.	Other related party
TMP Steel Cop.	Other related party
Gloria Material Technology Corp.	Other related party
S-TECH Corp.	Other related party
TSG Sports Marketing Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party
TSG Engineering Corp.	Other related party (Note)
United Fiber Optic Communication Inc.	Other related party
TSG Mechatronic Corp.	Other related party
Kings Asset Management Co., Ltd	Parent company of TSG United Co., Ltd.
Guo, Ren - Hao	Other related party

(Note) Originally a subsidiary of the Group and became an other related party after the Group 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
Gloria Material Technology Corp.	\$ 500,556	\$ 481,309
Other related parties	353,343	442,356
	<u>\$ 853,899</u>	<u>\$ 923,665</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.	\$ 410,952	\$ 591,399
Other related parties	11,066	18,265
	<u>\$ 422,018</u>	<u>\$ 609,664</u>

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”):

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

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

(b) Acquisition of property, plant and equipment:

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

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

(c) Disposal of property, plant and equipment:

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

The Group sold property, plant and equipment to related parties through negotiation. There was no such situation for the year ended December 31, 2025.

(d) Equity transactions: Please refer to Note 4(3).

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Chun Bang Precision Co.,Ltd.	\$ 7,796	\$ 38,257
Other related parties	971	3,674
	<u>\$ 8,767</u>	<u>\$ 41,931</u>

E. Packaging fee and other expense (listed as “Operating costs” and “Operating expense”)

	For the years ended December 31,	
	2025	2024
Chun Yu Works & Co., Ltd.	\$ 62,005	\$ 1,833
Other related parties	1,398	2,684
	<u>\$ 63,403</u>	<u>\$ 4,517</u>

F. 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.

G. Accounts receivable

	December 31, 2025	December 31, 2024
Gloria Material Technology Corp.	\$ 56,246	\$ 57,195
Other related parties	39,811	87,702
	<u>\$ 96,057</u>	<u>\$ 144,897</u>

H. Other receivables

	December 31, 2025	December 31, 2024
Chun Yu Works & Co., Ltd.	\$ 8,434	\$ 588
Other related parties	141	158
	<u>\$ 8,575</u>	<u>\$ 746</u>

I. Advance payment

	December 31, 2025	December 31, 2024
Chun Yu Works & Co., Ltd.	\$ 2,974	\$ -
TSG Engineering Corp.	2,626	-
	<u>\$ 5,600</u>	<u>\$ -</u>

J. Accounts payable

	December 31, 2025	December 31, 2024
Chun Yu Works & Co., Ltd.	\$ 92,720	\$ 123,503
Other related parties	567	8,572
	<u>\$ 93,287</u>	<u>\$ 132,075</u>

K. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chun Yu Works & Co., Ltd.	\$ 13,211	\$ 342
Other related parties	7,454	17,231
	<u>\$ 20,665</u>	<u>\$ 17,573</u>

L. Guarantee deposits received

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

M. Financing provided to related parties - loans form related parties

	<u>Balance at December 31, 2025</u>	<u>Interest expense for the year ended December 31, 2025</u>
Kings Asset Management Co., Ltd	\$ 440,000	\$ 6,781

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

N. Endorsements and guarantees provided from related parties:

	<u>Balance at December 31, 2025</u>	<u>Endorsement and guarantee fees for the year ended December 31, 2025</u>
Guo, Ren - Hao	\$ 50,000	\$ -

(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	<u>\$ 14,046</u>	<u>\$ 18,034</u>

## 8. PLEDGED ASSETS

The Group'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>
Demand deposits (Note 1)	\$ 225,614	\$ 237,105	Performance guarantee, short-term borrowings, short-term notes and bills payable and long-term borrowings
Time deposits (Note 1)	83,905	117,568	Performance guarantee, short-term borrowings and short-term notes and bills
Land (Note 2)	139,607	139,607	Performance guarantee and short-term borrowings
Buildings and structures, net (Note 2)	14,770	17,098	Performance guarantee and short-term borrowings
Machinery and equipment (Note 2)	-	182,246	Short-term notes and bills payable and long-term borrowings
	<u>\$ 463,896</u>	<u>\$ 693,624</u>	

(Note 1) Listed as "Financial assets at amortised cost - current" and "Financial assets at amortised cost - non-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 Group's remaining balance due for construction in progress and prepayments for equipment were \$- and \$13,289, 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, the performance bond issued by the bank and the Group for contracts of the subsidiary, Yung Fu Co., Ltd. were \$465,093 and \$464,733, respectively.
- (4) As of December 31, 2025, the major contracts undertaken by the subsidiary, Yung Fu Co., Ltd. are as follows:

<u>Name of Project Owner</u>	<u>Construction/Service Contract</u>	<u>Contract Amount</u>	<u>Contract Period</u>
Environmental Protection Bureau of Hsinchu City	Performance and preparation enhancement turnkey project for garbage recycling plant in Hsinchu City	\$ 657,000	2024.12.5~2026.11.30
Environmental Protection Bureau of Hsinchu City	Contract of operation and management of garbage recycling plant in Hsinchu City	Request for payment based on actual monthly volume processed	2022.2.16~2042.2.15
Environmental Protection Bureau of Pingtung County	Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note)	Request for payment based on actual monthly volume processed	2021.12.22~2041.12.21

(Note) Please refer to Note 6 (12).

#### 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 on February 4, 2026. After the capital reduction, the paid-in capital was \$23,000, consisting of 2,300 thousand shares. 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 Group's objectives when managing capital are to safeguard the Group'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 Group 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 Group'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 minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purpose and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group'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 Group to manage its foreign exchange risk against its functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group 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 account receivable.
- ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedge accounting, and therefore accounts for financial assets or liabilities at fair value through profit or loss.
- iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and subsidiaries 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) <u>Financial assets</u> <u>Monetary items</u>	Foreign currency amount (in thousands)	Exchange rate	Book value	
	USD:NTD	\$ 3,135	31.43	\$ 98,533
	EUR:NTD	1,424	36.90	52,546

December 31, 2024				
(Foreign currency: functional currency) <u>Financial assets</u> <u>Monetary items</u>	Foreign currency amount (in thousands)	Exchange rate	Book value	
	USD:NTD	\$ 1,280	32.79	\$ 41,964
	EUR:NTD	8,183	34.14	279,368

- (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 Group's net profit after tax for the years ended December 31, 2025 and 2024, would increased/decreased by \$1,209 and \$2,571 respectively.
- (ii.) Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024, amounted to \$26,877 and \$8,686, respectively.

## II. Price risk

- i. The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares 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 were \$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 \$4,675 and \$1,652, 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 Group'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 rate. 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 \$601 and \$303, 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 Group 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 Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group 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 Group adopts the assumption under IFRS 9, that is, default occurs when the contract payments were past due over 90 days.
- IV. The Group adopts management of credit risk, whereby the default occurs when the contract payments are past due over certain number of days.
- V. The Group classifies customer's notes and accounts receivable in accordance with credit term. The Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss. The Group used 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 Group applying the modified approach to provide loss allowance for notes 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	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23</u>

  

	<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	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23</u>

(c) Liquidity risk

- I. Cash flow forecasting is performed by the company treasury. Company treasury monitors rolling forecasts of the Group'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 Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- II. Surplus cash held by the Group over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

III. The Group has the following undrawn borrowing facilities::

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate		
Expiring within one year	\$ 578,175	\$ 620,487
Expiring beyond one year	<u>360,613</u>	<u>36,890</u>
	<u>\$ 938,788</u>	<u>\$ 657,377</u>

IV. The table below analyses the Group'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.

<u>December 31, 2025</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 1,022,207	\$ -	\$ -	\$ -
Short-term notes and bills payable	80,000	-	-	-
Notes payable	1,557	-	-	-
Accounts payable (including related parties)	541,193	-	-	-
Other payables (including related parties)	565,785	-	-	-
Lease liabilities	4,838	4,494	5,100	4,410
Long-term borrowings (including current portion)	139,566	113,955	252,081	366,728
Guarantee deposits	10,233	38,609	-	-

<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 655,133	\$ -	\$ -	\$ -
Short-term notes and bills payable	114,600	-	-	-
Notes payable	7,622	-	-	-
Accounts payable (including related parties)	586,734	-	-	-
Other payables (including related parties)	211,353	-	-	-
Lease liabilities	21,798	20,382	56,294	28,791
Corporate bonds payable	362,283	-	-	-
Long-term borrowings (including current portion)	223,176	201,633	497,157	69,366
Guarantee deposits	-	41,096	-	-

V. The Group'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 Group'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 Group'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 Group's investment in stock of private entity and non-current assets held for sale are 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 amortised cost – current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortised cost – non-current, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion), and guarantee deposits received) are approximate to 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 are 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	\$ -	\$ -	\$ 77,800	\$ 77,800
<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	\$ 419,690	\$ 24,040	\$ 467,546
<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	\$ 28,091	\$ 165,174

E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u>	<u>Emerging stocks</u>
	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 consolidated 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 Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group'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 and non-financial instruments at the consolidated 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 models 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. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	For the years ended December 31,	
	2025	2024
	Equity instrument	Equity instrument
At January 1	\$ 28,091	\$ 21,842
Gain (Loss) recognized in other comprehensive income	( 4,051)	6,249
At December 31	\$ 24,040	\$ 28,091

- I. Financial division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 24,040	Market comparable companies	(a) Price-book ratio multiplier	2.89%	The higher the multiplier, the higher the fair value
			(b) Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Non-current assets held for sale (Note)	77,800	Replacement cost method	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 28,091	Market comparable companies	(a) Price-book ratio multiplier	3.57%	The higher the multiplier, the higher the fair value
			(b) Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income of financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2025					
			Recognized in profit or loss		Recognized in other comprehensive income		
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price-book ratio multiplier		±5%	\$ -	\$ -	\$ 1,106	(\$ 1,106)
	Discount for lack of marketability		±10%	-	-	948	( 948)
				\$ -	\$ -	\$ 2,054	(\$ 2,054)
		December 31, 2024					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	Price-book ratio multiplier		±5%	\$ -	\$ -	\$ 1,277	(\$ 1,277)
	Discount for lack of marketability		±10%	-	-	1,095	( 1,095)
				\$ -	\$ -	\$ 2,372	(\$ 2,372)

### 13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group 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 period: 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

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income or expenses. For details of operating segments' accounting policies, please refer to Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2025			
	Screws Department	Transportation Department	Environmental Business Department	Total
Revenue from external customers	\$ 1,033,792	\$ 867,832	\$ 3,160,410	\$ 5,062,034
Revenue from internal customers	-	16,497	3,126	19,623
Interest income	3,411	885	2,620	6,916
Depreciation and amortisation	67,765	21,756	85,937	175,458
Interest expense	13,688	5,688	41,682	61,058
Segment income (loss) before tax	( 12,386)	12,035	( 572,387)	( 572,738)
Segment assets	1,433,504	780,366	3,160,717	5,374,587
Segment liabilities	506,634	367,751	2,369,922	3,244,307

For the year ended December 31, 2024

	Environmental				
	Screws	Transportation	Business	Others	Total
	<u>Department</u>	<u>Department</u>	<u>Department</u>		
Revenue from external customers	\$ 1,384,459	\$ 1,275,921	\$ 1,474,685	\$ 857	\$ 4,135,922
Revenue from internal customers	-	31,817	423	8,196	40,436
Interest income	5,137	710	2,519	39	8,405
Depreciation and amortisation	81,359	12,330	103,106	-	196,795
Interest expense	14,198	2,257	33,086	-	49,541
Segment income (loss) before tax	76,902	5,894	( 276,440)	( 7,210)	( 200,854)
Segment assets	2,088,511	671,726	2,916,790	-	5,677,027
Segment liabilities	1,010,912	281,280	1,782,969	-	3,075,161

(4) Reconciliation for segment income

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to segment income, total assets and total liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

(5) Information on products and services

Revenue from external customers mainly comes from scrap iron trading, screws and related products, contracting business, waste turnkey and engineering projects such as solar farms, transportation, electricity sales, contracted operations of incinerators and metal thermal treatments and other businesses. For details of revenues, please refer to Note 6 (26).

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 are as follows:

	For the years ended December 31,			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 4,227,803	\$ 1,964,138	\$ 3,156,887	\$ 2,575,849
Germany	341,050	-	401,642	-
USA	108,537	-	123,682	-
Other countries	384,644	-	453,711	-
	<u>\$ 5,062,034</u>	<u>\$ 1,964,138</u>	<u>\$ 4,135,922</u>	<u>\$ 2,575,849</u>

(7) Major customer information

Major customer information of the Group (revenue is more than 10% of consolidated net operating income) for the years ended December 31, 2025 and 2024 are as follows:

	For the years ended December 31,	
	2025	2024
Company A	\$ 2,453,374	\$ 935,869
Company B	500,556	481,309
Company C	(Note)	452,708

(Note) The net revenue from the customer did not meet the disclosure standard.

OFCO Industrial Corporation and subsidiaries

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 and subsidiaries

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 and subsidiaries

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 and subsidiaries

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 and subsidiaries  
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 and subsidiaries  
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%
				Interset 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 and subsidiaries

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.