

Right Way Industrial Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
RIGHT WAY INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of RIGHT WAY INDUSTRIAL CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph) the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the parent company only financial statements for the years ended December 31, 2025. The matter was addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon; accordingly, we do not provide a separate opinion on the matter.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2025 are set out below:

Authenticity of Revenue Recognition

As stated in Notes 4 (j) and 19, the Company's primary source of revenue is the manufacturing and sale of engine parts, pistons, automotive forging parts, motorcycle parts, and system furniture. Due to the needs of particular customers, the Company stores a portion of the inventory at the hub warehouses designated by the customers. Revenue recognition relies on the statements provided by the custodian of the hub warehouse, and revenue is recognized once the customers take delivery of the goods from the warehouse.

Since the Company does not directly manage the hub warehouse, the revenue recognition process involves higher degree of manual processing and has a significant impact on the financial statements. Therefore, the occurrence and authenticity of revenue recognition from the hub warehouse is identified as a key audit matter.

The key audit matter procedures we performed were as follows:

1. We obtained an understanding of the design of the internal controls related to revenue from the hub warehouse and tested their operating effectiveness on a sample basis.
2. We obtained the bills of lading for the hub warehouse. To confirm the authenticity of the revenue, we selected samples of sale transactions related to shipments to the hub warehouse and checked them against the corresponding documents. We also verified whether the recipient of the goods is the same as the payee.

Other Matter

Among the subsidiaries included in the parent company only financial statements of the Company, some subsidiaries classified as investments accounted for using the equity method were not audited by us but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts of investments accounted for using the equity method and other comprehensive income included in the financial statements for these investees, is based solely on the reports of other auditors. As of December 31, 2025 and 2024, the balance of investments accounted for using the equity method of the aforementioned investees were NT\$ 310,941 thousand and NT\$ 289,881 thousand, respectively, accounting for 10.07% and 9.71% of the Company's total assets, respectively. For the years ended December 31, 2025 and 2024, the other comprehensive loss of the aforementioned investees were NT\$ 4,908 thousand and NT\$3,002 thousand, respectively, accounting for 6.48% and (40.73)% of the Company's total comprehensive (loss) income, respectively.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Lee and Chang-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

RIGHT WAY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 171,389	6	\$ 351,652	12
Financial assets at fair value through profit or loss (Notes 4 and 7)	8	-	-	-
Notes receivable (Notes 4, 10 and 19)	9,244	-	10,822	-
Accounts receivable, net (Notes 4, 10 and 19)	107,799	3	121,329	4
Accounts receivable from related parties, net (Notes 4, 10, 19 and 26)	20,121	1	11,419	1
Other receivables (Notes 4 and 10)	2,540	-	1,739	-
Other receivables from related parties (Notes 4, 10 and 26)	50,046	2	49,625	2
Current tax assets (Notes 4 and 21)	679	-	925	-
Current inventories (Notes 4 and 11)	252,563	8	243,640	8
Other current financial assets (Notes 4, 9 and 27)	1,591	-	34,185	1
Other current assets (Notes 14 and 26)	23,166	1	26,345	1
Total current assets	639,146	21	851,681	29
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,001,203	32	811,580	27
Investments accounted for using the equity method (Notes 4 and 12)	311,038	10	295,952	10
Property, plant and equipment (Notes 4, 13, 26 and 27)	976,729	32	927,030	31
Deferred tax assets (Notes 4 and 21)	67,981	2	70,463	2
Net defined benefit assets (Notes 4 and 17)	28,958	1	21,051	1
Long-term receivables from related parties (Notes 4, 10 and 26)	21,334	1	-	-
Other non-current assets (Note 14)	40,238	1	7,229	-
Total non-current assets	2,447,481	79	2,133,305	71
TOTAL	\$ 3,086,627	100	\$ 2,984,986	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable (Note 15)	\$ 69,969	2	\$ 58,502	2
Accounts payable to related parties (Notes 15 and 26)	29,109	1	32,830	1
Other payables (Note 16)	90,805	3	80,564	3
Other current liabilities (Notes 16 and 19)	21,820	1	15,382	-
Total current liabilities	211,703	7	187,278	6
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	83,064	3	81,555	3
Guarantee deposits received	3	-	3	-
Total non-current liabilities	83,067	3	81,558	3
Total liabilities	294,770	10	268,836	9
EQUITY ATTRIBUTED TO OWNERS OF THE COMPANY (Note 18)				
Ordinary shares	3,003,885	97	3,003,885	101
Capital surplus	424,736	14	424,736	14
Accumulated deficit	(493,015)	(16)	(512,535)	(17)
Other equity	(143,749)	(5)	(199,936)	(7)
Total equity attributable to owners of the Company	2,791,857	90	2,716,150	91
TOTAL	\$ 3,086,627	100	\$ 2,984,986	100

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

RIGHT WAY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)	\$ 851,119	100	\$ 807,243	100
OPERATING COSTS (Notes 11, 20 and 26)	<u>715,610</u>	<u>84</u>	<u>678,459</u>	<u>84</u>
GROSS PROFIT	135,509	16	128,784	16
REALIZED PROFIT FROM SALES	<u>-</u>	<u>-</u>	<u>1,656</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>135,509</u>	<u>16</u>	<u>130,440</u>	<u>16</u>
OPERATING EXPENSES (Notes 10, 20, and 26)				
Selling and marketing expenses	55,258	6	37,577	5
General and administrative expenses	85,173	10	73,301	9
Research and development expenses	13,714	2	11,332	1
Expected credit (gain) loss	<u>(1,095)</u>	<u>-</u>	<u>5,155</u>	<u>1</u>
Total operating expenses	<u>153,050</u>	<u>18</u>	<u>127,365</u>	<u>16</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(17,541)</u>	<u>(2)</u>	<u>3,075</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
Interest income	5,910	1	8,194	1
Other income	37,573	4	26,287	3
Other gains and losses	(8,768)	(1)	7,770	1
Finance costs	(2)	-	(23)	-
Share of profit of subsidiaries and associates	<u>4,909</u>	<u>1</u>	<u>3,003</u>	<u>1</u>
Total non-operating income and expenses	<u>39,622</u>	<u>5</u>	<u>45,231</u>	<u>6</u>
INCOME BEFORE INCOME TAX	22,081	3	48,306	6
INCOME TAX EXPENSE (Notes 4 and 21)	<u>3,751</u>	<u>1</u>	<u>6,585</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>18,330</u>	<u>2</u>	<u>41,721</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	2,266	-	13,325	2
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	39,888	5	(84,282)	(11)

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RIGHT WAY INDUSTRIAL CO., LTD.

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

	2025		2024	
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss	\$ (453)	-	\$ (2,665)	-
	<u>41,701</u>	<u>5</u>	<u>(73,622)</u>	<u>(9)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of the financial statement of foreign operations	15,676	2	25,213	3
Income tax related to items may be reclassified subsequently to profit or loss	-	-	(682)	-
	<u>15,676</u>	<u>2</u>	<u>24,531</u>	<u>3</u>
Other comprehensive income (loss) for the year, net of income tax	<u>57,377</u>	<u>7</u>	<u>(49,091)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 75,707</u>	<u>9</u>	<u>\$ (7,370)</u>	<u>(1)</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 22)				
Basic	<u>\$ 0.06</u>		<u>\$ 0.14</u>	
Diluted	<u>\$ 0.06</u>		<u>\$ 0.14</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

(Concluded)

RIGHT WAY INDUSTRIAL CO., LTD.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company						
	Share Capital		Other Equity				
	Ordinary Shares	Advance Receipts	Capital Surplus	Accumulated Deficit	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2024	\$ 3,003,106	\$ 957	\$ 424,479	\$ (564,916)	\$ (134,215)	\$ (5,970)	\$ 2,723,441
Issuance of ordinary shares under employee share options (Note 18)	779	(957)	257	-	-	-	79
Net profit for the year ended December 31, 2024	-	-	-	41,721	-	-	41,721
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	10,660	24,531	(84,282)	(49,091)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	52,381	24,531	(84,282)	(7,370)
BALANCE AT DECEMBER 31, 2024	3,003,885	-	424,736	(512,535)	(109,684)	(90,252)	2,716,150
Net profit for the year ended December 31, 2025	-	-	-	18,330	-	-	18,330
Other comprehensive income for the year ended December 31, 2025, net of income tax	-	-	-	1,813	15,676	39,888	57,377
Total comprehensive income for the year ended December 31, 2025	-	-	-	20,143	15,676	39,888	75,707
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	(623)	-	623	-
BALANCE AT DECEMBER 31, 2025	<u>\$ 3,003,885</u>	<u>\$ -</u>	<u>\$ 424,736</u>	<u>\$ (493,015)</u>	<u>\$ (94,008)</u>	<u>\$ (49,741)</u>	<u>\$ 2,791,857</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

RIGHT WAY INDUSTRIAL CO., LTD.

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 22,081	\$ 48,306
Adjustments for:		
Depreciation expenses	35,851	32,861
Expected credit loss (reversed) recognized on accounts trade receivables	(1,095)	5,155
Gain on fair value changes of financial assets at fair value through profit or loss, net	(8)	-
Finance costs	2	23
Interest income	(5,910)	(8,194)
Dividend income	(29,865)	(19,556)
Share of profit of subsidiaries and associates	(4,909)	(3,003)
Gain on disposal of property, plant and equipment	(589)	(59)
Write-down of inventories	24,645	6,131
Realized gain on the transaction with subsidiaries	-	(1,656)
Loss on disposal of subsidiary	155	-
Changes in operating assets and liabilities:		
Notes receivable	1,578	5,440
Accounts receivable (including related parties)	5,923	(11,728)
Other receivables (including related parties)	(22,751)	(3,808)
Inventories	(33,568)	(23,726)
Other current assets	3,179	7,162
Other non-current assets	(15,202)	3,903
Accounts payable (including related parties)	7,746	(8,115)
Other payables	970	(14,080)
Other current liabilities	6,438	(8,264)
Net defined benefit assets	(5,641)	(5,279)
Cash (used in) generated from operations	(10,970)	1,513
Interest received	6,105	8,194
Interest paid	(2)	(23)
Income tax refunded (paid)	33	(539)
Net cash (used in) generated from operating activities	(4,834)	9,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(351,888)	(113,411)
Proceeds from sale of financial assets at fair value through other comprehensive income	209,370	-
Purchase of financial assets at fair value through profit or loss	(505)	-
Proceeds from disposal of financial assets at fair value through profit or loss	505	-
Proceeds from disposal of investments accounted for using equity method	5,344	-
Acquisition of property, plant and equipment	(102,618)	(48,732)

(Continued)

RIGHT WAY INDUSTRIAL CO., LTD.

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

	2025	2024
Proceeds from disposal of property, plant and equipment	\$ 2,316	\$ 282
Decrease in other financial assets	32,182	12,477
Dividends received	<u>29,865</u>	<u>19,556</u>
Net cash used in investing activities	<u>(175,429)</u>	<u>(129,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	30,308	158,691
Repayments of short-term borrowings	(30,308)	(158,691)
Proceeds from issuing ordinary shares under employee share options	<u>-</u>	<u>79</u>
Net cash generated from financing activities	<u>-</u>	<u>79</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(180,263)	(120,604)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>351,652</u>	<u>472,256</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 171,389</u>	<u>\$ 351,652</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

(Concluded)

RIGHT WAY INDUSTRIAL CO., LTD.

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

1. GENERAL INFORMATION

Right Way Industrial Co., Ltd. (the “Company”) was incorporated in March 1965, and is mainly engaged in the manufacturing and retail sale of engine, parts of automobile and motorcycles, pistons, piston rings and its accessories, components for steering systems, crankshafts, chains, camshafts, system furniture and machine tools.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since August 1980.

The parent company only financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 11, 2026.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of various amendments on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

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

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the financial statements of each individual entity in the Company, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the parent company only financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

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

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

The profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are included in the initially recognized amount of the financial assets.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable including related parties, other receivables including related parties, long-term receivables from related parties, refundable deposits including recognized in other non-current assets and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime ECLs for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities of the Company are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

j. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of automobile parts and system furniture. Sales of goods are recognized as revenue when the conditions of sales are satisfied because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently. Advance receipts are recognized as a contract liability until trade terms have been reached.

2) Revenue from rendering the service

Revenue from the rendering of services is recognized as revenue when services are rendered. The Company recognizes contract assets over the period in which the services are performed. The contract assets are reclassified to accounts receivable when the bills are issued. If the amount received for installation services exceeds the amount of revenue recognized, the difference is recognized as a contract liability.

k. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

For short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

l. Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs or in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue or a deduction from the carrying amount of the relevant assets and transferred to or recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

Net defined benefit assets represent the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according

to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

There were no material uncertainties in the accounting policies, estimates and basic assumptions adopted by the Company after being evaluated by the management of the Company.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 631	\$ 655
Checking accounts and demand deposits	104,858	134,440
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	65,900	210,000
Repurchase agreements collateralized by bonds	-	6,557
	<u>\$ 171,389</u>	<u>\$ 351,652</u>

The annual market interest rates for cash equivalents on the balance sheet date is as follows:

	December 31	
	2025	2024
Time deposits	1.255%-1.75%	0.85%-1.52%
Repurchase agreements collateralized by bonds	-	4.65%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - December 31, 2025

	Amount
<u>Financial assets at fair value through</u>	
profit or loss (FVTPL) - current	
Financial assets held for trading	
Derivative financial assets (not under hedge accounting)	
Foreign exchange forward contracts	<u>\$ 8</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2025</u>			
Sell	USD/NTD	2026.1.20-2026.1.28	USD380/NTD11,938

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2025	2024
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging stock market shares	\$ 1,001,203	\$ 811,580

9. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
<u>Current</u>		
Domestic investments		
Time deposits with original maturities more than three months	\$ -	\$ 30,000
Pledged time deposit (Note 27)	-	3,545
Pledged demand deposits (Note 27)	1,591	640
	\$ 1,591	\$ 34,185

The annual interest rates for time deposits were as follows:

	December 31	
	2025	2024
Time deposits with original maturities more than three months	-	2.00%
Pledged time deposit	-	0.675%

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING THOSE FOR RELATED PARTIES) AND OTHER RECEIVABLES (INCLUDING THOSE FOR RELATED PARTIES)

	December 31	
	2025	2024
<u>Notes receivable</u>		
At amortized cost - Gross carrying amount		
Operating	\$ 9,244	\$ 10,822
<u>Accounts receivable (including those for related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 129,484	\$ 137,903
Less: Allowance for impairment loss	(1,564)	(5,155)
	\$ 127,920	\$ 132,748

(Continued)

	December 31	
	2025	2024
<u>Other receivables (including those for related parties)</u>		
Loans to related parties	\$ 47,145	\$ 49,178
Purchase of equipment	2,371	-
Others	<u>3,070</u>	<u>2,186</u>
	<u>\$ 52,586</u>	<u>\$ 51,364</u>
<u>Long-term receivables from related parties</u>		
Purchase of equipment	<u>\$ 21,334</u>	<u>\$ -</u>
		(Concluded)

Notes receivable

As of December 31, 2025 and 2024, the Company measured the expected credit losses on notes receivable based on the number of days overdue. No notes receivables were overdue; therefore, no expected credit loss was recognized.

Accounts receivable (including related parties)

The average credit period of sales of goods was 30-120 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the customer's past default experience, the customer's current financial position, the economic conditions of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, except where there is an indication of default by the debtor, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base and the expected credit loss rates are determined solely based on the number of days past due of accounts receivable.

The Company writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix:

December 31, 2025

	Not Past Due	1 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.01%	0.11%-2.82%	6.75%-100%	
Gross carrying amount	\$ 116,409	\$ 5,469	\$ 7,606	\$ 129,484
Loss allowance (lifetime ECLs)	-	-	(1,564)	(1,564)
Amortized cost	<u>\$ 116,409</u>	<u>\$ 5,469</u>	<u>\$ 6,042</u>	<u>\$ 127,920</u>

December 31, 2024

	Not Past Due	1 to 90 Days Past Due	Over 90 Days Past Due	Indication of Debtor Default	Total
Expected credit loss rate	0%	0.01%-0.32%	3.23%-100%	100%	
Gross carrying amount	\$ 111,533	\$ 16,530	\$ 6,251	\$ 3,589	\$ 137,903
Loss allowance (lifetime ECLs)	-	-	(1,566)	(3,589)	(5,155)
Amortized cost	<u>\$ 111,533</u>	<u>\$ 16,530</u>	<u>\$ 4,685</u>	<u>\$ -</u>	<u>\$ 132,748</u>

The movements of the loss allowance for accounts receivable were as follows:

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 5,155	\$ -
Net remeasurement of loss allowance	(1,095)	5,155
Amounts written off	<u>(2,496)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,564</u>	<u>\$ 5,155</u>

During 2025, the Company wrote off trade receivables of \$2,496 thousand and the related loss allowance of \$2,496 thousand was recognized due to the customer entering restructuring proceedings.

11. INVENTORIES

	December 31	
	2025	2024
Merchandise	\$ 88,057	\$ 79,390
Finished good	73,588	69,780
Work in process and semi-finished goods	49,725	48,494
Material	<u>41,193</u>	<u>45,976</u>
	<u>\$ 252,563</u>	<u>\$ 243,640</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 were \$715,610 thousand and \$678,459 thousand, respectively. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 included provisions for loss on inventories of \$24,645 thousand and \$6,131 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31			
	2025		2024	
	Amount	Percentage of Ownership (Note 1)	Amount	Percentage of Ownership (Note 1)
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 310,941	79.63	\$ 289,881	79.63
Excellent Growth Investments Limited	97	100	96	100
Right Way North America Inc. (Note 2)	<u>-</u>	-	<u>5,975</u>	100
	<u>\$ 311,038</u>		<u>\$ 295,952</u>	

Note 1: The proportion of ownership and voting rights of the subsidiaries as of the balance sheet date.

Note 2: Right Way North America Inc. completed its dissolution and liquidation on April 25, 2025, and remitted its capital on July 23, 2025. Please refer to Note 12 to the Company's 2025 consolidated financial statements.

Refer to Tables 4 and 5 for the details of the subsidiaries directly and indirectly held by the Company (including the locations and main businesses).

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Molding Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 666,136	\$ 270,694	\$ 353,364	\$ 74,853	\$ 135,361	\$ 6,521	\$ 1,506,929
Additions	-	8,831	22,724	947	11,114	1,583	45,199
Disposal	-	(8,831)	(11,216)	(85)	(2,727)	-	(22,859)
Reclassifications	-	-	7,335	57	(35)	(6,522)	835
Balance at December 31, 2024	<u>\$ 666,136</u>	<u>\$ 270,694</u>	<u>\$ 372,207</u>	<u>\$ 75,772</u>	<u>\$ 143,713</u>	<u>\$ 1,582</u>	<u>\$ 1,530,104</u>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2024	\$ -	\$ 135,008	\$ 311,998	\$ 67,006	\$ 78,837	\$ -	\$ 592,849
Depreciation expenses	-	9,045	12,559	2,605	8,652	-	32,861
Disposal	-	(8,831)	(11,078)	(48)	(2,679)	-	(22,636)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 135,222</u>	<u>\$ 313,479</u>	<u>\$ 69,563</u>	<u>\$ 84,810</u>	<u>\$ -</u>	<u>\$ 603,074</u>
Carrying amount at December 31, 2024	<u>\$ 666,136</u>	<u>\$ 135,472</u>	<u>\$ 58,728</u>	<u>\$ 6,209</u>	<u>\$ 58,903</u>	<u>\$ 1,582</u>	<u>\$ 927,030</u>
<u>Cost</u>							
Balance at January 1, 2025	\$ 666,136	\$ 270,694	\$ 372,207	\$ 75,772	\$ 143,713	\$ 1,582	\$ 1,530,104
Additions	-	1,574	19,143	2,365	3,540	57,677	84,299
Disposal	-	(1,647)	(21,243)	(706)	(794)	-	(24,390)
Reclassifications	-	-	3,514	853	-	(1,389)	2,978
Balance at December 31, 2025	<u>\$ 666,136</u>	<u>\$ 270,621</u>	<u>\$ 373,621</u>	<u>\$ 78,284</u>	<u>\$ 146,459</u>	<u>\$ 57,870</u>	<u>\$ 1,592,991</u>

(Continued)

	Land	Buildings	Machinery Equipment	Molding Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2025	\$ -	\$ 135,222	\$ 313,479	\$ 69,563	\$ 84,810	\$ -	\$ 603,074
Depreciation expenses	-	9,960	13,632	2,413	9,846	-	35,851
Disposal	-	(1,647)	(19,516)	(706)	(794)	-	(22,663)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 143,535</u>	<u>\$ 307,595</u>	<u>\$ 71,270</u>	<u>\$ 93,862</u>	<u>\$ -</u>	<u>\$ 616,262</u>
Carrying amount at December 31, 2025	<u>\$ 666,136</u>	<u>\$ 127,086</u>	<u>\$ 66,026</u>	<u>\$ 7,014</u>	<u>\$ 52,597</u>	<u>\$ 57,870</u>	<u>\$ 976,729</u>

(Concluded)

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

Buildings	
Main buildings	20-46 years
Others	2-20 years
Machinery Equipment	2-21 years
Molding Equipment	3-11 years
Other Equipment	2-21 years

The Company held \$7,483 thousand of agricultural land at Baojia Section, Rende District, Tainan City, as the factory building, which was registered under the name of the related party of the Company's chairman and was pledged as collateral by the Company.

Refer to Note 27 for the amounts of owner-occupied property, plant, and equipment that were pledged as collaterals.

14. OTHER ASSETS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Supplies	\$ 12,757	\$ 13,304
Prepayments	7,921	9,740
Prepayments for goods	2,369	2,808
Others	<u>119</u>	<u>493</u>
	<u>\$ 23,166</u>	<u>\$ 26,345</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 24,216	\$ 3,843
Refundable deposits	1,107	695
Others	<u>14,915</u>	<u>2,691</u>
	<u>\$ 40,238</u>	<u>\$ 7,229</u>

15. ACCOUNTS PAYABLE (INCLUDING THOSE OF RELATED PARTIES)

The Company's accounts payable are generated from operating activities. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	December 31	
	2025	2024
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 31,601	\$ 25,901
Payables for annual leave	9,717	9,365
Payables for outsourced manufacturing overhead	8,532	8,766
Payables for equipment and construction	8,063	6,009
Payable for share settlements	7,622	405
Payables for spares fee	4,754	3,335
Labor and health insurance premiums payable	3,775	3,349
Freight payables	2,879	3,997
Maintenance fees	2,865	3,017
Accrued utilities	2,058	1,781
Others	<u>8,939</u>	<u>14,639</u>
	<u>\$ 90,805</u>	<u>\$ 80,564</u>
Other current liabilities		
Contract liabilities	\$ 20,792	\$ 4,144
Deferred revenue (Note)	-	3,545
Others	<u>1,028</u>	<u>7,693</u>
	<u>\$ 21,820</u>	<u>\$ 15,382</u>

Note: The deferred revenue mainly referred to the subsidies received by the Company from the Ministry of Economic Affairs for the "Small and Medium-sized Manufacturing Industry Low-Carbon and Intelligent Upgrading and Transformation Subsidy."

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund.

If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company’s defined benefit plans are as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 84,316	\$ 86,509
Fair value of plan assets	<u>(113,274)</u>	<u>(107,560)</u>
Net defined benefit assets	<u>\$ (28,958)</u>	<u>\$ (21,051)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2024	\$ 94,672	\$ (97,119)	\$ (2,447)
Service cost			
Current service cost	33	-	33
Net interest expense (income)	<u>1,161</u>	<u>(1,224)</u>	<u>(63)</u>
Recognized in profit or loss	<u>1,194</u>	<u>(1,224)</u>	<u>(30)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,643)	(8,643)
Actuarial gain - changes in financial assumptions	(1,869)	-	(1,869)
Actuarial gain - experience adjustments	(2,813)	-	(2,813)
Recognized in other comprehensive income	<u>(4,682)</u>	<u>(8,643)</u>	<u>(13,325)</u>
Contributions from the employer	<u>-</u>	<u>(5,249)</u>	<u>(5,249)</u>
Benefits paid	<u>(4,675)</u>	<u>4,675</u>	<u>-</u>
Balance at December 31, 2024	<u>86,509</u>	<u>(107,560)</u>	<u>(21,051)</u>
Service cost			
Current service cost	-	-	-
Net interest expense (income)	<u>1,266</u>	<u>(1,622)</u>	<u>(356)</u>
Recognized in profit or loss	<u>1,266</u>	<u>(1,622)</u>	<u>(356)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,476)	(7,476)
Actuarial loss - Changes in demographic assumptions	2	-	2
Actuarial loss - changes in financial assumptions	1,780	-	1,780

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Actuarial loss - experience adjustments	\$ 3,428	\$ -	\$ 3,428
Recognized in other comprehensive income	5,210	(7,476)	(2,266)
Contributions from the employer	-	(5,285)	(5,285)
Benefits paid	(8,669)	8,669	-
Balance at December 31, 2025	<u>\$ 84,316</u>	<u>\$ (113,274)</u>	<u>\$ (28,958)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
Operating costs	\$ (294)	\$ (27)
Operating expenses	<u>(62)</u>	<u>(3)</u>
	<u>\$ (356)</u>	<u>\$ (30)</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2025	2024
Discount rate(s)	1.250%	1.500%
Expected rate(s) of salary increase	2.000%	2.000%

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

	December 31	
	2025	2024
Discount rate(s)		
0.25% increase	\$ <u>(1,779)</u>	\$ <u>(1,808)</u>
0.25% decrease	\$ <u>1,838</u>	\$ <u>1,869</u>
Expected rate(s) of salary increase/decrease		
0.25% increase	\$ <u>1,792</u>	\$ <u>1,826</u>
0.25% decrease	\$ <u>(1,744)</u>	\$ <u>(1,776)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	\$ <u>5,466</u>	\$ <u>5,263</u>
Average duration of the defined benefit obligation	8.6 years	8.5 years

18. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	\$ <u>5,000,000</u>	\$ <u>5,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>300,389</u>	<u>300,389</u>
Publicly traded shares	\$ 1,343,885	\$ 1,343,885
Privately issued shares	<u>1,660,000</u>	<u>1,660,000</u>
Shares issued and fully paid	\$ <u>3,003,885</u>	\$ <u>3,003,885</u>

The issued ordinary shares have a par value of NT\$10 each and each share is entitled to one vote and the right to receive dividends.

For the year ended December 31, 2024, the Company's employees exercised 6 thousand employee share options with a price of \$13.3 per share, which amounted to \$79 thousand. For the year ended December 31, 2023, the Company's employees exercised 595 thousand employee share options with a price range of \$13.3-\$13.4 per share, which amounted to \$7,917 thousand. As of December 31, 2023, the application for share capital alteration with the Ministry of Economic Affairs had been completed, whereas the alteration of the remaining 72 thousand shares had not been completed and was presented as advance receipts for share capital. The aforementioned total of 78 thousand shares had March 20, 2024 as the base date for capital increase, and the application for capital change registration has been

completed with the Ministry of Economic Affairs.

b. Capital surplus

	December 31	
	2025	2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 421,894	\$ 421,894
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>2,842</u>	<u>2,842</u>
	<u>\$ 424,736</u>	<u>\$ 424,736</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit; however, once the legal reserve has reached the Company's paid-in capital, no further reserve shall be made, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 20 (g) Employees' compensation and remuneration of directors for the appropriation policy of employees and directors as set forth in the Articles.

In addition, as set forth in the Articles, the Company's dividends policy considers its operating environment, industry developments, and sustainable development as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the share or cash dividends to be paid, of which cash dividends shall not be less than 50% of the total dividends paid.

As the Company had accumulated deficits in both 2024 and 2023, on June 10, 2025 and June 11, 2024, the shareholders resolved that the Company shall make no appropriations.

On March 11, 2026, the board of directors of the Company proposed to offset the losses for the year ended 2025. However, the loss offset will be resolved by the shareholders in their meeting to be held on May 27, 2026.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (109,684)	\$ (134,215)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	15,528	24,531
Reclassification adjustments		
Disposal of foreign operations	<u>148</u>	<u>-</u>
Balance at December 31	<u>\$ (94,008)</u>	<u>\$ (109,684)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (90,252)	\$ (5,970)
Recognized for the year		
Unrealized gain (loss)	39,888	(84,282)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>623</u>	<u>-</u>
Balance at December 31	<u>\$ (49,741)</u>	<u>\$ (90,252)</u>

19. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Automotive parts and components	\$ 662,671	\$ 674,316
System furniture	<u>188,448</u>	<u>132,927</u>
	<u>\$ 851,119</u>	<u>\$ 807,243</u>

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	<u>\$ 9,244</u>	<u>\$ 10,822</u>	<u>\$ 16,262</u>
Accounts receivable (including related parties)	<u>\$ 127,920</u>	<u>\$ 132,748</u>	<u>\$ 126,175</u>
Contract liabilities (presented under other current liabilities)	<u>\$ 20,792</u>	<u>\$ 4,144</u>	<u>\$ 18,535</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2025	2024
From contract liabilities at the start of the year		
Sale of goods	\$ <u>3,472</u>	\$ <u>16,821</u>

20. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	\$ 3,806	\$ 6,159
Interest on loan from related parties (Note 26)	<u>2,104</u>	<u>2,035</u>
	<u>\$ 5,910</u>	<u>\$ 8,194</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Dividend income	\$ 29,865	\$ 19,556
Temporary receipts recognized as income	4,876	1,969
Debt recognized as income	1,400	1,748
Rental income	700	763
Compensation income	-	1,483
Others	<u>732</u>	<u>768</u>
	<u>\$ 37,573</u>	<u>\$ 26,287</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Gain on disposal of property, plant and equipment	\$ 589	\$ 59
Loss on disposal of subsidiary	(155)	-
Net foreign exchange gains and losses	(8,473)	11,402
Gain on fair value changes of financial assets at fair value through profit or loss	8	-
Others	<u>(737)</u>	<u>(3,691)</u>
	<u>\$ (8,768)</u>	<u>\$ 7,770</u>

d. Finance costs

	For the Year Ended December 31	
	2025	2024

Interest on bank loans	\$ <u>2</u>	\$ <u>23</u>
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e. Depreciation

	For the Year Ended December 31	
	2025	2024

Property, plant and equipment	\$ <u>35,851</u>	\$ <u>32,861</u>
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An analysis of depreciation by function

Operating costs	\$ 31,192	\$ 27,914
Operating expenses	<u>4,659</u>	<u>4,947</u>

	\$ <u>35,851</u>	\$ <u>32,861</u>
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f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024

Short-term benefits	\$ 185,407	\$ 157,596
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Post-employment benefits

Defined contribution plans	6,914	6,735
Defined benefit plans (Note 17)	<u>(356)</u>	<u>(30)</u>

	\$ <u>191,965</u>	\$ <u>164,301</u>
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An analysis of employee benefits expense by function

Operating costs	\$ 118,543	\$ 112,793
Operating expenses	<u>73,422</u>	<u>51,508</u>

	\$ <u>191,965</u>	\$ <u>164,301</u>
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g. Employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues employees' compensation at rates ranging from 0.1% to 3% of profit for the year, if any. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company approved the amendments to the Company's Articles of Incorporation at their 2025 regular shareholders meeting. The amendments explicitly stipulate that the portion of the employees' compensation allocated to non-executive employees shall be no less than 50% of the total employees' compensation for the current period. Employees' compensation is distributed in the form of shares or cash pursuant to resolutions of the board of directors. The eligible recipients include employees of affiliated companies who meet certain conditions. According to the aforementioned profit, the Company shall allocate the remuneration of directors at a rate of no more than 1.5%. The employees' compensation and remuneration of directors shall be submitted for reporting at the regular shareholders' meeting. However, if the Company has an accumulated deficit, it shall first set aside the amount to offset the deficit, and then allocate employees' compensation (including non-executive employees) and directors' remuneration according to the aforementioned ratio. Since the Company had an accumulated deficit as of December 31, 2025 and 2024, no employees' compensation (including non-executive employees) and remuneration of directors were accrued. Related information is available at the Market Observation

Post System of the Taiwan Stock Exchange.

h. Gains and losses on foreign currency exchange

	For the Year Ended December 31	
	2025	2024
Foreign exchange gains	\$ 13,087	\$ 28,461
Foreign exchange losses	<u>(21,560)</u>	<u>(17,059)</u>
Net (losses) gains	<u>\$ (8,473)</u>	<u>\$ 11,402</u>

21. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 213	\$ 208
Deferred tax		
In respect of the current year	<u>3,538</u>	<u>6,377</u>
Income tax expense recognized in profit or loss	<u>\$ 3,751</u>	<u>\$ 6,585</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before tax	<u>\$ 22,081</u>	<u>\$ 48,306</u>
Income tax expense calculated at the statutory rate	\$ 4,416	\$ 9,661
Nondeductible expenses in determining taxable income	42	16
Nonaccrual income in determining taxable income	-	(247)
Tax-exempt income	(5,973)	(3,911)
Unrecognized loss carryforwards and deductible temporary differences	<u>5,266</u>	<u>1,066</u>
Income tax expense recognized in profit or loss	<u>\$ 3,751</u>	<u>\$ 6,585</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (453)	\$ (2,665)
Translation of foreign operations	<u>-</u>	<u>(682)</u>
	<u>\$ (453)</u>	<u>\$ (3,347)</u>

c. Current tax assets

	December 31	
	2025	2024
Current tax assets		
Income tax receivable	<u>\$ 679</u>	<u>\$ 925</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets were as follows:

For the year ended December 31, 2025

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 32,871	\$ -	\$ -	\$ 32,871
Idle capacity	-	360	-	360
Others	<u>5,079</u>	<u>1,481</u>	<u>-</u>	<u>6,560</u>
	37,950	1,841	-	39,791
Tax losses	<u>32,513</u>	<u>(4,323)</u>	<u>-</u>	<u>28,190</u>
	<u>\$ 70,463</u>	<u>\$ (2,482)</u>	<u>\$ -</u>	<u>\$ 67,981</u>
Deferred Tax Liabilities				
Temporary differences				
Land appreciation reserve	\$ 76,990	\$ -	\$ -	\$ 76,990
Defined benefit plans	4,255	1,041	453	5,749
Unrealized exchange gains	<u>310</u>	<u>15</u>	<u>-</u>	<u>325</u>
	<u>\$ 81,555</u>	<u>\$ 1,056</u>	<u>\$ 453</u>	<u>\$ 83,064</u>

For the year ended December 31, 2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	\$ 33,553	\$ -	\$ (682)	\$ 32,871
Unrealized exchange losses	1,555	(1,555)	-	-
Unrealized sales gross profit	332	(332)	-	-
Idle capacity	12	(12)	-	-
Others	3,408	1,671	-	5,079
	38,860	(228)	(682)	37,950
Tax losses	37,384	(4,871)	-	32,513
	<u>\$ 76,244</u>	<u>\$ (5,099)</u>	<u>\$ (682)</u>	<u>\$ 70,463</u>
Temporary differences				
Land appreciation reserve	\$ 76,990	\$ -	\$ -	\$ 76,990
Defined benefit plans	622	968	2,665	4,255
Unrealized exchange gains	-	310	-	310
	<u>\$ 77,612</u>	<u>\$ 1,278</u>	<u>\$ 2,665</u>	<u>\$ 81,555</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets and unused loss carryforwards

	December 31	
	2025	2024
Loss carryforwards		
Expiry in 2033	\$ 82,597	\$ 78,344
Expiry in 2035	10,063	-
	<u>\$ 92,660</u>	<u>\$ 78,344</u>
Deductible temporary differences		
Unrealized losses of subsidiaries	<u>\$ 126,626</u>	<u>\$ 130,725</u>

- f. Information on unused loss carryforwards

Loss carryforwards of the Company as of December 31, 2025 comprised:

Unused Amount	Expiry Year
\$ 861	2029
48,004	2030
174,680	2033
10,063	2035
<u>\$ 233,608</u>	

- g. Income tax assessments

The Company's income tax returns through 2023 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2025	2024
Net profit for the year	\$ 18,330	\$ 41,721

Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	300,389	300,388

23. CASH FLOW INFORMATION

Non-cash transactions

The Company entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2025	2024
Increase in property, plant and equipment	\$ 84,299	\$ 45,199
(Increase) decrease in payables for equipment	(2,054)	1,669
Increase in prepayments for equipment	20,373	1,864
	<u>\$ 102,618</u>	<u>\$ 48,732</u>
Increase in financial assets at fair value through other comprehensive income	\$ 359,105	\$ 113,816
Increase in payables for share settlements	(7,217)	(405)
	<u>\$ 351,888</u>	<u>\$ 113,411</u>

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged for 2025 and 2024.

The capital structure of the Company consists of net debt and equity. Key management personnel of the Company review the capital structure on annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure.

25. FINANCIAL INSTRUMENTS

a. Fair value

The carrying amounts of the Company's financial instruments that are not measured at fair value, such as cash and cash equivalents, accounts receivable, refundable deposits, bank borrowings, and accounts payable, approximate their fair values.

b. Fair values of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 892,654	\$ -	\$ -	\$ 892,654
Emerging market securities	-	-	108,549	108,549
	<u>\$ 892,654</u>	<u>\$ -</u>	<u>\$ 108,549</u>	<u>\$ 1,001,203</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 543,885	\$ -	\$ -	\$ 543,885
Emerging market securities	-	-	267,695	267,695
	<u>\$ 543,885</u>	<u>\$ -</u>	<u>\$ 267,695</u>	<u>\$ 811,580</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2025

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2025	\$ 267,695
Recognized in other comprehensive income	36,405
Purchases	13,819
Sales	<u>(209,370)</u>
Balance at December 31, 2025	<u>\$ 108,549</u>

For the year ended December 31, 2024

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2024	\$ 331,227
Recognized in other comprehensive income	<u>(63,532)</u>
Balance at December 31, 2024	<u>\$ 267,695</u>

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of domestic emerging market shares was determined using the market approach.

c. Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL- held for trading	\$ 8	\$ -
Financial assets at amortized cost (Note 1)	385,171	581,466
Financial assets at FVTOCI - equity instruments investments	1,001,203	811,580
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	189,886	171,899

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables (including related parties), other current financial assets, long-term receivables from related parties, and refundable deposits (presented under other non-current assets).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company is mainly exposed to the USD. The following table details the Company's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. If the functional currency had weakened against 5% the relevant currency, the pre-tax profit would have increased by the following amounts:

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 6,078	\$ 5,964

This was mainly attributable to the outstanding exposure on foreign currency cash and cash equivalents, receivables, and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency exchange rates did not change significantly during the current year.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrowed funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of floating rate borrowings.

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

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 65,900	\$ 250,102
Cash flow interest rate risk		
Financial assets	106,261	134,738

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by \$531 thousand and \$674 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by \$50,060 thousand and \$40,579 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to equity prices increased because the Company increased its investment in financial assets at FVTOCI.

2) Credit risk

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

The Company does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. The Group does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. In addition, ongoing credit evaluation is performed on the financial condition of customers in accounts receivable.

The Company's concentration of credit risk was mainly in the Company's largest customer, which accounted for 36% and 38% of total accounts receivable as of December 31, 2025 and 2024, respectively.

3) Liquidity risk

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

The Company's operating funds and acquired short-term bank loan facilities are enough to cover future operating costs; therefore, there is no liquidity risk due to unable raise funds to fulfil contracts.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the effective interest rates at the end of the reporting period.

December 31, 2025

	Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ <u>87,162</u>	\$ <u>102,721</u>	\$ <u>-</u>	\$ <u>3</u>

December 31, 2024

	Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ <u>80,360</u>	\$ <u>91,536</u>	\$ <u>-</u>	\$ <u>3</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2025	2024
Amount used	\$ 1,992	\$ -
Amount used for guarantees	10,135	-
Amount unused	<u>447,873</u>	<u>421,455</u>
	<u>\$ 460,000</u>	<u>\$ 421,455</u>

26. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Brighton-Best International (Taiwan) Inc. (BBI), which owned 30.36% and 17.82% of the ordinary shares of the Company as of December 31, 2025 and 2024, respectively. Also, after the reelection of the Company's directors at the shareholders' meeting in June 2022, BBI acquired multiple seats on the Company's board of directors and BBI's representative was elected as board chairman; thus, BBI obtained substantial control over the Company. The Company's ultimate parent and ultimate controlling party is Ta Chen Stainless Pipe Co., Ltd.

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

a. Related party name and category

Related Party Name	Related Party Category
Ta Chen Stainless Pipe Co., Ltd.	Ultimate Parent entity
Brighton-Best International (Taiwan) Inc.	Parent company
Ta Chen Lung Mei Home Life Co., Ltd.	Fellow company
Right Way Industrial (Malaysia) Sdn. Bhd.	Subsidiary
Right Way North America Inc.	Subsidiary (Note 1)
Victor, Hsieh	Related party in substance, director of ultimate parent entity since June 26, 2023 (Note 2)

Note 1: The dissolution and liquidation were completed on April 25, 2025. The related capital was remitted on July 23, 2025.

Note 2: Refer to Note 13 about the land ownership registered under the related party's name.

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Ultimate Parent entity		
Ta Chen Stainless Pipe Co., Ltd.	\$ 391	\$ 69
Fellow company		
Ta Chen Lung Mei Home Life Co., Ltd.	102,782	90,793
Subsidiary		
Right Way North America Inc.	-	3,010
Right Way Industrial (Malaysia) Sdn. Bhd.	44,101	410
	<u>\$ 147,274</u>	<u>\$ 94,282</u>

Except for granting subsidiaries extended credit terms to accommodate the Group's internal operational requirements, the transaction terms and pricing of the Company's sales with related parties do not differ materially from those of ordinary transactions.

c. Purchases

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Ultimate Parent entity		
Ta Chen Stainless Pipe Co., Ltd.	\$ 58,401	\$ 46,310
Fellow company		
Ta Chen Lung Mei Home Life Co., Ltd.	-	29
Subsidiary		
Right Way Industrial (Malaysia) Sdn. Bhd.	<u>106,595</u>	<u>105,102</u>
	<u>\$ 164,996</u>	<u>\$ 151,441</u>

The purchase prices and terms to related parties were not significantly different from those of non-related parties. The Company's payment term for related parties is prepaid or 30 to 75 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2025	2024
Accounts receivable from related parties	Ultimate Parent entity		
	Ta Chen Stainless Pipe Co., Ltd.	\$ 93	\$ -
	Fellow company		
	Ta Chen Lung Mei Home Life Co., Ltd.	9,587	11,419
	Subsidiary		
	Right Way Industrial (Malaysia) Sdn. Bhd.	<u>10,441</u>	<u>-</u>
		<u>\$ 20,121</u>	<u>\$ 11,419</u>
Other receivables from related parties	Subsidiary		
	Right Way Industrial (Malaysia) Sdn. Bhd.	<u>\$ 2,371</u>	<u>\$ -</u>
Long-term receivables from related parties	Subsidiary		
	Right Way Industrial (Malaysia) Sdn. Bhd.	<u>\$ 21,334</u>	<u>\$ -</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment loss was recognized for receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Accounts payable to related parties	Ultimate Parent entity		
	Ta Chen Stainless Pipe Co., Ltd.	\$ 5,353	\$ 8,325
	Fellow company		
	Ta Chen Lung Mei Home Life Co., Ltd.	24	312
	Subsidiary		
	Right Way Industrial (Malaysia) Sdn. Bhd.	23,732	24,193
		<u>\$ 29,109</u>	<u>\$ 32,830</u>

The outstanding balances of payable related party amounts are unsecured.

f. Prepayments - December 31, 2025

Related Party Category/Name	Amount
Subsidiary	
Right Way Industrial (Malaysia) Sdn. Bhd.	<u>\$ 1,872</u>

g. Disposal of property, plant and equipment - For the year ended December 31, 2025

Related Party Category/Name	Proceeds	Gain (Loss) on Disposal
Subsidiary		
Right Way Industrial (Malaysia) Sdn. Bhd.	<u>\$ 2,107</u>	<u>\$ 405</u>

h. Lease agreement

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Rental expenses</u>		
Ultimate Parent entity		
Ta Chen Stainless Pipe Co., Ltd.	\$ 14,400	\$ 14,400
Parent company		
Brighton-Best International (Taiwan) Inc.	<u>13,200</u>	<u>13,200</u>
	<u>\$ 27,600</u>	<u>\$ 27,600</u>

Since January 2025 and 2024, this company has separately leased machinery and equipment from its ultimate parent company and the parent company. The lease terms for both are 1 year, with rental payments based on the rental levels of similar assets, and fixed lease payments are made monthly according to the lease agreement.

i. Loans to related parties (including principal and interest)

Related Party Category/Name	December 31	
	2025	2024
<u>Other receivables from related parties</u>		
Subsidiary		
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 47,675	\$ 49,625

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Interest Income</u>		
Subsidiary		
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 2,104	\$ 2,035

The Company provided the companies mentioned above with unsecured loans at rates comparable to market interest rates.

j. Other transactions with related parties

		For the Year Ended December 31	
		2025	2024
Related Party Category/Name	Line Item		
Fellow company			
Ta Chen Lung Mei Home Life Co., Ltd.	Operating costs	\$ 933	\$ 1,021
	Operating expenses	10	734
Subsidiary			
Right Way Industrial (Malaysia) Sdn. Bhd.	Operating expenses	597	-
		\$ 1,540	\$ 1,755

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 4,406	\$ 4,866
Post-employment benefits	108	108
	\$ 4,514	\$ 4,974

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or as the guarantee for applying for subsidies from the Ministry of Economic Affairs:

	December 31	
	2025	2024
Restricted bank deposit (presented under other current financial asset-current)	\$ 1,591	\$ 4,185
Land	265,194	310,781
Property, plant and equipment, net (except land)	<u>127,086</u>	<u>135,473</u>
	<u>\$ 393,871</u>	<u>\$ 450,439</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit for purchases raw materials

	December 31	
	2025	2024
Unused letters of credit	<u>\$ 1,992</u>	<u>\$ 1,668</u>

- b. Notes payable on deposit guarantee for borrowings

	December 31	
	2025	2024
Notes payable on deposit guarantee	<u>\$ 312,000</u>	<u>\$ 265,545</u>

- c. Guarantee notes as collateral for performance guarantees

	December 31	
	2025	2024
Guarantee notes	<u>\$ 1,500</u>	<u>\$ 1,500</u>

- d. As of December 31, 2025 and 2024, the Company qualified for a subsidy under the "Small and Medium-sized Manufacturing Industry Low-Carbon and Intelligent Upgrading and Transformation Subsidy" of the Ministry of Economic Affairs. The total amount of the guarantee provided by Mega Bank was \$10,135 thousand and \$3,545 thousand, respectively.
- e. As of December 31, 2025 and 2024, the Company had committed to the acquisition of property, plant and equipment with unpaid amounts totaling \$37,586 thousand and \$13,447 thousand, respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,704	31.43 (USD:NTD)	\$ 147,852
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
MYR	40,173	7.740 (MYR:NTD)	310,941
<u>Financial liabilities</u>			
Monetary items			
USD	837	31.43 (USD:NTD)	26,300

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,475	32.785 (USD:NTD)	\$ 146,697
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
MYR	39,547	7.330 (MYR:NTD)	289,881
<u>Financial liabilities</u>			
Monetary items			
USD	836	32.785 (USD:NTD)	27,411

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2025		2024	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.43 (USD:NTD)	<u>\$ (8,473)</u>	32.785 (USD:NTD)	<u>\$ 11,402</u>

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

b. Information on investees (Table 4)

c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

TABLE 1

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	Right Way Industrial Co., Ltd. (the “Company”)	Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables	Y	\$ 49,808	\$ 47,145	\$ 47,145	5.0	1	\$ 106,595	-	\$ -	None	\$ -	\$ 106,595	\$ 1,116,743

Note 1: The No. column is denoted as follows:

- 1) Issuer is numbered 0.
- 2) Investees are numbered starting from 1.

Note 2: The nature of financing is numbered as follows:

- 1) Business transaction is “1”.
- 2) The need for short-term financing is “2”.

Note 3:

- 1) The need for short-term financing: 15% of the Company’s net worth in the most recent audited or reviewed financial statements; Business transaction: to the extent that it does not exceed the amount of business transactions between the two parties, in which the amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- 2) Aggregate Financing Limit of the Company is 40% of its net worth in the most recent audited or reviewed financial statements.

Note 4: The transaction was eliminated when preparing the consolidated financial statement.

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Right Way Industrial Co., Ltd. (the “Company”)	Listed shares - Brighton-Best International (Taiwan) Inc.	Parent entity	Financial assets at fair value through other comprehensive income - non-current	26,449,000	\$ 892,654	2.56	\$ 892,654	
	Listed shares - ROC Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	12,155,493	108,549	2.92	108,549	

TABLE 3

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Right Way Industrial Co., Ltd. (the “Company”)	Right Way Industrial (Malaysia) Sdn. Bhd.	Subsidiary	Purchase	\$ 106,595	23.82	75 days after monthly closing	No comparable transactions available for comparison	No comparable transactions available for comparison.	\$ (23,732)	(23.95)	
	Ta Chen Lung Mei Home Life Co., Ltd.	Fellow company	Sales	(102,782)	(12.08)	30 days after monthly closing	No comparable transactions available for comparison	No comparable transactions available for comparison.	9,587	6.99	

Note: The transaction was eliminated when preparing the consolidated financial statement.

TABLE 4

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
Right Way Industrial Co., Ltd. (the “Company”)	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Automotive and motorcycle piston manufacturing	\$ 234,336	\$ 234,336	28,665,667	79.63	\$ 310,941	\$ 3,917	\$ 4,908	Subsidiary
	Excellent Growth Investments Limited	British Virgin Islands	Investment	(MYR 30,276) 626,415	(MYR 30,276) 626,415	20,073,457	100	97	1	1	Subsidiary
Right Way Industrial (Malaysia) Sdn. Bhd.	Right Way North America Inc.	USA	Automotive and motorcycle engine parts for sale	-	1,575	-	-	-	-	-	Subsidiary (Note 3)
	TRIM Engineering Sdn. Bhd.	Malaysia	Rod manufacturing	-	55,999 (MYR 7,235)	-	-	-	(13)	-	Subsidiary (Note 4)

Note 1: Subsidiaries were eliminated when preparing the consolidated financial reports.

Note 2: Refer to Table 5 for the information on the investee company in mainland China.

Note 3: Right Way North America Inc. completed its dissolution and liquidation on April 25, 2025, and subsequently remitted its capital on July 23, 2025.

Note 4: TRIM Engineering Sdn. Bhd. applied for liquidation on December 24, 2025, and the relevant liquidation procedures are still in progress.

TABLE 5

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025	Remark
					Outward	Inward (Note 4)							
-	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Right Way Industrial Co., Ltd. (the “Company”)	\$ -	\$ 534,153 (USD 16,995)	\$ 1,675,114 (Note 3)

Note 1: Methods of investment are classified as follows:

- 1) Direct investment.
- 2) Investments through Excellent Growth Investments Limited.
- 3) Others.

Note 2: In the column of investment gain (loss):

If an investee is still in the preparatory stage with no investment gains or losses yet, this information should be disclosed.

Basis of recognition of investment gains or losses should be disclosed for the following:

- 1) The investee’s financial statements were audited and attested by a certified public accounting firm with business relationship with an accounting firm in the Republic of China.
- 2) The investee’s financial statements were audited and attested by certified public accountants from the Republic of China.
- 3) Others: The financial statements were not audited and attested by certified public accountants.

Note 3: Net equity x 60% = \$2,791,857 x 60% = \$1,675,114.

Note 4: Besides inwards, related amounts were based on the average exchange rate of the Bank of Taiwan as of December 31, 2025 (NT\$31.43 for US\$1) .

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STATEMENT 1

RIGHT WAY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

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

Item	Rate	Amount
<u>Cash</u>		
Cash in banks		
Foreign currency deposits (Note)		\$ 21,374
Demand deposits		83,296
Checking accounts		188
Cash on hand		631
Cash equivalents		
Time deposits	1.255%-1.75%	<u>65,900</u>
		<u>\$ 171,389</u>

Note: Including the US \$649,509.45, JPY 735,281, EUR 21,973.77 and CNY 457.04
(US \$1=NT \$31.426, JPY 1=NT \$0.201, EUR 1=NT \$36.9 and CNY 1=NT \$4.496).

STATEMENT 2

RIGHT WAY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Non-related parties	
Life Style Metal Co., Ltd.	\$ 5,334
Hsiang Lun International Corp.	2,064
Eternal Royal Co., Ltd	600
Taiwan Golden Bee Co., Ltd	600
Nachman International Co., Ltd	520
Others (Note)	<u>126</u>
	<u>\$ 9,244</u>

Note: The amount of individual customer included in others does not exceed 5% of the item balance.

STATEMENT 3**RIGHT WAY INDUSTRIAL CO., LTD.****PARENT COMPANY ONLY STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Customer name	Amount
Non-related parties	
Thermo King Corporation	\$ 49,175
Jasper Engines & Transmissions	9,269
Army Logistics Command	7,760
Others (Note)	<u>41,595</u>
	<u>\$ 107,799</u>
Related parties	
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 10,441
Ta Chen Lung Mei Home Life Co., Ltd.	9,587
Others (Note)	<u>93</u>
	<u>\$ 20,121</u>

Note: The amount of individual customer included in others does not exceed 5% of the item balance.

STATEMENT 4**RIGHT WAY INDUSTRIAL CO., LTD.****PARENT COMPANY ONLY STATEMENT OF OTHER CURRENT FINANCIAL ASSETS
DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Bank	Rate	Duration	Amount	
Pledged deposits				
First Commercial Bank	0.705%		\$ 577	Note 1
Mega International Commercial Bank	0.675%		1,014	Note 2
			<u>\$ 1,591</u>	

Note 1: The deposit was pledged as collateral for bank borrowings.

Note 2: The deposit was provided to the bank as a performance guarantee regarding a certain transaction with the Ministry of Economic Affairs.

RIGHT WAY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Balance January 1, 2025		Additions		Deductions		Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Balance December 31, 2025				
Name	Shares	Amount	Shares	Amount	Shares		Amount	Shares	Amount	Fair Value	Collateral
Listed Shares - ROC											
Brighton-best international (Taiwan) INC.	16,139,000	\$ 543,885	10,310,000	\$ 345,286	-	\$ -	\$ 3,483	26,449,000	\$ 892,654	\$ 892,654	None
Tung mung development Co., Ltd.	30,840,493	267,695	1,315,000	13,819	20,000,000	209,370	36,405	12,155,493	108,549	108,549	None
		<u>\$ 811,580</u>		<u>\$ 359,105</u>		<u>\$ 209,370</u>	<u>\$ 39,888</u>		<u>\$ 1,001,203</u>	<u>\$ 1,001,203</u>	

RIGHT WAY INDUSTRIAL CO., LTD.**PARENT COMPANY ONLY STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price (Note)
Merchandise	\$ 88,057	\$ 112,505
Finished goods	73,588	94,394
Work in progress and semi-finished goods	49,725	51,569
Materials	<u>41,193</u>	<u>63,047</u>
	<u>\$ 252,563</u>	<u>\$ 321,515</u>

Note: Market price is net realizable value.

RIGHT WAY INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

	Balance January 1, 2025		Deductions				Exchange Differences on Translating the Financial Statements of Foreign Operations	Balance December 31, 2025				Collateral
Name	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Note	Gain on Investments		Shares (In Thousands)	% of Ownership	Amount	Net Value	
Excellent Growth Investments Limited	20,074	\$ 96	-	\$ -		\$ 1	\$ -	20,074	100	\$ 97	\$ 97	None
Right Way Industrial (Malaysia) Sdn. Bhd.	28,666	289,881	-	-		4,908	16,152	28,666	79.63	310,941	304,209	None
Right Way North America Inc.	-	5,975	-	(5,499)	Note	-	(476)	-	-	-	-	None
		<u>\$ 295,952</u>		<u>\$ (5,499)</u>		<u>\$ 4,909</u>	<u>\$ 15,676</u>			<u>\$ 311,038</u>	<u>\$ 304,306</u>	

Note: The dissolution and liquidation were completed on April 25, 2025, and remitted its capital on July 23, 2025.

STATEMENT 8**RIGHT WAY INDUSTRIAL CO., LTD.****PARENT COMPANY ONLY STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Non-related parties	
Chung Ming Enterprise Co., Ltd.	\$ 12,869
Al Forge Tech. Co., Ltd.	7,729
Yu Lai Metal Co., Ltd.	7,011
Chaang Chin Machine Co., Ltd.	3,987
Chen-Yi-Xin Industry Co., Ltd.	3,833
Ming Shun Industrial Co., Ltd.	3,788
Others (Note)	<u>30,752</u>
	<u>\$ 69,969</u>
Related parties	
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 23,732
Ta Chen Stainless Pipe Co., Ltd.	5,353
Others (Note)	<u>24</u>
	<u>\$ 29,109</u>

Note: The amount of individual vendor in others does not exceed 5% of the item balance.

STATEMENT 9

RIGHT WAY INDUSTRIAL CO., LTD.

**PARENT COMPANY ONLY STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Unit (In Thousands)	Amount
Automotive parts and components	1,394	\$ 662,671
System furniture	78	<u>188,448</u>
		<u>\$ 851,119</u>

STATEMENT 10**RIGHT WAY INDUSTRIAL CO., LTD.**
**PARENT COMPANY ONLY STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 45,976
Additions:	
Raw material purchased	217,822
Others	6,525
Deductions:	
Sales of raw materials	(28,542)
Others	(27,081)
Raw materials, end of year	<u>(41,193)</u>
Raw material consumption	173,507
Direct labor	72,974
Manufacturing expenses	<u>202,818</u>
Manufacturing cost	449,299
Additions:	
Work in process and semi-finished goods, beginning of year	48,494
Semi-finished goods purchased	14,944
Deductions:	
Sales of semi-finished goods	(4,130)
Others	(4,053)
Work in process and semi-finished goods, end of year	<u>(49,725)</u>
Cost of finished goods	454,829
Additions:	
Finished goods and merchandise, beginning of year	149,170
Finished goods purchased	214,826
Deductions:	
Finished goods and merchandise, end of year	(161,645)
Others	<u>(6,608)</u>
Cost of selling finished goods	650,572
Sales of raw materials and semi-finished goods	32,672
Write-down of inventories	24,645
Others	<u>7,721</u>
Operating costs	<u>\$ 715,610</u>

RIGHT WAY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Payroll expense	\$ 9,317	\$ 42,043	\$ 6,562	\$ -	\$ 57,922
Import and export fees	20,652	-	-	-	20,652
Freight	16,802	46	1	-	16,849
Insurance fee	2,005	4,928	769	-	7,702
Depreciation expenses	93	4,422	144	-	4,659
Service cost	-	4,437	-	-	4,437
Trial fee	-	-	4,057	-	4,057
Expected credit loss (gain)	-	-	-	(1,095)	(1,095)
Others (Note)	<u>6,389</u>	<u>29,297</u>	<u>2,181</u>	<u>-</u>	<u>37,867</u>
	<u>\$ 55,258</u>	<u>\$ 85,173</u>	<u>\$ 13,714</u>	<u>\$ (1,095)</u>	<u>\$ 153,050</u>

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

STATEMENT 12**RIGHT WAY INDUSTRIAL CO., LTD.****PARENT COMPANY ONLY STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION**
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost (Notes 1 and 2)						
Salary and bonus	\$ 96,554	\$ 57,922	\$ 154,476	\$ 91,183	\$ 39,382	\$ 130,565
Labor and health insurance	12,386	6,330	18,716	11,408	5,675	17,083
Pension	3,696	2,862	6,558	4,031	2,674	6,705
Board compensation	-	1,440	1,440	-	1,440	1,440
Others	5,907	4,868	10,775	6,171	2,337	8,508
	<u>\$ 118,543</u>	<u>\$ 73,422</u>	<u>\$ 191,965</u>	<u>\$ 112,793</u>	<u>\$ 51,508</u>	<u>\$ 164,301</u>
Depreciation	\$ 31,192	\$ 4,659	\$ 35,851	\$ 27,914	\$ 4,947	\$ 32,861

Note 1: As of December 31, 2025 and 2024, the Company had 296 and 280 employees respectively. Among them 8 directors did not serve concurrently as employees in 2025 and in 2024, respectively.

Note 2: Additional disclosures are as follows:

- 1) Average employee benefits for the year ended December 31, 2025 amounted to NT\$662 thousand (amounts of employee benefits for the year ended December 31, 2025 less amounts of remuneration of directors for the year ended December 31, 2025 divided by the number of employees for the year ended December 31, 2025 less number of directors not serving concurrently as employees for the year ended December 31, 2025). Average employee benefits for the year ended December 31, 2024 amounted to NT\$599 thousand (amounts of employee benefits for the year ended December 31, 2024 less amounts of remuneration of directors for the year ended December 31, 2024 divided by the number of employees for the year ended December 31, 2024 less number of directors not serving concurrently as employees for the year ended December 31, 2024).
- 2) Average salary for the year ended December 31, 2025 was NT\$536 thousand (salaries for the year ended December 31, 2025 divided by the number of employees for the year ended December 31, 2025 less the number of directors not serving concurrently as employees for the year ended December 31, 2025). Average salary for the year ended December 31, 2024 was NT\$480 thousand (salaries for the year ended December 31, 2024 divided by the number of employees for the year ended December 31, 2024 less the number of directors not serving concurrently as employees for the year ended December 31, 2024).
- 3) Change in average salaries was 11.67% (average salary for the year ended December 31, 2025 less average salary for the year ended December 31, 2024 divided by the average salary for the year ended December 31, 2024).
- 4) The Company has an audit committee in place of supervisors.
- 5) The Company's policies for directors and independent directors' compensation are as follows:

Under the remuneration policies of directors and independent directors as set forth in the Articles, the board of directors is authorized to set aside no more than the 1.5% of annual profit as remuneration of directors, with reference to the typical pay levels of industry peers and the directors' degree of participation and contribution to the Company's operations.

- 6) The Company's employee compensation policy is as follows:

The Company's employees are entitled to a comprehensive compensation and benefit program above the industry average. Employees' compensation includes a monthly salary and bonuses based on the Company's annual profitability, which are distributed in accordance with the Company's articles of incorporation. Also under the articles of incorporation, the Company determines the total amount of bonuses to be distributed based on the results of the Company's operations with reference to the industry levels in the ROC, and the amount and method of distribution are recommended by the compensation committee to the board of directors for approval. The amount distributed to each employee is based on the employee's job responsibilities and performance, as well as contribution to the Company's operations.