Stock Code:1527

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

BASSO INDUSTRY CORPORATION
Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

Address: No. 24, 36th Rd., Taichung Industrial Park, Taichung, 40768 Taiwan, R.O.C.
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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Basso Industry Corporation:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

   For the accounting policies relating to revenue recognition, please refer to Note 4(m).

Description of key audit matter:

Part of the Company's sales are subject to various terms such as discount, return, warranty (according to the contract) or consignment transactions based on contractual agreements or commercial practices, which may result in an error in revenue recognition. Therefore, the test of revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included testing the effectiveness of design and implementation of the internal control for sales and collection cycle. Assessing whether recognition of revenue has been handled in accordance with the relevant regulations by acquiring and verifying the sales contracts and external purchase orders of major customers. Understanding the sales revenue of the major customers by comparing that of last year to assess whether there are any major abnormalities. Random sampling of sales during the period before and after the cut-off date, and checking the relevant documents to assess the accuracy of the timing of revenue recognition to understand whether there is any major sales return after the period.

2. Inventory evaluation

For the accounting policies of inventories, please refer to Note 4(g); For the accounting estimates and assumptions uncertainty of inventory evaluation, please refer to Note 5; For the description of the inventory evaluation, please refer to Note 6(f).

Description of key audit matter:

The inventory of the Company is measured by the lower of cost and net realizable value. In recent years, the global market has become more volatile, which has led to an increase in the market demand for pneumatic nailing machines. The competition in the global market is fierce, prompting the design and manufacturing technology of pneumatic nailing machines to advance rapidly, resulting in certain products becoming outdated or failing to meet current market demand such as the needs of European and American brand manufacturers, as well as individual consumers. Sales of related products may fluctuate drastically, so there is a risk that the cost of the inventory may exceed its net realizable value. Therefore, the inventory evaluation is considered as one of our key audit matters.

How the matter was addressed in our audit:

The main audit procedures for the above key audit matter include assessing the reasonableness of the inventory evaluation accounting policy. Reviewing the inventory aging report, analyzing the change in aging inventory, and evaluating whether the inventory evaluation has been handled according to accounting policies. Understanding and assessing the reasonableness of the net realizable value basis adopted by the management, selecting samples, and checking the relevant documents to ensure the accuracy of the amounts; as well as assessing whether the management's disclosure of the relevant inventory evaluation is fair and sufficient.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chang, Tzu-Hsin and Chen, Cheng-Hsueh.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2026

Notes to Readers

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

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

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

BASSO INDUSTRY CORPORATION

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6 (a))	$ 178,636	3	156,307	3
1110	Current financial assets at fair value through profit or loss (note 6 (b))	846,130	16	978,314	18
1150	Notes receivables, net (note 6 (d))	5,354	-	7,002	-
1170	Trade receivables, net (note 6 (d))	523,455	10	654,188	12
1200	Other receivables, net (note 6 (e))	16,652	-	19,965	-
1220	Current income tax assets	17,548	-	-	-
130X	Inventories (note 6 (f))	715,144	13	702,590	13
1476	Other current financial assets (note 6 (j))	1,357,934	26	1,247,468	22
1479	Other current assets (note 6 (j))	34,741	1	44,778	1
		3,695,594	69	3,810,612	69
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6 (b))	445,439	8	660,764	12
1517	Non-current financial assets at fair value through other comprehensive income (note 6 (c))	154,786	3	69,524	1
1600	Property, plant and equipment (note 6 (g))	920,774	17	897,436	16
1755	Right-of-use assets (note 6 (h))	38,049	1	-	-
1780	Intangible assets (note 6 (i))	7,731	-	7,275	-
1840	Deferred tax assets (note 6 (n))	49,861	1	61,682	1
1900	Other non-current assets (note 6 (j))	37,796	1	43,672	1
1975	Defined benefit asset, net (note 6 (m))	5,488	-	7,787	-
		1,659,924	31	1,748,140	31
	Total assets	$ 5,355,518	100	5,558,752	100

	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities:				
2150	Notes payable	$ 6,910	-	8,188	-
2170	Accounts payable	165,403	3	246,690	5
2200	Other payables (note 6 (m))	244,951	5	279,713	5
2210	Current contract liabilities (note 6 (q))	62,026	1	62,066	1
2230	Current income tax liabilities	-	-	41,638	1
2280	Current portion of lease liabilities (note 6 (l))	3,707	-	-	-
2399	Other current liabilities, others	4,928	-	6,294	-
		487,925	9	644,589	12
	Non-current liabilities:				
2283	Non-current portion of lease liabilities (note 6 (l))	34,647	1	-	-
2527	Non-current contract liabilities (note 6 (q))	5,423	-	15,140	-
2570	Deferred tax liabilities (note 6 (n))	4,345	-	2,191	-
2645	Security deposits (note 6 (t))	1,970	-	-	-
		46,385	1	17,331	-
	Total liabilities	534,310	10	661,920	12
	Equity attributable to owners: (note 6 (o))				
3100	Ordinary share	1,385,706	26	1,385,706	25
3200	Capital surplus	26,932	1	26,862	-
3300	Retained earnings	3,400,631	63	3,493,733	63
3400	Other Equity	7,939	-	(9,469)	-
	Total equity	4,821,208	90	4,896,832	88
	Total liabilities and equity	$ 5,355,518	100	5,558,752	100

See accompanying notes to financial statements.

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BASSO INDUSTRY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(expressed in Thousands of New Taiwan Dollars , except for earnings per share)

		2025		2024	
		Amount	%	Amount	%
4000	**Operating Revenues:**				
	Net sales revenues (note 6 (q))	$ 2,896,539	100	3,130,242	100
5000	**Operating costs** (note 6 (f), (m) and (r))	2,290,306	79	2,292,366	73
	Gross profit from operations	606,233	21	837,876	27
	Operating expenses (note 6 (m) and (r))				
6100	Selling expenses	125,038	4	124,482	4
6200	Administrative expenses	89,950	3	100,969	3
6300	Research and development expenses	218,128	8	213,473	7
6450	**Reversal of expected credit impairment loss** (note 6(d))	(1,920)	-	726	-
		431,196	15	439,650	14
	Net operating income	175,037	6	398,226	13
	Non-operating income and expenses (note 6 (l), (s))				
7100	Interest income	60,170	2	78,417	2
7020	Other gains and losses	25,474	1	78,982	3
7050	Finance costs	(402)	-	-	-
		85,242	3	157,399	5
7900	**Profit from continuing operations before tax**	260,279	9	555,625	18
7950	**Less: Income tax expenses** (note 6 (n))	49,219	2	110,686	4
	Profit	**211,060**	**7**	**444,939**	**14**
8300	**Other comprehensive income :**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (Losses) on remeasurements of defined benefit plans	(2,006)	-	16,263	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6 (o))	20,107	1	(11,711)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	18,101	1	4,552	1
8300	**Other comprehensive income (after tax)**	18,101	1	4,552	1
	Comprehensive income	**$ 229,161**	**8**	**449,491**	**15**
	Earnings per share (NT dollars) (note 6 (p))				
9710	**Basic earnings per share**	**$ 1.52**		**3.21**	
9810	**Diluted earnings per share**	**$ 1.52**		**3.20**	

See accompanying notes to financial statements.

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BASSO INDUSTRY CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2024	$ 1,385,706	26,832	1,020,131	-	2,291,650	3,311,781	133	4,724,452
Profit for the year ended December 31, 2024	-	-	-	-	444,939	444,939	-	444,939
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	16,263	16,263	(11,711)	4,552
Comprehensive income for the year ended December 31, 2024	-	-	-	-	461,202	461,202	(11,711)	449,491
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	36,284	-	(36,284)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(277,141)	(277,141)	-	(277,141)
	-	-	36,284	-	(313,425)	(277,141)	-	(277,141)
Other changes in capital surplus	-	30	-	-	-	-	-	30
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,109)	(2,109)	2,109	-
Balance at December 31, 2024	**$ 1,385,706**	**26,862**	**1,056,415**	**-**	**2,437,318**	**3,493,733**	**(9,469)**	**4,896,832**
Balance at January 1, 2025	$ 1,385,706	26,862	1,056,415	-	2,437,318	3,493,733	(9,469)	4,896,832
Profit for the year ended December 31, 2025	-	-	-	-	211,060	211,060	-	211,060
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	(2,006)	(2,006)	20,107	18,101
Comprehensive income for the year ended December 31,2025	-	-	-	-	209,054	209,054	20,107	229,161
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	45,909	-	(45,909)	-	-	-
Special reserve	-	-	-	9,469	(9,469)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(304,855)	(304,855)	-	(304,855)
	-	-	45,909	9,469	(360,233)	(304,855)	-	(304,855)
Other changes in capital surplus	-	70	-	-	-	-	-	70
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,699	2,699	(2,699)	-
Balance at December 31, 2025	**$ 1,385,706**	**26,932**	**1,102,324**	**9,469**	**2,288,838**	**3,400,631**	**7,939**	**4,821,208**

See accompanying notes to financial statements.

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BASSO INDUSTRY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	$ 260,279	555,625
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	134,198	122,167
Amortization expense	4,040	4,731
Reversal of expected credit impairment (gains) losses	(1,920)	726
Net loss on financial assets at fair value through profit or loss	(20,460)	(11,095)
Interest expense	402	-
Interest income	(60,170)	(78,417)
Gain on disposal of property, plant and equipment	(917)	(868)
Total adjustments to reconcile profit	55,173	37,244
Changes in operating assets and liabilities:		
Decrease in notes receivable	1,648	4,181
Decrease (increase) in accounts receivable	132,653	(142,836)
Increase in other receivables	(1,515)	(128)
Increase in inventories	(19,623)	(175,920)
Decrease (increase) in other current assets	10,037	(10,734)
Decrease (increase) in defined benefit assets	293	(7,787)
Changes in operating assets	123,493	(333,224)
(Decrease) increase in contract liability	(9,757)	12,240
Decrease in notes payable	(1,278)	(2,399)
(Decrease) increase in accounts payable	(81,287)	53,070
(Decrease) increase in other payable	(37,707)	39,493
Decrease in provisions	-	(366)
Decrease in other current liabilities	(1,366)	(6,372)
(Decrease) increase in net defined benefit liability (asset)	-	4,858
Changes in operating liabilities	(131,395)	100,524
Total changes in operating assets and liabilities	(7,902)	(232,700)
Total adjustments	47,271	(195,456)
Cash inflow generated from operations	307,550	360,169
Interest received	64,998	80,526
Interest paid	(402)	-
Income taxes paid	(94,430)	(90,937)
Net cash flows from operating activities	277,716	349,758
Cash flows from (used in) investing activities:		
Disposal of financial assets at fair value through profit or loss	2,051,167	2,048,264
Acquisition of financial assets at fair value through profit or loss	(1,683,198)	(2,881,643)
Acquisition of financial assets at fair value through comprehensive income	(108,994)	(116,214)
Disposal of financial assets at fair value through other comprehensive income	43,839	39,995
Acquisition of property, plant and equipment	(107,227)	(98,604)
Proceeds from disposal of property, plant and equipment	1,120	1,446
Acquisition of intangible assets	(4,496)	(798)
(Increase) decrease in other financial assets	(110,466)	749,585
(Increase) decrease in other non-current assets	(6,959)	4
Increase in prepaid equipment	(25,460)	(41,490)
Net cash flows (used in) from investing activities	49,326	(299,455)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(1,898)	-
Increase in security deposits	1,970	-
Cash dividends paid	(304,855)	(277,141)
Unclaimed overdue dividends transferred to capital surplus	70	30
Net cash used in financing activities	(304,713)	(277,111)
Net (decrease) increase in cash and cash equivalents	22,329	(226,808)
Cash and cash equivalents at beginning of period	156,307	383,115
Cash and cash equivalents at end of period	**$ 178,636**	**156,307**

See accompanying notes to financial statements.

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BASSO INDUSTRY CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

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

(1) Company history

Basso Industry Corporation (the "Company") was incorporated on July 2, 1983 as a Company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 24, 36th Rd., Taichung Industrial Park, Taichung, 40768 Taiwan, R.O.C. The Company primarily is involved in the manufacturing and selling of pneumatic nailers and automotive air tools.

The Company's shares were admitted to trading on the Taipei Exchange (TPEx) commencing on January 12, 1999. Subsequently, the listing of the Company's shares was transferred to the Taiwan Stock Exchange (TWSE) effective June 21, 2000.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issue by the Board of Directors on March 9, 2026.

(3) New standards, amendments and interpretations adopted

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission of the Republic of China which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

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

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

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BASSO INDUSTRY CORPORATION

Notes to the Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note:On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

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

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

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

(4) Summary of material accounting policies

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(c) Foreign currencies

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

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

(i) An investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

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

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

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

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

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

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

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

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

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

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

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

(Continued)

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, should be recognized as cash equivalents.

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

(Continued)

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

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

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

(Continued)

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ' investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

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

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

Certificate deposits held by the company, the transaction target and other parties are financial institutions with investment grade and above, so they are deemed to have low credit risk.

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

(Continued)

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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

5) Derecognition of financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Derecognition of financial liabilities

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

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

4) Offsetting of financial assets and liabilities

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

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes the expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property, plant and equipment

(i) Recognition and measurement

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

(Continued)

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) buildings and structures:2~57 years

2) machinery and equipment:1~21 years

3) other equipment:2~15 years

Buildings and structures constitute mainly of building and building repair project. Each such part depreciates based on its useful life of 51~57 years and 2~56 years, respectively.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(i) Lease

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

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

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

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

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

1) Fixed payments, including in substance fixed payments;

2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) Amounts expected to be paid under a residual value guarantee; and

4) Payments for purchase or termination options that are reasonably certain to be exercised.

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

1) There is a change in future lease payments arising from the change in an index or rate; or

2) There is a change in the Company' s estimate of the amount expected to be paid under a residual value guarantee; or

3) There is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

5) There are any lease modifications

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, photocopying equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

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Notes to the Financial Statements

(j) Intangible assets

(i) Research and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1) Computer software:1~10 years

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

(k) Impairment of non-financial assets

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

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

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

(Continued)

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

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

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

(l) Provisions

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

Warranties liability provisions are recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(m) Revenue from contracts with customers

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

1) Sale of goods

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

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

(Continued)

2) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during which services are rendered by employees.

(ii) Defined benefit plans

The Company' s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

(iii) Short-term employee benefits

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

(Continued)

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Notes to the Financial Statements

(o) Income taxes

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

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

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

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

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

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Notes to the Financial Statements

(p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding, after adjustment, for the effects of all dilutive potentially ordinary shares, such as employee compensation.

(q) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). The Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance regulatory reviews operating results of the operating segment. Each operating segment consists of standalone financial information.

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

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

The Company's accounting policies and disclosures include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Company establishes relevant internal control system for Fair value measuring. That include responsible for reviewing all significant fair value measurements (including level 3 fair values) by the financial management department , and reporting to management directly. The Company's financial department regularly reviews significant unobservable input values and adjustments.If the input value is used to measure the fair value of the use of external third-party information(such as broker or pricing service) The financial management department will evaluate evidence of support inputs provided by third-parties to ensure that the fair value level classification and evaluation in line with the provisions of IFRS.

(Continued)

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

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: 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).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(r) for assumptions used in measuring fair value.

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

	December 31, 2025	December 31, 2024
Cash on hand	$ 1,203	1,034
Demand deposits and time deposits	95,814	58,101
Foreign currency deposits	81,619	97,172
Cash and cash equivalents	**$ 178,636**	**156,307**

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

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

	December 31, 2025	December 31, 2024
Financial assets designated as at fair value through profit or loss		
Foreign bonds	$ 445,439	660,764
Stocks listed on markets	6,060	-
Beneficiary Certificate-open-end-Funds	840,070	922,511
Gold passbook accounts	-	55,803
Total	**$ 1,291,569**	**1,639,078**

Net loss on financial assets at fair value through profit or loss, please refer to note 6(s).

For market risk, please refer to note 6(u).

As of December 31, 2025 and 2024, none of the financial assets at fair value through profit or loss of the Company had been pledged as collateral for borrowings.

(Continued)

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

		December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income			
Beneficiary Certificate –Exchange traded fund	$	103,644	50,432
Domestic unlisted stock-COTA Commercial Bank		10	10
Japan Listed Company		51,132	19,082
Total	**$**	**154,786**	**69,524**

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

Because of operational strategy, certain equity instruments measured at FVOCI were sold in 2025 and 2024.. The fair value disposal was $43,839 and $39,995 thousand and the related gain (loss) accumulated at the time of in other comprehensive income of $2,699 and $(2,109) thousand has been reclassified from other equity to retained earnings, accordingly.

For market risk; please refer to note 6(u)

As of December 31, 2025 and 2024, none of the financial assets at fair value through other comprehensive income of the Company had been pledged as collateral for borrowings.

(d) Notes and trade receivable

		December 31, 2025	December 31, 2024
Notes receivable–measured as amortized cost	$	5,354	7,002
Trade receivable–measured as amortized cost		523,693	656,346
Less: Loss allowance		(238)	(2,158)
		523,455	654,188
	$	**528,809**	**661,190**

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

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	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 445,175	- %	-
1 to 90 days past due	80,153	- %	-
91 to 180 days past due	3,694	5.77 %	213
181 to 365 days past due	25	100 %	25
Total	**$ 529,047**		**238**

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 543,097	- %	-
1 to 90 days past due	116,461	- %	-
91 to 180 days past due	1,879	13.16 %	247
181 to 365 days past due	221	100 %	221
More than a year past due	1,690	100 %	1,690
Total	**$ 663,348**		**2,158**

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

	2025	2024
Balance on January 1	$ 2,158	1,432
Impairment losses recognized	-	726
Impairment losses reversed	(1,920)	-
Balance on December 31	**$ 238**	**2,158**

As of December 31, 2025 and 2024, the Company does not hold any collateral for the collectible amounts.

For further credit risk information, please refers to note 6(t).

(e) Other receivables

	December 31, 2025	December 31, 2024
Other receivables—interest receivable	$ 7,625	12,453
Others	9,027	7,512
Less: Loss allowance	-	-
	$ 16,652	**19,965**

For further credit risk information, please refers to note 6(t).

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(f) Inventories

		December 31, 2025	December 31, 2024
Finished goods	$	147,693	201,739
Work in progress		261,665	257,586
Raw materials		305,741	243,252
Merchandise		45	13
	$	**715,144**	**702,590**

As of December 31, 2025 and 2024, the detail of the cost of sales were as follows:

		For the years ended December 31 2025	2024
Inventory that has been sold	$	2,358,759	2,312,443
Inventory valuation (reversed) decline (gains) losses		(58,112)	14,719
Losses on disposal of obsolete inventories		19,156	6,187
Warranty provision		(517)	(366)
Gains on disposal of scraps		(28,200)	(39,822)
Others		(780)	(795)
	$	**2,290,306**	**2,292,366**

As of December 31, 2025 and 2024 , the Company did not provide any inventories as collateral for its loans.

(g) Property, plant and equipment

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

		Land	Buildings and Structures	Machinery and Equipment	Other Equipment	Total
Cost or deemed cost:						
Balance at January 1, 2025	$	305,349	699,676	2,085,908	164,158	3,255,091
Additions		-	12,863	87,083	10,226	110,172
Disposals		-	(3,641)	(26,064)	(4,881)	(34,586)
Reclassification		-	16,079	29,285	-	45,364
Balance at December 31, 2025	$	**305,349**	**724,977**	**2,176,212**	**169,503**	**3,376,041**
Balance at January 1, 2024	$	305,349	687,356	2,048,917	162,976	3,204,598
Additions		-	10,735	78,526	6,786	96,047
Disposals		-	(808)	(80,962)	(5,604)	(87,374)
Reclassification		-	2,393	39,427	-	41,820
Balance at December 31, 2024	$	**305,349**	**699,676**	**2,085,908**	**164,158**	**3,255,091**

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

	Land	Buildings and Structures	Machinery and Equipment	Other Equipment	Total
Depreciation and impairment loss：					
Balance at January 1, 2025	$ -	378,195	1,838,779	140,681	2,357,655
Depreciation	-	18,210	105,532	8,253	131,995
Disposals	-	(3,641)	(25,861)	(4,881)	(34,383)
Balance at December 31, 2025	**$ -**	**392,764**	**1,918,450**	**144,053**	**2,455,267**
Balance at January 1, 2024	$ -	361,964	1,822,805	137,515	2,322,284
Depreciation	-	17,039	96,358	8,770	122,167
Disposals	-	(808)	(80,384)	(5,604)	(86,796)
Balance at December 31, 2024	**$ -**	**378,195**	**1,838,779**	**140,681**	**2,357,655**
Carrying amounts:					
Balance at December 31, 2025	**$ 305,349**	**332,213**	**257,762**	**25,450**	**920,774**
Balance at January 1, 2024	**$ 305,349**	**325,392**	**226,112**	**25,461**	**882,314**
Balance at December 31, 2024	**$ 305,349**	**321,481**	**247,129**	**23,477**	**897,436**

As of December 31, 2025 and 2024, the Company did not provide the property, plant and equipment as collateral for its loans.

(h) Right-of-use assets

The Company leases buildings and transportation equipment. Information about leases for which the Company has been a lessee is presented below:

	Buildings	Transportation Equipment	Total
Costs：			
Balance at January 1, 2025	$ -	-	-
Additions	37,970	2,282	40,252
Balance at December 31, 2025	**$ 37,970**	**2,282**	**40,252**
Depreciation：			
Balance at January 1, 2025	$ -	-	-
Depreciation for the year	1,899	304	2,203
Balance at December 31,2025	**$ 1,899**	**304**	**2,203**
Carrying amounts：			
Balance at December 31,2025	**$ 36,071**	**1,978**	**38,049**
Balance at January 1,2025	**$ -**	**-**	**-**

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(i) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Company for the years ended December 31, 2025 and 2024, were as follows:

	Computer software
Costs:	
Balance at January 1, 2025	$ 18,657
Additions	4,496
Disposals	(7,305)
Balance at December 31, 2025	**$ 15,848**
Balance at January 1, 2024	$ 25,188
Additions	901
Disposals	(7,432)
Balance at December 31, 2024	**$ 18,657**
Amortization and Impairment Loss:	
Balance at January 1, 2025	$ 11,382
Amortization for the year	4,040
Disposals	(7,305)
Balance at December 31, 2025	**$ 8,117**
Balance at January 1, 2024	$ 14,083
Amortization for the year	4,731
Disposals	(7,432)
Balance at December 31, 2024	**$ 11,382**
Carrying amounts:	
Balance at December 31, 2025	**$ 7,731**
Balance at January 1, 2024	**$ 11,105**
Balance at December 31, 2024	**$ 7,275**

(i) Amortization

The amortizations of intangible assets were included in the statement of comprehensive income:

	2025	2024
Operating costs	$ 1,440	888
Operating expenses	2,600	3,843
	$ 4,040	**4,731**

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(ii) Disclosures on pledges

As of December 31, 2025 and 2024, none of the intangible assets of the Company had been pledged as collateral.

(j) Other current financial assets, other current assets and other non-current assets

The other current financial assets, other current assets and other non-current assets of the Company were as follows:

	December 31, 2025	December 31, 2024
Other financial assets-current	$ **1,357,934**	**1,247,468**

Other current financial assets were bank time deposits with maturities of more than three months, which did not provide the assets as collateral for its loans.

	December 31, 2025	December 31, 2024
Prepayment	$ 23,290	24,345
Other-current	11,451	20,433
	$ **34,741**	**44,778**

	December 31, 2025	December 31, 2024
Prepayment for equipment	$ 29,040	41,875
Prepayment for investments	5,000	-
Refundable deposits	3,756	1,797
	$ **37,796**	**43,672**

(k) Short-term borrowings

	December 31, 2025	December 31, 2024
Unused short-term credit lines	$ **1,000,000**	**1,000,000**

None of the short-term borrowings of the Company had been pledged as collateral.

(l) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	$ **3,707**	**-**
Non-current	$ **34,647**	**-**

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

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

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest on lease liabilities	$ **402**	**-**
Expenses relating to short-term leases	$ **68**	**-**

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

	2025	2024
Total cash outflow for leases	$ **2,368**	**-**

Other leases

The Company leases photocopying equipment, and these leases are short-term leases with a lease term of one year. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

(i) Defined benefit plans

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

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	$ 119,380	120,754
Fair value of plan assets	(124,868)	(128,541)
Net defined benefit (assets) liabilities	$ **(5,488)**	**(7,787)**

The Company's employee benefit liabilities were as follows:

	December 31, 2025	December 31, 2024
Short-term paid leave liability	$ **15,222**	**14,715**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

1) Composition of plan assets

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

The Company' s Bank of Taiwan labor pension reserve account balance amounted to 123,200 thousands as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

		2025	2024
Balance, January 1	$	120,753	126,211
Current service costs and interest costs		2,858	2,455
Actuarial loss (gain) arising from:			
－experience adjustment		7,749	(372)
－demographic assumptions		1	-
－financial assumptions		2,998	(5,065)
Benefits paid		(14,979)	(2,476)
Balance, December 31	**$**	**119,380**	**120,753**

3) Movements of defined benefit plan assets

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

		2025	2024
Balance, January 1	$	128,541	114,806
Interest income		2,108	1,377
Remeasurements loss (gain):			
-Return on plan assets excluding interest income		8,742	10,825
Contributions made to the plan		456	4,009
Benefits paid		(14,979)	(2,476)
Balance, December 31	**$**	**124,868**	**128,541**

(Continued)

4) Expenses recognized in profit or loss

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

	2025	2024
Current service costs	$ 911	966
Net interest of net liabilities for defined benefit obligations	(161)	113
	$ 750	**1,079**
Operating cost	$ 457	676
Selling expenses	30	41
Administration expenses	112	158
Research and development expenses	151	204
	$ 750	**1,079**

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income were as follows:

	2025	2024
Accumulated amount at January 1	$ (27,517)	(43,780)
Recognized during the period	(2,006)	16,263
Accumulated amount at December 31	**$ (29,523)**	**(27,517)**

6) Actuarial assumptions

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

	2025	2024
Discount rate	1.40 %	1.65 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2025 is 3,829 thousands.

The weighted-average lifetime of the defined benefits plans is 10 years.

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligations	
		Increased 0.25%	**Decreased 0.25%**
December 31, 2025			
Discount rate	$	(2,998)	3,122
Salary growth rate		3,095	(2,988)
December 31, 2024			
Discount rate	$	(2,680)	2,775
Salary growth rate		2,758	(2,677)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 17,084 thousands and 15,816 thousands for the years ended December 31, 2025 and 2024, respectively.

(n) Income Taxes

(i) Income taxes

The components of income tax in the years 2025 and 2024 were as follows:

		2025	**2024**
Current tax expense			
Current period	$	33,490	102,510
Adjustment for prior periods		4,943	2,471
Additional tax on undistributed earnings		(3,189)	355
		35,244	105,336

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

		2025	2024
Deferred tax expense			
Origination and reversal of temporary differences		13,975	5,350
Tax expenses	$	**49,219**	**110,686**

Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

		2025	2024
Profit before income tax	$	**260,279**	**555,625**
Income tax using the Company's domestic tax rate	$	52,056	111,125
Tax incentives		(2,572)	(1,364)
The amount of tax adjusted according to the tax law		(2,019)	(1,901)
Adjustment for prior periods		(3,189)	355
Additional tax on undistributed earnings		4,943	2,471
	$	**49,219**	**110,686**

(ii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred Tax Assets:

		Inventory price loss	Unrealized exchange loss	Others	Total
Balance at January 1, 2025	$	59,173	-	2,509	61,682
Recognized in profit or loss		(11,623)	-	(198)	(11,821)
Balance at December 31, 2025	**$**	**47,550**	**-**	**2,311**	**49,861**
Balance at January 1, 2024	$	56,229	6,502	2,682	65,413
Recognized in profit or loss		2,944	(6,502)	(173)	(3,731)
Balance at December 31, 2024	**$**	**59,173**	**-**	**2,509**	**61,682**

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

Deferred Tax Liabilities:

	Unrealized exchange loss	Others	Total
Balance at January 1, 2025	$ 1,027	1,164	2,191
Recognized in profit or loss	1,833	321	2,154
Balance at December 31, 2025	**$ 2,860**	**1,485**	**4,345**
Balance at January 1, 2024	$ -	572	572
Recognized in profit or loss	1,027	592	1,619
Balance at December 31, 2024	**$ 1,027**	**1,164**	**2,191**

(iii) Examination and Approval

The Company's tax returns for the years through 2023 were examined and approved by the Taichung National Tax Administration.

(o) Capital and Other Equity

As of December 31, 2025 and 2024, the number of authorized ordinary shares were 138,571 thousand shares at par value of $10 per share, amounting to $1,862,196 thousand.

Reconciliation of shares outstanding for 2025 and 2024, was as follows:

	Ordinary Shares (thousand)	
	2025	**2024**
Balance at December 31 (as of January 1)	**138,571**	**138,571**

(i) Capital surplus

The balances of capital surplus as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Gain on disposal of assets	$ 305	305
Overdue dividends	824	754
Premium from issued	25,803	25,803
	$ 26,932	**26,862**

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

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(ii) Retained Earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy depends on the Company's capital expenditure budget and required working capital. The remaining earnings will be distributed either in cash or in stock dividends, or both. However, the cash dividend can not be less than 10% of the total dividends distributed.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

3) Earnings distribution

Earnings distribution for 2024 and 2023 were decided via the general meeting of the shareholders held on June 18, 2025 and June 28, 2024 , respectively. The relevant dividend distributions to shareholders were as follows:

	2024		2023	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to common shareholders				
Cash	$ 2.20	304,855	2.00	277,141

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

On March 9, 2026, the Company's Board of Directors resolved to appropriate the 2025 earnings. These earnings were appropriated as follows:

	2025	
	Amount per share (NTD)	**Total amount**
Dividends distributed to common shareholders		
Cash	$ 1.50	207,856

(iii) OCI, net of tax

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2025	$ (9,469)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	20,107
Disposal of Equity Instruments (FVOCI)	(2,699)
Balance December 31, 2025	$ 7,939
Balance at January 1, 2024	$ 133
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(11,711)
Disposal of equipment instruments (FVOCI)	2,109
Balance December 31, 2024	$ (9,469)

(p) Earnings per Share

1. Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2025 and 2024 was based on the profit attributable to ordinary shareholders of the Company amounting to $211,060 thousand and $444,939 thousand, and the weighted average number of ordinary shares outstanding were both of 138,571 thousand respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company

	2025	**2024**
Profit attributable to ordinary shareholders of the Company	$ 211,060	444,939

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(ii) Weighted average outstanding number of ordinary shares

	2025	2024
Weighted average outstanding number of ordinary shares	**138,571**	**138,571**

2. Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2025 and 2024 was based on the profit attributable to ordinary shareholders of the Company amounting to $211,060 thousand and $444,939 thousand , and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 138,962 thousand and 139,137 thousand, respectively, as follows:

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	2025	2024
Profit attributable to ordinary shareholders of the Company (diluted)	**$ 211,060**	**444,939**

(ii) Weighted average outstanding number of ordinary shares (diluted)

	2025	2024
Weighted average outstanding number of ordinary shares (basic)	138,571	138,571
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	391	566
Weighted average number of outstanding ordinary shares (diluted) at December 31	**138,962**	**139,137**

(q) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31,	
	2025	2024
By geographical markets		
United States	$ 1,200,812	1,270,490
Taiwan	395,117	477,451
Germany	209,896	314,902
Japan	109,637	104,740
Finland	89,334	107,582
Others	891,743	855,077
	$ 2,896,539	**3,130,242**

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

		2025	2024
By products			
Pneumatic nailers	$	1,393,119	1,460,697
Electrical tools		222,140	82,849
Automotive air tools		561,297	701,048
Magnesium alloy products		260,769	348,643
Others		459,214	537,005
	$	**2,896,539**	**3,130,242**

(ii) Contract balances

		December 31, 2025	December 31, 2024	January 1, 2024
Current contract liabilities	$	**62,026**	**62,066**	**51,076**
Non-current Contract liabilities	$	**5,423**	**15,140**	**13,890**

For details on trade receivable and allowance for impairment, please refer to note 6 (d).

The amount of revenue recognized for the year ended December 31, 2025 and 2024, that was included in the contract liability balance at the beginning of the period were $52,991 thousand and $41,994 thousand.

(r) Remuneration to employees and directors

On June 18, 2025, the Company resolved in the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company generates profit for the year, no less than 0.5% of such profit shall be appropriated as employees' compensation and no more than 3% as directors' remuneration. However, if the Company has accumulated losses, the profit shall first be reserved to offset such losses before any appropriation is made.

Under the amended Articles, no less than 40% of the employees' compensation shall be allocated to grassroots employees. Employees' compensation may be distributed in the form of shares or cash, and may be granted to employees of the Company or to employees of its subsidiaries who meet certain specified criteria. The conditions for distribution and the method of allocation are authorized to be determined by the Board of Directors.

Before the amendment, the Articles provided that, if the Company generated profit for the year, no less than 0.5% of such profit was required to be appropriated as employees' compensation and no more than 3% as directors' remuneration. If the Company had accumulated losses, the profit was required to be reserved to offset such losses before any appropriation. Employees' compensation, whether distributed in the form of shares or cash, could be granted to employees of subsidiaries that met certain specified criteria.

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Notes to the Financial Statements

For the years ended December 31, 2025 and 2024, the Company accrued and recognized its employee remuneration amounting to $10,000 thousand and $20,000 thousand, respectively, as well as its remuneration to directors and supervisors amounting to $3,500 thousand and $7,000 thousand, respectively. These estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2025 and 2024. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2025 and 2024.

(s) Non-operating Income and Expenses

(i) Interest income

The details of other income were as follows:

	2025	2024
Bank deposits and foreign bonds	**$ 60,170**	**78,417**

(ii) Other gains and losses

The details of other gains and losses were as follows:

	2025	2024
Foreign exchange gains or loss, net	$ (5,906)	63,822
Gains on disposals of property, plant and equipment	917	868
Net gain (loss) on financial assets at fair value through profit or loss	20,460	11,095
Miscellaneous income	10,003	3,197
	$ 25,474	**78,982**

(iii) Finance costs

The details of financial costs were as follows:

	2025	2024
Interest expenses	**$ 402**	**-**

(t) Financial Instruments

(i) Credit risk

1) Credit risk exposure

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

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

2) Concentration of credit risk

The major customers of the Company are centralized in the hightech computer industry. To minimize credit risk, the Company periodically evaluates their financial positions and the possibility of collecting trade receivables. Besides, the Company monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2025 and 2024, 30% and 42%, respectively, of accounts receivable were from four and five specific customers. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets at amortized cost includes other receivables and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years
December 31, 2025						
Non-derivative financial liabilities						
Notes and Accounts payable	$ 172,313	172,313	172,313	-	-	-
Other payables	244,951	244,951	244,951	-	-	-
Lease liabilities	38,354	42,136	4,440	4,440	13,495	19,761
Security deposits	1,970	1,970	1,970	-	-	-
	$ 457,588	**461,370**	**423,674**	**4,440**	**13,495**	**19,761**
December 31, 2024						
Non-derivative financial liabilities						
Notes and Accounts payable	$ 254,878	254,878	254,878	-	-	-
Other payables	279,713	279,713	279,713	-	-	-
	$ 534,591	**534,591**	**534,591**	**-**	**-**	**-**

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

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rates	TWD	Foreign currency	Exchange rates	TWD
Financial assets						
Monetary items						
USD	$ 19,372	31.43	608,848	21,731	32.785	712,457
EUR	7,467	36.9	275,536	1,537	34.14	52,464
JPY	591,775	0.2008	118,828	677,197	0.2099	142,144
Non-Monetary items						
USD	$ 9,728	31.43	305,757	15,437	32.785	506,118
EUR	-	36.9	-	506	34.14	17,290
JPY	254,639	0.2008	51,132	90,911	0.2099	19,082

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and other financial assets (current and non-current); and trade and other payables that are denominated in foreign currency.The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. A strengthening (weakening) of 3% of the USD as of December 31, 2025 and December 31, 2024 would have increased (decreased) the net profit after tax by $24,077 thousand and $21,770 thousand. The analysis is performed on the same basis for prior year.

3) Foreign exchange gain and loss on monetary items

Since the Company transacts in different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

(Continued)

If the interest rate had increased / decreased by 0.5 basis points, the Company's net income would have increased / decreased by $9,079 thousand and$9,864 thousand for the year ended December 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Company's bank time deposits and foreign bonds.

(v) Other market price risk

For the years ended December 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2025		2024	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 1,548	61	695	-
Decreasing 1%	$ (1,548)	(61)	(695)	-

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	December 31, 2025				
	Book	**Fair Value**			
	Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 1,291,569	1,291,569	-	-	1,291,569
Financial assets at fair value through other comprehensive income					
Beneficiary certificates-ETF	103,644	103,644	-	-	103,644
Domestic unlisted stocks	10	-	-	10	10
Foreign listed stocks	51,132	51,132	-	-	51,132
Total	154,786	154,776	-	10	154,786
Financial assets measured at amortized cost					
Cash and cash equivalents	178,636	-	-	-	-
Notes receivable, trade receivable and other receivables	545,461	-	-	-	-
Current other financial assets	1,357,934	-	-	-	-
Other non-current other assets-Refundable deposits	3,756	-	-	-	-
Subtotal	2,085,787	-	-	-	-
	$ 3,532,142	1,446,345	-	10	1,446,355

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

	December 31, 2025				
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 417,264	-	-	-	-
Lease liabilities	38,354	-	-	-	-
Other non-current liabilities - Security deposits	1,970	-	-	-	-
	$ 457,588	-	-	-	-

	December 31, 2024				
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 1,639,078	1,639,078	-	-	1,639,078
Financial assets at fair value through other comprehensive income					
Beneficiary certificates-ETF	50,432	50,432	-	-	50,432
Domestic unlisted stocks	10	-	-	10	10
Foreign listed stocks	19,082	19,082	-	-	19,082
Subtotal	69,524	69,514	-	10	69,524
Financial assets measured at amortized cost					
Cash and cash equivalents	156,307	-	-	-	-
Notes receivable, trade receivable and other receivables	681,155	-	-	-	-
Current other financial assets	1,247,468	-	-	-	-
Other non-current other assets-Refundable deposits	1,797	-	-	-	-
Subtotal	2,086,727	-	-	-	-
	$ 3,795,329	1,708,592	-	10	1,708,602
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 534,591	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets measured at amortized cost (held-to-maturity financial assets). If quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

3) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

4) Transfers between Level 1 and Level 2

There were no transfers from Level 1 to another in 2025 and 2024.

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

The Company' s financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "fair value through other comprehensive income (available-for-sale financial assets) – equity investments".

The Company's equity investment instruments that are not available for active market quotes and are not for short-term trading purposes, the management adopts the recent financial report of the investee company to assess the industry development and view publicly available information, and to examine and Evaluate the operating status and future operating performance of the investee company to assess the fair value of the investee company. Generally, changes in industry and market prospects are highly positively correlated with changes in the operating and future performance of the investee company.

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	• Net Asset Value	Not applicable

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(u) Financial Risk Management

(i) Overview

The Company is exposed to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects on these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company' s finance department provides business services for the overall internal department. It coordinates the domestic and international financial market operations, as well as supervises and manages the financial risks related to the Company's operation based on the internal risk report on exposure to risk with the analysis of the extent and the width of the risk. Operation of derivative financial instruments is subject to the policy approved by the Board of Directors, which is the documentation regarding exchange rate risk, interest risk, credit risk , operation of derivative and non-derivative financial instruments and investment in the remaining current capital. The internal auditors of the Company continue with the review of the compliance with the policy and the extent of the exposure to risk. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's receivables from customers and investments in debt securities.

1) Accounts receivables and other receivable

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors its exposure to credit risk and counterparty credit ratings, and establishes sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantee

Either as of December 31, 2025 and 2024, there was no outstanding guarantees.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. Its management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2025 and 2024, the Company's unused credit lines both amounted to $1,000,000 thousand, respectively.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which affects the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily US Dollars (USD).

2) Interest rate risk

The Company adopts a policy of ensuring that exposure to changes in interest rates on borrowings is on a floating-rate basis.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk of holding different investment portfolios.

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(v) Capital Management

The Company's objective is to manage its capital to safeguard its capacity to continue to operate, and provide a return on shareholders, as well as to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt, divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus, net debt.

As of December 31, 2025, the Company's capital management strategy is consistent with that of the prior year. The Company's debt to equity ratio at the end of the reporting period was as follows:

		December 31, 2025	December 31, 2024
Total liabilities	$	534,310	661,920
Less: cash and cash equivalents		(178,636)	(156,307)
Net debt		355,674	505,613
Total equity		4,821,208	4,896,832
Adjusted capital	**$**	**5,176,882**	**5,402,445**
Debt-to-equity ratio		**6.87%**	**9.36%**

The debt-to-equity ratio was increased on December 31, 2025, due to the net decrease in cash and cash equivalents.

(w) Non-cash trading investing and financing activities

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024 were as follows:

Acquisition of right-of-use assets through lease, please refer to note 6(j).

Reconciliation of liabilities arising from financing activities was as follows:

				Change of non-cash		
		January 1,2025	**Cash flow statement**	**Acquisitio n**	**Change of fair value**	**December 31, 2025**
Lease liabilities-current and non-current	$	-	(1,898)	40,252	-	38,354
Security deposits		-	1,970	-	-	1,970
Total liabilities from financing activities	**$**	**-**	**72**	**40,252**	**-**	**40,324**

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(7) Related-party transactions:

Key management personnel compensation

Key management personnel compensation comprised of the following:

	2025	2024
Short-term employee benefits	$ 17,571	29,270
Post-employment benefits	343	395
	$ 17,914	**29,665**

(8) Assets pledged as security:None

(9) Commitments and contingencies

The Company's unrecognized contractual commitments are as follows:

	December 31, 2025	December 31, 2024
Acquisition of property, plant and equipment	**$ 10,590**	**34,553**

(10) Losses Due to Major Disasters:None

(11) Subsequent Events: None.

(12) Other

A summary of employee benefits, depreciation, depletion, and amortization, by function is as follows:

By function / By item	2025			2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary and wages	298,530	133,376	431,906	302,047	138,236	440,283
Labor and health insurance expenses	32,781	12,897	45,678	29,786	11,097	40,883
Pension	12,221	5,613	17,834	11,829	5,066	16,895
Director's remuneration	-	5,520	5,520	-	9,060	9,060
Other Employee Benefits	10,225	2,774	12,999	10,395	2,470	12,865
Depreciation	97,450	36,748	134,198	81,189	40,978	122,167
Amortization	1,440	2,600	4,040	888	3,843	4,731

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

The number of employees in the Company and employee benefits for 2025 and 2024 were as follows:

	2025	2024
The number of employees	699	674
The number of non-employee directors	5	7
Average employee benefits	$ 733	766
Average salary	$ 622	660
Adjustment of average salary	(5.76)%	20.44%

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

1. Remuneration to directors

   The Board is authorized to determine the salary for the directors and supervisors, taking into account the extent and value of the services they provided for the Company, as well as the level within the same industry in Taiwan. In addition, the Company's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a maximum of 3% will be allocated as remuneration to directors and supervisors.

2. Remuneration to executive officers

   (1) Ensure that the Company’s salary and remuneration policies comply with relevant laws and regulations to attract talents.

   (2) The remuneration and performance bonuses of executive officers are with reference to the industry practice in the R.O.C.; and the total remuneration paid to executive officers is decided based on their contribution to the Company, job responsibility, achievement of their individual goals, and the achievement of the Company’s performance on short-term and long-term business goals, as well as the projected future risks the Company will face.

   (3) The executive officers should not violate the Company's risk management policy to get more bonuses.

   (4) The Company determines the percentage of bonus on business performance and the timing of bonus payment based on operating results and industry practice in the R.O.C.

3. The Company's remuneration policies

   The Company's remuneration policies are in accordance with the Company's “Rules for Compensation to Employees” and “Rules for performance of Employees”.

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions

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

(i) Loans to other parties: None.

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Fund- Taishin 1699 Money Market Fund	None	FVTPL	20,839	290,000	-	299,440	
The Company	Fund-Taishin Ta-Chong Money Market Fund	None	FVTPL	13,918	209,000	-	209,413	
The Company	Fund- Capital Money Market Fund	None	FVTPL	19,400	330,000	-	331,217	

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(v) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(vi) Business relationships and significant intercompany transactions: None

(b) Information on investments: None.

(c) Information on investment in mainland China: None.

(14) Segment information

(a) General information

The Company has one reportable segment, the pneumatic hand tool. This segment is mainly involved in manufacturing and selling nailers machine and pneumatic tools, providing products and manage relevant skills and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

The Company uses the internal management report that the chief operating decision maker reviews as the basis to determine the resource allocation and make a performance evaluation. The internal management report includes profit before taxation.

(Continued)

BASSO INDUSTRY CORPORATION
Notes to the Financial Statements

The segment profit includes depreciation and amortization expenses, income tax expense (income), unusual profit (loss), and other significant non-monetary items. The reporting amount is the same with that of the chief operating decision maker's.

There is no inconsistency between the accounting principles of the operating segment and the accounting principle described in Note 4. All reportable segments of the Company is consistent with the financial statements. Please refer to the balance sheet and comprehensive income statement.

(i) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2025	2024
United States	$ 1,200,812	1,270,490
Taiwan	395,117	477,451
Germany	209,896	314,902
Japan	109,637	104,740
Finland	89,334	107,582
Other countries	891,743	855,077
	$ 2,896,539	3,130,242

Non-current assets:

Geographical information	December 31, 2025	December 31, 2024
Taiwan	$ 995,595	946,586

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets; excluding financial instruments, and deferred tax assets.

(ii) Major customers

	2025	2024
A customer of OEM division	$ 226,950	284,663
B customer of pneumatic hand tool division	287,718	200,382
	$ 514,668	485,045

Basso Industry Corporation

Statement of cash and cash equivalents

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	$ 100
	Foreign currency(USD12,188.88×32.521 JPY848,000×0.2112 EUR4,265×33.4741 HKD640×3.9422 CNY21,918.5×4.3194 GBP2,905×41.218 KRW308,000×0.0236 CAD1,125×22.2613 MYR3,155×7.545 PHP42,900×0.5881 IDR11,572,000×0.0022 VND20,200,000×0.0013 MXN2,950×2.0331 INR8,120×0.3985 BRL450×6.9355 THB22,000×0.9833)	1,103
Bank deposits	Savings and checking	95,814
	Foreign currency(USD1,428,378.75× 31.43 JPY90,926,522×0.2008 EUR346,045.07×36.9 CAD3.03×22.94 CNY119,077.6×4.496 AUD245,722.24×21.01 SEK26.24×3.42)	81,619
		$ 178,636

Basso Industry Corporation

Statement of financial assets measured at fair value through other comprehensive income - current

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Financial instrument name	Description	Thousand	Acquisition cost	Fair value Unit Price (dollars)	Fair value Total amount
Taishin 1699 Money Market Fund	Open end Funds	20,839	290,000	14.3694	299,440
Taishin Ta-Chong Money Market Fund	Open end Funds	13,918	209,000	15.0457	209,413
CAPITAL MONEY MARKET FUND	Open end Funds	19,400	330,000	17.0733	331,217
P-DUKE TECHNOLOGY CO., LTD.	Listed shares	60	4,940	101	6,060
			833,940		**846,130**

Basso Industry Corporation

Statement of notes receivable

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Client's name	Description	Amount
Notes Receivable：		
A Company	Operating	$ 721
B Company	"	434
C Company	"	402
D Company	"	283
Others (Note)	"	3,514
		$ 5,354
Trade Receivable：		
E Company	Operating	$ 72,683
F Company	"	28,267
G Company	"	28,263
H Company	"	27,231
Others (Note)	"	367,249
		523,693
Allowance		(238)
		$ 523,455

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

Basso Industry Corporation

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

	Amount		
Item	**Cost**	**Market price**	**Notes**
Merchandise	$ 70	25	Net realizable value
Finished goods	160,454	179,834	Net realizable value
Work in process	317,428	306,616	Net realizable value
Raw materials	474,942	627,677	Replacement cost
	952,894	**1,114,152**	
Allowance for valuation	(237,750)		
	$ 715,144		

Basso Industry Corporation

Statement of prepayments

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments	Prepaid receipts	$ 11,906
	Other prepaid expenses	11,384
		23,290
Tax refund	VAT	10,750
Other current assets	Temporary payments	491
	Other	210
		11,451
		$ 34,741

Basso Industry Corporation

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

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Financial product name Beneficiary certificate	Description	Denomination (thousand)		Rate	Acquisition cost	Fair value	Provision of security of pledge
Bond-3M COMPANY 4% 2048/09/14	Foreign bond	USD	500	4.000 %	$ 14,081	12,357	None
Lockheed Martin Corporation offers several USD-denominated bonds 4.07% 2042/12/14	Foreign bond	USD	500	4.070 %	14,701	13,492	"
Saudi Aramco USD-denominated bonds 4.25% 2039/4/16	Foreign bond	USD	1,000	4.250 %	27,896	28,626	"
JPMorgan bonds 4.851% 2033/7/25	Foreign bond	USD	1,000	4.851 %	29,632	31,861	"
JPMorgan bonds 4.946% 2033/7/25	Foreign bond	USD	3,000	4.946 %	89,850	95,586	"
South Australian Government Treasury Management 4.75% 2038/5/24	Foreign bond	AUD	1,340	4.750 %	28,522	25,800	"
BNP Paribas S.A. 5.83% 2034/8/23	Foreign bond	AUD	1,400	5.830 %	30,812	29,325	"
BP Capital Markets Public Limited Company bonds 5.439% 2034/8/28	Foreign bond	AUD	1,000	5.439 %	22,041	20,532	"
Nestle Capital Corporation bonds 5.25% 2034/4/4	Foreign bond	AUD	1,150	5.250 %	26,223	24,171	"
AUD bonds 5.5% 2033/10/3	Foreign bond	AUD	1,940	5.500 %	43,874	39,854	"
Merrill Lynch B.V bond 4.60% 2035/01/18	Foreign bond	USD	2,000	4.600 %	60,190	61,138	"
Bond-GS 4.939% 2036/10/21	Foreign bond	USD	2,000	4.939 %	62,380	62,697	"
					$ 450,202	445,439	

Basso Industry Corporation

Statement of financial assets measured at fair value through other comprehensive income - non-current

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Financial product name Equity certificate	Description	Thousand	Acquisition cost	Fair value Unit Price (dollars)		Fair value Total amount	Note
KYPCERA Corporation	Share Capital	14	6,068	JPY	2,196.5	6,263	
Taiwan Cooperative Bank	Share Capital	2	10	NTD	14.12	10	Note
Itochu Corporation	Share Capital	20	5,978	JPY	1,975	7,932	
Marubeni Corporation	Share Capital	2	1,170	JPY	4,353.0	1,748	
Mitsui & Co., Ltd.	Share Capital	4	3,153	JPY	4,643	3,729	
Sumitomo Corporation	Share Capital	4	3,429	JPY	5,412	4,347	
Mitsubishi Corporation	Share Capital	2	1,532	JPY	3,586	1,440	
Toyota Motor Corporation	Share Capital	1	865	JPY	3,356	741	
Subaru Corporation	Share Capital	1	829	JPY	3,395	750	
DISCO CORPORATION	Share Capital	3	24,755	JPY	48,170	24,182	
Uni-President Taiwan High Dividend Momentum ETF	Share Capital	500	7,500	NTD	14.70	7,350	
Yuanta Taiwan Value High Dividend ETF	Share Capital	1,200	12,000	NTD	9.26	11,112	
Taishin Japan Semiconductor ETF	Share Capital	2,000	20,000	NTD	11.35	22,700	
UPAMC Taiwan Growth Active ETF	Share Capital	1,050	16,184	NTD	16.91	17,755	
Yuanta Global AI New Economy Active ETF	Share Capital	1,100	11,322	NTD	10.21	11,231	
Fuh Hwa Taiwan Future 50 Active ETF	Share Capital	3,000	30,000	NTD	10.47	31,410	
Capital Taiwan Technology Innovation Active ETF	Share Capital	200	2,052	NTD	10.43	2,086	
			146,847			**154,786**	

Note: As of the date of issuance of the financial report, the financial statements have not yet been obtained.

Basso Industry Corporation

Statement of changes in accumulated depreciation of property, plant and equipment

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (h).

Statement of changes in intangible assets

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (j).

Basso Industry Corporation

Statement of other non-current assets

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other Non-current assets	Refundable deposits	$ 3,756
	Prepaid equipment	29,040
	Prepayment for investment	5,000
		$ 37,796

Statement of notes payable

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Supplier's name	Description	Amount
Notes payable		
Others	Operating	$ 6,910
		$ 6,910
Accounts payable		
I Company	Operating	$ 9,786
Others	"	155,617
		$ 165,403

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

Basso Industry Corporation

Statement of other current liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payroll	$ 44,615
	Employee bonus and director's compensation	13,500
	Compensated absences payroll	15,222
	Advertising Employee bonus and director's compensation	18,114
	Processing fee	43,416
	Sample fee	16,879
	Others (Note)	93,205
		244,951
Other current liabilities	Provision for short-term warranty liabilities	3,366
	Refund liabilities-current	475
	Collection payment	441
	Temporary payment－other	646
		4,928
		$ 249,879

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

Basso Industry Corporation

Statement of operating revenue

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Pneumatic nailers	451,301	$ 1,414,466
Electric tools	72,433	236,670
Automotive air tools	294,043	562,864
Magnesium alloy products	2,495,127	263,556
Others		459,777
		2,937,333
Sales returns and allowances		(40,794)
		$ 2,896,539

Basso Industry Corporation

List of cost of goods sold

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Merchandise	
Merchandise, beginning of year	$ 20
Plus：Merchandise purchased	1,249
Less：Merchandise, end of year	(70)
Cost of goods sold from merchandise	1,199
Raw materials	
Raw materials, beginning of year	455,634
Plus：raw materials purchased	1,249,984
Less：raw materials, end of year	(474,942)
Sale of raw materials	(236,663)
Loss on physical inventory	15
Scrapped	(16,483)
Others	(16,600)
Direct labor	960,945
Manufacturing expenses	148,947
Manufacturing costs	933,634
Plus：work-in-process, beginning of year	2,043,526
Less：work-in-process, end of year	314,922
Loss on physical inventory	(317,428)
Cost of finished goods manufactured	2,041,020
Plus：finished goods, beginning of year	227,876
finished goods purchased	34,209
Less：finished goods, end of year	(160,454)
Scrapped	(2,673)
Transferred to fixed assets	(7,069)
Others	(11,757)
Cost of goods sold from production	2,121,152
Sale of raw material	236,663
Revenue from sale of scraps	(28,200)
Warranty provision	(517)
Scrapped	19,156
Inventory valuation reversed	(58,112)
Others	(1,035)
Operating cost	**$ 2,290,306**

Basso Industry Corporation

List of operating expenses

For the year ended December 31, 2025

Item		Selling expenses	Administrative expenses	Research and development expense
Salary	$	30,686	49,921	58,289
Freight		6,904	-	10
Travel		12,818	3,021	2,777
Depreciation		3,816	1,294	31,638
Advertising		25,592	-	-
Inspection fee		33	409	23,039
Sample fee		118	-	46,367
Export fee		25,106	-	-
Professional service fees		417	10,757	2,054
Employee benefits		-	4,718	-
Inventory diversion		(1,316)	-	19,720
Others (note)		20,864	19,830	34,234
	$	**125,038**	**89,950**	**218,128**

Basso Industry Corporation

List of non-operating income and expenses

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (s).