

Stock Code: 1530

AWEA Mechantronic Co., Ltd. and its Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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Declaration of Consolidated Financial Statements of Associates

For the year ended December 31, 2025 (from January 1, 2025 to December 31, 2025), pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Declared by

AWEA Mechantronic Co., Ltd.

Person in charge: Cheng-Jun Yang

March 10, 2026



EnWise CPAs & Co.
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Independent Auditors' Report

To AWEA Mechantronic Co., Ltd.:

Audit Opinion

We have audited the accompanying consolidated balance sheets of AWEA Mechantronic Co., Ltd. and its Subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.



Key Audit Matters

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

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Revenue recognition

The main source of revenue for the Group is the sales of machining centers. In 2025, the recognized revenue was NTD 1,814,818 thousand, which accounted for about 94% of the total operating revenue. Since the sales locations include Taiwan, Mainland China, Italy and the United States, the sales terms vary by customers, the risks of ownership and the time of compensation transfer shall be determined in accordance with the terms of the customer's orders or contracts, and the time and amount of revenue recognition can have a significant impact on the financial statements. Therefore, we have identified revenue recognition as one of the key audit matters.

For the accounting policies related to revenue recognition, please refer to Note 4 to the consolidated financial statements.

We evaluated the reasonableness of the sales revenue recognition, performed the cut-off point test, and performed internal control tests to understand the design and implementation of the sales revenue recognition process and the related control system of the Group. In addition, we conducted related control tests on the sales and collection cycles, sampled and checked the sales contracts to confirm the correctness of the information in the accounting system, performed reconciliations between the general ledger system and the sales system, and assessed whether the time of revenue recognition was in accordance with the relevant reporting regulations.

Evaluation of inventories

The Group mainly engages in the design, manufacture and sales of special machines, automation equipment and computer-controlled tool machines. As of December 31, 2025, the total inventories, allowance for market value decline and loss on obsolete and slow-moving inventories were NTD 1,778,936 thousand and NTD 542,780 thousand, respectively. Inventories of the Group are measured at cost and net realizable value. Allowance for market value decline and loss on obsolete and slow-moving inventories are allocated for inventories aged over a certain period of time or



individually identified as obsolete. Due to the intense competition in the spare parts market and the varying speeds of obsolescence of different products, the risks of loss on decline in the market value or obsolete inventories are relatively high. The net realizable values used for obsolete inventories and their evaluation usually involve subjective judgment and are therefore highly uncertain. Considering the significant impact of inventories and their allowance for market value decline and loss on obsolete and slow-moving inventories on financial statements, we have identified allowance for market value decline and loss on obsolete and slow-moving inventories as one of the key audit matters.

For the accounting policies related to inventories, please refer to Note 4 to the consolidated financial statements; for significant accounting estimates and assumptions used in the evaluation of inventories, please refer to Note 5 to the consolidated financial statements.

We understood, evaluated, and tested the design and implementation of the internal control system related to inventory management, obtained the evaluation data on the lower of cost or net realizable value of inventories compiled by management authority, sampled and estimated the selling price information to the most recent sales records, and assessed the basis of management authority's estimate of net realizable value and its reasonableness; obtained an inventory aging statement, and assessed the appropriateness of the policy on provision for allowance for market value decline and loss on obsolete and slow-moving inventories.

Other Matters

In the consolidated financial statements, the financial statements of YAMA SEIKI USA, INC., an investment accounted for using equity method have not been audited by us, but by other CPAs. Investment amount of such associates recognized by equity method for the years ended December 31, 2025 and 2024 were NTD 129,817 thousand and NTD 126,784 thousand, respectively, both accounted for 2% of total assets; for the years ended December 31, 2025 and 2024, the Company's share of the profit or loss of associates, and joint ventures accounted for using the equity method was NTD 12,126 thousand and NTD 7,214 thousand, respectively, accounting for (5%) and 1% of total comprehensive income for the respective periods.

The Company has prepared the parent company only financial statements for 2025 and 2024, and we have issued an audit report containing our unqualified opinion plus the audit report issued by other CPAs as in the section of "Other matters" for reference.



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

EnWise CPAs & Co.

CPA Guei-Duan Chen

CPA Xin-Yu Zhong

Approval number of the Securities and
Futures Management Committee,
Ministry of Finance
(1990) Tai-Cai-Zheng (I) No. 27495

Approval number of the Securities and Futures
Management Committee,
Ministry of Finance
(2011) Tai-Cai-Zheng (VI) No. 3889

March 10, 2026

Notice to Readers

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

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

AWEA Mechantronic Co., Ltd. and its Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

Unit: NTD thousand

Code	Items	Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	4 and 6	\$ 1,020,136	18	\$ 809,774	13
1110	Financial assets at FVTPL - current	4 and 6	216,268	4	976,539	15
1136	Financial assets measured at amortized cost - current	4 and 6	34,919	1	-	-
1150	Notes receivable, net	4 and 6	92,356	2	100,403	2
1160	Notes receivable due from related parties, net	4 and 7	1,304	-	12,882	-
1170	Accounts receivable, net	4 and 6	282,351	5	213,029	3
1180	Account receivables due from related parties, net	4 and 7	62,654	1	60,362	1
1200	Other receivables		8,575	-	10,226	-
1210	Other receivables - related parties	7	17	-	15	-
1220	Current tax assets	4	31,741	1	31,512	-
130x	Inventories	4 and 6	1,236,156	22	1,438,050	23
1410	Prepayments	7	71,377	1	64,561	1
1470	Other current assets	6 and 8	131,190	2	229,951	4
11xx	Total current assets		<u>3,189,044</u>	<u>57</u>	<u>3,947,304</u>	<u>62</u>
Non-current assets						
1517	Financial assets at FVOCI - non-current	4 and 6	421	-	376	-
1535	Financial assets measured at amortized cost - non-current	4, 6 and 8	10,280	-	10,200	-
1550	Investments accounted for using equity method	4 and 6	129,817	2	145,031	2
1600	Property, plant and equipment	4, 6, 7 and 8	1,889,482	33	1,833,974	29
1755	Right-of-use assets	4, 6 and 8	265,569	5	277,968	5
1780	Intangible assets	4 and 6	13,288	-	16,776	-
1840	Deferred tax assets	4 and 6	147,817	3	146,471	2
1915	Prepayments for equipment		3,006	-	3,268	-
1920	Refundable deposits		5,465	-	2,764	-
1931	Long-term notes receivable, net	4	-	-	3,224	-
1937	Overdue receivables	4 and 6	-	-	-	-
1990	Other non-current assets		6,065	-	5,902	-
15xx	Total non-current assets		<u>2,471,210</u>	<u>43</u>	<u>2,445,954</u>	<u>38</u>
1xxx	Total assets		<u>\$ 5,660,254</u>	<u>100</u>	<u>\$ 6,393,258</u>	<u>100</u>

Please refer to the accompanying notes to the financial statements.

Chairman: Cheng-Jun Yang Managerial officer: Shang-Ru Yang Accounting Supervisor: Guo-Xuan Fan

AWEA Mechantronic Co., Ltd. and its Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

Unit: NTD thousand

Code	Items	Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6 and 8	\$ 1,484,181	26	\$ 1,613,983	25
2110	Short-term notes and bills payable	6	-	-	79,992	1
2130	Contract liabilities	4, 6 and 7	152,097	3	184,490	3
2150	Notes payable		164,849	3	168,685	3
2160	Notes payable - related parties	7	1,075	-	1,326	-
2170	Accounts payable		143,439	3	184,540	3
2180	Accounts payable - related parties	7	470	-	1,082	-
2200	Other payables	6	76,903	1	100,536	2
2220	Other payables - related parties	7	15,490	-	1,386	-
2230	Current tax liabilities	4	29,473	1	8,227	-
2250	Current provisions	4 and 6	11,835	-	12,221	-
2280	Current lease liabilities	4, 6 and 7	7,663	-	7,536	-
2310	Advance receipts	7	941	-	190	-
2399	Other current liabilities		975	-	1,105	-
21xx	Total current liabilities		<u>2,089,391</u>	<u>37</u>	<u>2,365,299</u>	<u>37</u>
	Non-current liabilities					
2570	Deferred income tax liabilities	4 and 6	125,349	2	128,705	2
2580	Non-current lease liabilities	4, 6 and 7	150,642	3	158,305	3
2630	Long-term deferred revenue		7,706	-	8,772	-
2640	Net defined benefit liability - non-current	4 and 6	3,052	-	4,549	-
2645	Guarantee deposits received		2,581	-	2,275	-
25xx	Total non-current liabilities		<u>289,330</u>	<u>5</u>	<u>302,606</u>	<u>5</u>
2xxx	Total Liabilities		<u>2,378,721</u>	<u>42</u>	<u>2,667,905</u>	<u>42</u>
	Equity attributable to owners of the parent					
3100	Share capital	6				
3110	Common stock		945,942	17	965,942	15
3200	Capital surplus	6				
3211	Capital surplus - additional paid-in capital arising from ordinary share		5,997	-	6,124	-
3213	Capital surplus - Conversion premium of convertible bonds		57,468	1	57,468	1
3240	Capital surplus - Gains from disposal of assets		4	-	4	-
3280	Capital surplus - others		31,920	1	31,920	-
3300	Retained earnings	6				
3310	Legal reserve		628,489	11	583,117	9
3320	Special reserve		98,077	2	98,077	2
3350	Unappropriated earnings		1,429,193	24	1,895,429	30
3400	Other equity	6				
3410	Exchange difference on translation of financial statements of foreign operations		(4,444)	-	(2,588)	-
3420	Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income		(111)	-	(156)	-
3500	Treasury shares		-	-	-	-
31xx	Total equity attributable to owners of the parent		<u>3,192,535</u>	<u>56</u>	<u>3,635,337</u>	<u>57</u>
36xx	Non-controlling interests	6	88,998	2	90,016	1
3xxx	Total equity		<u>3,281,533</u>	<u>58</u>	<u>3,725,353</u>	<u>58</u>
	Total liability and equity		<u>\$ 5,660,254</u>	<u>100</u>	<u>\$ 6,393,258</u>	<u>100</u>

Please refer to the accompanying notes to the financial statements.

Chairman: Cheng-Jun Yang Managerial officer: Shang-Ru Yang Accounting Supervisor: Guo-Xuan Fan

AWEA Mechatronic Co., Ltd. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand, except earnings per share

Code	Items	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6 and 7	\$ 1,926,469	100	\$ 1,917,762	100
5000	Operating costs	6 and 7	(1,651,771)	(86)	(1,639,155)	(85)
5900	Gross profit		274,698	14	278,607	15
5920	Realized (Unrealized) gain from sale		(3,674)	-	3,076	-
5950	Gross profit, net		271,024	14	281,683	15
	Operating expenses	7				
6100	Selling and marketing expenses		(153,227)	(8)	(139,405)	(7)
6200	General and administrative expenses		(130,323)	(7)	(129,657)	(7)
6300	Research and development expenses		(64,253)	(3)	(92,583)	(5)
6450	Expected credit impairment gains (losses)		178	-	(4,305)	-
6000	Total operating expenses		(347,625)	(18)	(365,950)	(19)
6900	Operating profit (loss)		(76,601)	(4)	(84,267)	(4)
	Non-operating income and expenses					
7100	Interest income		13,928	1	23,140	1
7010	Other income	6 and 7	67,907	4	75,310	5
7020	Other gains and losses	4 and 6	(194,494)	(11)	467,811	24
7050	Finance costs	6	(30,061)	(2)	(31,346)	(2)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method		12,140	1	6,832	-
7000	Total non-operating income and expenses		(130,580)	(7)	541,747	28
7900	Net profit (loss) before income tax		(207,181)	(11)	457,480	24
7950	Income tax expense	4 and 6	(27,321)	(1)	(10,983)	(1)
8200	Net profit (loss) for the year		(234,502)	(12)	446,497	23
	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plan		994	-	1,656	-
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income		45	-	3,122	-
8349	Income taxes related to the items not reclassified		(199)	-	(331)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange difference on translation of financial statements of foreign operations		(1,968)	-	39,634	2
8399	Income tax related to items that may be reclassified		393	-	(7,927)	-
8300	Other comprehensive (loss) income for the year		(735)	-	36,154	2
8500	Total comprehensive income		\$ (235,237)	(12)	\$ 482,651	25
8600	Net profit (loss) attributable to:					
8610	Owners of the parent company (net profit/ loss)		\$ (233,203)	(12)	\$ 452,501	23
8620	Non-controlling interests (net profit/ loss)		(1,299)	-	(6,004)	-
			\$ (234,502)	(12)	\$ 446,497	23
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company (comprehensive income)		\$ (234,219)	(12)	\$ 486,376	25
8720	Non-controlling interests (comprehensive income)		(1,018)	-	(3,725)	-
			\$ (235,237)	(12)	\$ 482,651	25
	Earnings per share					
9750	Basic earnings per share		\$ (2.45)		\$ 4.68	
9850	Diluted earnings per share		\$ (2.45)		\$ 4.66	

Please refer to the accompanying notes to the consolidated financial statements.

Chairman: Cheng-Jun Yang Managerial officer: Shang-Ru Yang Accounting Supervisor: Guo-Xuan Fan

AWEA Mechantronic Co., Ltd. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Items	Equity attributable to owners of the parent											
	Share capital		Retained earnings				Other equity items			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of financial statements of foreign operations	Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Treasury shares				
Balance at January 1, 2024	\$ 965,942	\$ 95,516	\$ 562,966	\$ 98,077	\$ 1,606,748	\$ (32,016)	\$ (3,381)	\$ -	\$ 3,293,852	\$ 93,741	\$ 3,387,593	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	20,151	-	(20,151)	-	-	-	-	-	-	
Cash dividends of common stock	-	-	-	-	(144,891)	-	-	-	(144,891)	-	(144,891)	
Cash dividends to shareholders from capital surplus	-	-	-	-	-	-	-	-	-	-	-	
2024 Net profit	-	-	-	-	452,501	-	-	-	452,501	(6,004)	446,497	
Other comprehensive income for 2024	-	-	-	-	1,325	29,428	3,122	-	33,875	2,279	36,154	
Total comprehensive income of 2024	-	-	-	-	453,826	29,428	3,122	-	486,376	(3,725)	482,651	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(103)	-	103	-	-	-	-	
Balance at December 31, 2024	965,942	95,516	583,117	98,077	1,895,429	(2,588)	(156)	-	3,635,337	90,016	3,725,353	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	45,372	-	(45,372)	-	-	-	-	-	-	
Cash dividends of common stock	-	-	-	-	(144,891)	-	-	-	(144,891)	-	(144,891)	
2025 Net loss	-	-	-	-	(233,203)	-	-	-	(233,203)	(1,299)	(234,502)	
Other comprehensive income for 2025	-	-	-	-	795	(1,856)	45	-	(1,016)	281	(735)	
Total comprehensive income of 2025	-	-	-	-	(232,408)	(1,856)	45	-	(234,219)	(1,018)	(235,237)	
Repurchase of treasury stock	-	-	-	-	-	-	-	(63,692)	(63,692)	-	(63,692)	
Cancellation of treasury stock	(20,000)	(127)	-	-	(43,565)	-	-	63,692	-	-	-	
Balance at December 31, 2025	\$ 945,942	\$ 95,389	\$ 628,489	\$ 98,077	\$ 1,429,193	\$ (4,444)	\$ (111)	\$ -	\$ 3,192,535	\$ 88,998	\$ 3,281,533	

Please refer to the accompanying notes to the consolidated financial statements.

Chairman: Cheng-Jun Yang Managerial officer: Shang-Ru Yang Accounting Supervisor: Guo-Xuan Fan

AWEA Mechantronic Co., Ltd. and its Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

	2025	2024
<u>Cash flows from operating activities</u>		
Net profit (loss) before tax	\$ (207,181)	\$ 457,480
Adjustments		
Depreciation	96,575	106,421
Amortisation	3,487	3,467
Expected credit impairment losses (gains)	(178)	4,305
Net loss (gain) on financial assets at FVTPL	181,930	(413,198)
Interest expense	30,061	31,346
Interest income	(13,928)	(23,140)
Dividend revenue	(26,410)	(23,155)
Share of profit or loss of associates and joint ventures accounted for using equity method	(12,140)	(6,832)
Losses (Gains) on disposal and discard of property, plant and equipment	205	(6,086)
Losses (Gains) on disposals of investments	300	(977)
Unrealized (Realized) gain from sale with associates	3,674	(3,076)
Lease modification benefit	-	(4)
Presentation (Offset) of provision for liabilities	(1,956)	1,956
Other income	(1,068)	(1,090)
Net changes in operating assets and liabilities		
Notes receivable	11,865	62,855
Notes receivable - related parties	11,578	(12,024)
Account receivables	(69,666)	131,658
Account receivables - related parties	(2,292)	(16,621)
Other receivables	1,029	(161)
Other receivables - related parties	(2)	(15)
Inventories	201,894	10,724
Prepayments	(6,816)	(22,071)
Other current assets	795	(1,025)
Overdue receivables	(73)	(5,289)
Long-term notes receivable	-	4,769
Contract liabilities	(32,393)	12,275
Notes payable	(3,836)	(93,496)
Notes payable - related parties	(251)	760
Accounts payable	(41,101)	19,270
Accounts payable - related parties	(612)	732
Other payables	(23,773)	(11,123)
Other payables - related parties	14,104	47
Provisions	1,562	(2,733)
Advance receipts	751	(876)
Other current liabilities	(130)	28
Net defined benefit liability	(503)	(768)
Cash generated from operations	115,501	204,333
Interest received	14,550	24,773
Income tax paid	(10,757)	(88,642)
Net cash generated by operating activities	119,294	140,464

(Continued)

AWEA Mechatronic Co., Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

	2025	2024
(Continued from previous page)		
<u>Cash flows from investing activities</u>		
Acquisitions of financial assets at fair value through other comprehensive income	-	(19)
Disposal of financial assets at fair value through other comprehensive income	-	4,756
Acquisition of financial assets measured at amortized cost	(34,999)	(63)
Acquisitions of financial assets at fair value through profit or loss	(58,031)	(28,164)
Disposal of financial assets at fair value through profit or loss	636,372	2,091
Acquisition of investments accounted for using equity method	-	(10,350)
Sale of investments accounted for using equity method	17,961	
Acquisition of property, plant and equipment	(136,329)	(183,626)
Disposal of property, plant and equipment	-	17,353
Decrease (increase) in refundable deposits	(2,701)	1,201
Acquisitions of intangible assets	-	(7,380)
Decrease in other financial assets	97,966	115,497
Decrease (increase) in other non-current assets	(163)	703
Increase in prepayments for equipment	(2,706)	(68)
Dividends received	26,410	23,793
Net cash inflow (outflow) from investing activities	543,780	(64,276)
<u>Cash flows from financing activities</u>		
Increase (decrease) in short-term borrowings	(129,802)	37,131
Decrease in short-term notes and bills payable	(79,992)	-
Increase in guarantee deposits received	306	364
Repayment of principal of lease liabilities	(7,536)	(7,858)
Cash dividends paid	(144,891)	(144,891)
Repurchase cost of treasury stock	(63,692)	-
Interest paid	(29,775)	(32,111)
Net cash outflow from financing activities	(455,382)	(147,365)
Effect of changes in foreign exchange rates on cash and cash equivalents	2,670	14,778
Increase (decrease) in cash and cash equivalents	210,362	(56,399)
Cash and cash equivalents at the beginning of year	809,774	866,173
Cash and cash equivalents at the end of year	\$ 1,020,136	\$ 809,774

Please refer to the accompanying notes to the consolidated financial statements.

Chairman: Cheng-Jun Yang Managerial officer: Shang-Ru Yang Accounting Supervisor: Guo-Xuan Fan

AWEA Mechantronic Co., Ltd. and its Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand (unless stated otherwise)

1. History and Organization

AWEA Mechantronic Co., Ltd. (hereinafter referred to as the Company) was established on July 16, 1986. The design, manufacture and sales of special machines, automation equipment and computer-controlled tool machines are its main business.

The shares of the Company was approved of listing by Document Tai-Zheng-(2000)-Shang-Zi No. 025773 on September 6, 2000, and began to be listed for trading on TWSE Stock Exchange Market since September 11, 2000.

For the main operating activities and departmental information of the Company and its subsidiaries (hereinafter collectively referred to as the Consolidated Company), please refer to Notes 4 and 14 for details.

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved by the board of directors and authorized for issue on March 10, 2026.

3. Application of Newly Issued and Amended Standards and Interpretations

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

Amendments to IAS 21 “Lack of Exchangeability”

The application of the amendments to IAS 21 “Lack of Exchangeability” does not have a significant effect on the Consolidated Company’s accounting policies.

(2) Application of the IFRS Accounting Standards endorsed by FSC in 2026

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

As of the date the consolidated financial statements were authorized for issue, the Consolidated Company has assessed the possible impact that the application of above standards and interpretations would have on the Consolidated Company’s financial position and financial performance, and has determined that there would be no such material impact.

(3) IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including amendments in 2025)	January 1, 2027
Amendments to IAS 21, “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

Note 2: The FSC announced on September 25, 2025, that enterprises in Taiwan should apply IFRS 18 starting from January 1, 2028, and may also elect to apply IFRS 18 in advance after the FSC endorses the standard.

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

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes in this standard include:

- The Consolidated Company shall assess whether it has specific main operating activities, such as investing in particular types of assets or providing financing to customers, and based on this assessment, divide income and expense items in the income statement into categories including operating, investing, financing, income tax and discontinued operations types.
- The income statement should present operating profit and loss, profit and loss before financing and tax, and the subtotal and total of profit and loss.
- Guide to strengthen aggregation and segmentation requirements: The Consolidated Company must identify assets, liabilities, equity, income, expenses, losses and cash flows generated from individual transactions or other events, and classify and summarize them on the basis of common characteristics so that each line item reported in the main financial statements has at least one similar characteristic. Items with different characteristics should be subdivided into the main financial statements and notes. The Consolidated Company will label these items as “others” only if it cannot find an informative indication.
- Increase the disclosure of performance measures defined by management: When the Consolidated Company conducts public communications outside of financial statements and communicates the views of the management on a certain aspect of the Consolidated Company’s overall financial performance to users of financial statements, it should disclose the information related to performance measurement defined by management in a single note to the financial statements. The information includes the description of the measurement, how it is calculated, its reconciliation with the subtotal or total specified in IFRS Accounting Standards, and the impact of income tax and non-controlling interests on related reconciliation items.

In addition, IAS 7 “Statements of Cash Flows” shall be subject to the following consequential amendments:

- When the Consolidated Company prepares cash flows from operating activities using the indirect method, it shall take operating profit/loss as the starting point for adjustments.
- Interest and dividends received by the Consolidated Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Consolidated Company assesses that it has specific main operating activities, it shall consider the types of dividend income, interest income, and interest expense presented in the income statement to determine the classification of dividends received, interest received, and interest paid in the statements of cash flows. However, each of the aforementioned cash flows may only be classified under a single activity in the statements of cash flows.

In addition to the above effects, as of the date the consolidated financial statements were authorized, the Consolidated Company is continuously assessing the possible impact that the application of various standards and interpretations will have on the financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

The summary of significant accounting policies applied in the preparation of these consolidated financial statements are set out below. The following accounting policies have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise specified.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC.

(2) Basis of preparation

Except for the following significant items of balance sheet, these consolidated financial statements have been prepared at historical cost:

- A. Financial assets measured at fair value through profit or loss;
- B. Financial assets measured at fair value through other comprehensive income;
- C. Defined benefit liability recognized at the net value of pension fund assets less the present value of defined benefit obligations.

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

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

- A. Assets held mainly for trading purposes;
- B. Assets that are expected to be realized within twelve months from the balance sheet date;
- C. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date).

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

- A. Liabilities held mainly for trading activities.
- B. Liabilities due for settlement within twelve months after the balance sheet date; or
- C. Liabilities for which the repayment date has no substantial rights on the balance sheet date to more than twelve months after the balance sheet date.

(4) Basis of consolidation

The consolidated financial statements include the financial statements of AWEA and the entities it controls (i.e., subsidiaries).

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control of the subsidiaries is obtained until the date on which such control ceases. The gains and losses attributable to the non-controlling interest in the subsidiaries are attributed to the non-controlling interest even if the non-controlling interest becomes a deficit balance as a result.

The financial statements of the subsidiaries have been appropriately adjusted so that the accounting policies are consistent with those used by AWEA.

Significant transactions among consolidated companies, balances and unrealized gains and expenses have been eliminated when preparing the consolidated financial statements.

Changes in the ownership interest of a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. To reflect changes in the relative interests of the Company and its non-controlling interests in the subsidiary, its carrying amount has been adjusted. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)	
			December 31, 2025	December 31, 2024
AWEA Mechantronic Co., Ltd.	B-Way (Cayman) Co., Ltd.	International investment and international trade	100%	100%
AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	Industrial machinery manufacture and trade	60%	60%
B-Way (Cayman) Co., Ltd.	Billion-Way (Cayman) Co., Ltd.	International investment and international trade	100%	100%
Billion-Way (Cayman) Co., Ltd.	Best Way Mechantronic Ltd.	Machinery sales, installation and international trade	100%	100%
Billion-Way (Cayman) Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	Machinery manufacturing, sales and installation and international trade	100%	100%
Yih Chuan Machinery Industry Co., Ltd.	AXTRON INT'L INVESTMENT CO., LTD	International investment and international trade	100%	100%
AXTRON INT'L INVESTMENT CO., LTD	AXTRON INT'L INVESTMENT LIMITED	International investment and international trade	100%	100%
AXTRON INT'L INVESTMENT LIMITED	Extron Machinery Co., Ltd.	Machinery manufacturing, sales and installation and international trade	100%	100%

(5) Business merger

Business mergers are accounted for using acquisition method, and acquisition-related costs are recognized as expenses in the year in which they are incurred or the services are rendered.

Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree as of the acquisition date, over the net of the identifiable assets acquired and liabilities assumed as of the acquisition date.

Business mergers achieved in stages are measured using the fair value of the Consolidated Company's previously held interest in the acquiree as of the acquisition date; any resulting gain or loss is recognized in profit or loss or other comprehensive income. Amounts previously recognized in other comprehensive income prior to the acquisition date due to the previously held interest in the acquiree are recognized on the same basis as if the Consolidated Company had directly disposed of its previously held interest.

(6) Foreign currency transactions

When preparing the financial statements of each consolidated entity, transactions in currencies other than the entity's functional currency (foreign currency) are translated to the functional currency based on the exchange rate on the transaction day.

Monetary items denominated in foreign currencies at the end of the reporting period are translated into the functional currency based on the exchange rate on that day.

Foreign currency non-monetary items measured at fair value are translated into the functional currency at the exchange rate on that day; however, if the change in fair value is recognized in other comprehensive income, the resulting exchange differences are included in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates on the transaction date. The exchange differences arising from translation are recognized in profit or loss in the period in which they arise.

For purpose of preparing the consolidated financial statements, the assets and liabilities of foreign operations of the Consolidated Company shall be translated to NTD by the exchange rate on ending date of the reporting period; the income and expense items shall be translated to NTD at the average exchange rate of the current period, and the resulting exchange difference shall be recognized as other comprehensive profit or loss and accumulated as the translation difference in the financial statements of foreign operations under equity.

(7) Cash and cash equivalents

Cash includes cash on hand and current deposits. Cash equivalents refer to 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 that meet the definition above and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(8) Financial instruments

Accounts receivable are initially recognized when they are incurred. All other financial assets and liabilities shall be recognized initially when the Consolidated Company becomes a party to the contractual provisions of the financial instruments. Financial assets (other than accounts receivable that do not contain significant financial components) or financial liabilities not measured at fair value through profit or loss shall be initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components shall be initially measured at transaction price.

A. Financial assets

At initial recognition, financial assets shall be classified as financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Consolidated Company reclassifies all affected financial assets from the first day of the next reporting period only when there is a change in the business model for financial assets management.

(A) Financial assets measured at amortized cost

Financial assets are measured at amortized cost when they meet all of the following criteria and are not designated as at fair value through profit or loss:

- a The financial assets are held under the business model with the purpose of collecting contractual cash flows.
- b The contract terms of the financial assets generate cash flow on a specific date, and such cash flow is solely for the payment of the principle and the interest on outstanding principle amount.

Such assets are subsequently measured at amortized cost based on the initially recognized amount plus or minus accumulated amortization calculated using the effective interest method, adjusted for any loss allowance. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Gains or losses are recognized in profit or loss at derecognition

(B) Financial assets at FVTPL

Financial assets not classified as financial assets at amortized cost or at fair value

through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. The Consolidated Company may irrevocably designate financial assets that qualify as financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss at the time of initial recognition in order to eliminate or materially reduce accounting mismatch. Such assets shall be measured at fair value subsequently, and their net gains or losses shall be recognized in profit or loss.

(C) Financial assets at FVTOCI

At initial recognition, the Consolidated Company has made an irrevocable election to recognize subsequent changes in the fair value of equity instruments not held for trading in other comprehensive income. The above election is made on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses, and impairment losses calculated using the effective interest method are recognized in profit or loss, and the remaining net gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative amount in other comprehensive income shall be reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it obviously represents the recovery of a portion of cost of investment) is recognized in profit or loss. The remaining net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date when the Consolidated Company has the right to receive the dividend (usually the ex-dividend date).

(D) Impairment of financial assets

The Consolidated Company recognizes loss allowance for expected credit losses on the financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable,

other receivables, refundable deposits and other financial assets).

The loss allowance is measured at twelve months expected credit losses for the following financial assets, and at the lifetime expected credit losses of the other financial assets:

- a The credit risk of debt securities is determined to be low at the reporting date; and
- b The credit risks of other debt securities and bank deposits (i.e., the risk of default on financial instruments over the expected life) have not increased significantly since the initial recognition.

The loss allowances for accounts receivable and contract assets are measured at the amount of lifetime expected credit losses.

When determining whether the credit risk has increased significantly since the initial recognition, the Consolidated Company has considered reasonable and provable information (which can be obtained without undue costs or inputs), including qualitative and quantitative information, and analyses based on the Consolidated Company's historical experience, credit assessment and forward-looking information.

Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

The twelve months expected credit losses are expected credit losses that result from possible default events within twelve months after the reporting date (or for shorter periods, if the expected life of the financial instrument is less than twelve months).

The maximum period for which expected credit losses are measured is the maximum contract period over which the Consolidated Company is exposed to credit risk.

Expected credit losses are weighted estimates of the probability of credit losses over the expected life of the financial instruments. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Consolidated Company could receive under the contract and the cash flows that the Consolidated Company expects to receive. Expected credit

losses are discounted at the effective interest rate of the financial asset.

On each reporting date, the Consolidated Company evaluates whether credit impairment occurs to the financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. Credit impairment occurs to a financial asset when one or more events that have an adverse effect on the estimated future cash flows of the financial asset. Evidence proving that credit impairment occurs to a financial asset includes observable information about the following events:

- (a) Significant financial difficulty of the borrower or issuer;
- (b) Defaults, such as delay or overdue for more than 90 days;
- (c) The Consolidated Company has made concessions to the borrower that the Consolidated Company would not consider otherwise for economic or contractual reasons related to the borrower's financial difficulties;
- (d) The borrower is very likely to apply for bankruptcy or carry out other financial reorganization; or
- (e) The active market for the financial assets has disappeared due to financial difficulties.

The loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The loss allowance for investments in debt instruments at fair value through other comprehensive income are recognized in other comprehensive income (without reducing the carrying amount of the asset), and the provision or reversal amount of loss allowance is recognized in profit or loss.

When the Consolidated Company does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is reduced directly. The Consolidated Company analyzes the timing and amount of offset on a case-by-case basis to determine whether there is a reasonable expectation of recovery. The Consolidated Company expects that the offset amount will not be reversed significantly. However, the offset financial assets are still enforceable in order to comply with the Consolidated Company's procedures for recovering overdue amounts.

(E) Derecognition of financial assets

A financial asset will be derecognized only when the Consolidated Company's contractual rights to the cash flows from that asset are terminated, or when the financial asset is transferred and substantially all the risks and returns of ownership to that asset have been transferred to another entity, or when substantially all the risks and returns of ownership are neither transferred nor retained, and the Consolidated Company does not retain control over that financial asset.

If the Consolidated Company enters into a transaction to transfer a financial asset and retains all or substantially all of the risks and returns of ownership to the transferred asset, the financial asset will continue to be recognized on the balance sheet.

(9) Financial liabilities and equity instruments

A. Classification of liabilities and equity

Debt and equity instruments issued by the Consolidated Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

B. Equity instruments

Equity instrument refers to any contract that recognizes the remaining interest of the Consolidated Company after reducing all its liabilities from its assets. Equity instruments issued by the Consolidated Company are recognized at the proceeds received, net of the cost of direct issue.

C. Financial liabilities

Financial liabilities that are not held for trading and are not designated as at fair value through profit or loss (including notes payable, accounts payable and other payables) are measured at fair value plus directly attributable transaction costs at initial recognition; subsequently, they are measured at amortized cost using the effective interest rate method, and interest expenses not capitalized in the asset cost are included in non-operating income and expenses.

D. Derecognition of financial liabilities

A financial liability is derecognized by the consolidated company when the contractual obligation is either discharged or canceled or expires.

The difference between the carrying amount of the financial liability derecognized and the total consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and included in non-operating income and expenses.

E. Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are offset and recognized in the balance sheet on a net basis only when the Consolidated Company has the legal right to do so and has the intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(10) Inventories

Inventory is measured at the lower of cost or net realized value, and the comparison of cost and net realized value, excluding inventory of the same class, is based on individual items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Inventories are stated at standard cost at ordinary times, and are adjusted to approximate weighted average cost at the closing date.

(11) Investments accounted for using equity method

Investments accounted for using equity method include associates and joint ventures.

Associates are companies over which the Consolidated Company exercises significant influence, but not subsidiaries or joint ventures. Significant influence refers to the power to participate in the investee's financial and operating policy decisions, but not the power to control or jointly control such policy decisions.

In joint ventures, the Consolidated Company and another entity engage in economic activities under joint control through a contractual agreement, meaning that strategic financial and operating decisions related to the joint venture must be made with the consensus of those sharing control. If another entity is created under a joint venture agreement in which each of the joint venture controllers has an interest, that entity is a jointly controlled entity.

The business results and assets and liabilities of associates and joint ventures are included in the financial statements under the equity method, except for the assets classified as held for sale. Under the equity method, investments in associates and joint ventures are initially recognized at cost on the balance sheet and subsequently adjusted for changes in the Consolidated Company's share of the investee's net assets. When the Consolidated Company's share of losses in an associate or joint venture exceeds its interest in that associate, an additional loss is recognized only to the extent that the Consolidated Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The excess of the acquisition cost over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the associate and the joint venture at the date of acquisition is recognized as goodwill and is included in the carrying amount of the investment. The excess of the Company's share of the net fair value of the identifiable assets and liabilities of its associates and joint ventures over the acquisition cost at the date of acquisition is recognized as a gain immediately upon reassessment.

In assessing impairment, the Consolidated Company considers the entire carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount (higher of value in use or fair value less selling cost) with the carrying amount to test for impairment, and the impairment loss recognized is included in the carrying amount of the investment. Any reversal of the impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investment.

If the Consolidated Company fails to subscribe for new shares issued by an associate or a joint venture in proportion to its shareholding ratio, resulting in a change in shareholding ratio and a consequent increase or decrease in the net equity value of an investment, the increase or decrease is adjusted to capital surplus and investments accounted for using the equity method. However, if the ownership interest in an associate decreases because the Company does not subscribe for or acquire new shares in proportion to its shareholding ratio, the amount recognized in other comprehensive income related to the associate is reclassified on a pro rata basis to reflect the decrease in ownership interest, which is accounted for on the same basis as that used for the disposal of assets or liabilities by the associate directly.

When a consolidated entity enters into transactions with associates and joint ventures, unrealized gains and losses are eliminated in proportion to its share on consolidation.

(12) Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented at cost less accumulated depreciation and accumulated impairment. The cost of property, plant and equipment consists of expenditures that are directly attributable to the acquisition or construction of the assets, any other directly attributable costs that are necessary to bring the asset to a useable condition for its intended purpose, and dismantling, relocation and site restoration costs. The foregoing costs include the cost for replacing part of the plant and equipment and the necessary interest expense incurred on construction contracts.

Real estate under construction is presented at cost less all recognized impairment losses. (Cost includes professional service expenses). Such real estate is classified to the appropriate category of property, plant and equipment when completed and reaching the expected use state. Such assets are depreciated on the same basis as other real estate assets, which commences when the assets reach the expected use state.

Self-owned land is not depreciated.

When a major item of property, plant and equipment is required to be replaced on a regular basis, the Consolidated Company considers that item as an individual asset and recognizes depreciation according to specified useful life and depreciation method. Major maintenance costs are considered as replacement costs and recognized as part of the carrying amount of property, plant and equipment if the conditions for recognition are met. Other maintenance expenses are recognized in profit or loss. The present value of the expected decommissioning cost of an asset after use is included in the cost of the related asset if it meets the recognition criteria for liability reserve.

Each part of property, plant and equipment is depreciated separately and considered as a separate item (significant component) of property, plant and equipment if its cost is material in relation to the total cost of that item.

After initial recognition, an item or a significant component of property, plant and equipment is derecognized and recognized in profit or loss if it is disposed of or if no future economic benefits are expected to flow from its use or disposal. Depreciation is calculated recognized in profit or loss over the estimated useful lives of individual

components of property, plant and equipment on a straight-line basis because it best reflects the expected consumption pattern of future economic effects of the assets.

Depreciation is calculated according to the following estimated useful lives:

Property and building	5 - 51 years
Machinery equipment	2 - 16 years
Molding equipment	2 - 3 years
Transportation equipment	2 - 6 years
Computer and telecommunication equipment	2 - 6 years
Office equipment	5 - 6 years
Business equipment	2 - 7 years
Tooling equipment	4 - 5 years
Other equipment	2 - 11 years

Depreciation is calculated using the straight-line method to write off the cost of assets less their residual values over their useful lives. Estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, and the impact of any changes in estimates is recognized on a deferred basis.

Items of property, plant and equipment are derecognized when they are disposed of or when no future economic benefits are expected from the continued use of the asset. Gains or losses arising from the disposal or scrapping of property, plant and equipment are recognized in profit or loss as the difference between the disposal price and the carrying amount of the asset.

(13) Leases

A. Lease judgment

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

B. The Consolidated Company as lessee

The Consolidated Company recognizes right-of-use assets and lease liabilities at the inception date of the lease. Right-of-use assets are measured initially at cost, which consists of the initially measured amount of the lease liability, adjusted for any lease payments made on or before the inception date of the lease, plus original direct costs incurred and the estimated costs to dismantle or remove the underlying asset and reinstate the underlying asset or its original location, less any lease incentives received.

The right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the asset's useful life or the end of the lease term. In addition, the Consolidated Company periodically evaluates right-of-use assets for impairment and handles any incurred impairment losses, and adjusts right-of-use assets in case of remeasurement of lease liabilities.

Lease liabilities are measured initially at the present value of outstanding lease payments at the inception date of the lease. The implicit interest rate of the lease is easy to determine, the discount rate is that interest rate, otherwise the Consolidated Company's incremental borrowing rate is used. Generally, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities consist of:

- (A) Fixed payments, including substantial fixed payments;
- (B) Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the inception date of the lease.

Subsequently, the interests on lease liabilities are calculated using the effective interest method, and the lease liabilities are remeasured when the following circumstances occur:

- (A) A change in the index or rate used to determine lease payments results in a change in future lease payments;
- (B) A change in the estimate of whether to exercise the option to extend or terminate the lease, which changes the assessment of the lease term;
- (C) Changes in the amount of residual value guarantee expected to be paid;
- (D) Changes in the evaluation of purchase options for the underlying assets;
- (E) Changes in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine the lease payments, changes in the amount of residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly, and the remaining amount of the remeasurement is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and its difference from the remeasurement amount of the lease liability is recognized in profit or loss.

The Consolidated Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items on the balance sheet.

For short-term leases of business equipment and other equipment and leases of low-value assets, the Consolidated Company chooses not to recognize right-of-use assets and lease liabilities, and but recognizes the related lease payments as expenses on a straight-line basis over the lease term.

For sale and leaseback transactions, whether the transfer of an asset to a buyer-lessor satisfies the requirements for sale is evaluated in accordance with IFRS 15. If it is determined that the asset is sold, such asset is derecognized and the portion of the right transferred to the buyer-lessor is recognized in profit or loss. Leaseback transactions are accounted for as lessee transactions, and the right-of-use asset is measured at the original amount of the portion of the asset leased back. If the requirements for sale are not met, the transferred asset is further recognized and the consideration received is recognized as a financial liability.

C. The Consolidated Company as lessor

Lease agreements in which the Consolidated Company is the lessor are classified as a finance lease if substantially all the risks and returns of ownership to the underlying asset have been transferred or an operating lease otherwise at the inception date of the lease. In the evaluation, the Consolidated Company considers relevant specific indicators, including whether the lease term covers a significant portion of the economic life of the underlying asset.

If the Consolidated Company is a sub-lessor, the Consolidated Company shall handle the transactions of primary lease and sublease separately and evaluate the classification of the sublease transaction based on the right of use derived from the primary lease. If the primary lease is a short-term lease and a recognition exemption is applied, the sublease transaction shall be classified as an operating lease.

(14) Intangible assets

A. Goodwill

Goodwill on acquisitions of subsidiaries is measured at cost less accumulated impairment losses.

B. Other intangible assets

The Consolidated Company acquired intangible assets with finite useful lives are shown at cost less accumulated amortization and accumulated impairment losses.

Amortization amount is calculated on a straight-line basis over the following useful lives:

Computer software	Economic benefits or contract
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Estimated useful life and amortization method are reviewed at the end of the reporting period, and the impact of any changes in estimates is deferred.

(15) Impairment of non-financial assets

The Consolidated Company evaluates at each reporting date whether there is any indication showing that the carrying amount of non-financial assets (other than inventories, contract assets, and deferred tax assets) may be impaired. If any indication exists, the recoverable amount of the asset shall be estimated.

For the purpose of impairment test, a group of assets of which a significant portion of the cash inflows are independent of other individual assets or the cash inflow of an asset group is identified as the smallest identifiable asset group. Goodwill acquired from business merger is allocated to each cash generating unit or group of cash generating units that is expected to benefit from the merger synergies.

The recoverable amount is the higher of the fair value of an asset or cash generating unit less the disposal cost and its value in use. In assessing value in use, the estimated future cash flows are 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 cash generating unit.

An impairment loss is recognized if the recoverable amount of an asset or cash generating unit is less than its carrying amount.

An impairment loss is recognized immediately in profit or loss. The carrying amount of amortized goodwill of a cash generating unit is reduced first, and then the carrying amount

of that asset is reduced in proportion to the carrying amount of other assets in the unit.

Impairment losses on goodwill are not reversed. Non-financial asset other than goodwill is reversed only to the extent that the carrying amount (net of depreciation or amortization) of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset in previous years.

(16) Provisions

The provision for liabilities is recognized when there is a present obligation arising from past events, it is likely that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision for liabilities is the best estimate of the expenses that will be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties of the obligation. If the provision for liabilities is measured at the estimated cash flows to settle the present obligation, the carrying amount is the present value of such cash flows.

(17) Revenue recognition

Revenue is measured at the consideration expected to be received for the goods or services transferred. The Consolidated Company recognizes the revenue when control over goods or services is transferred to the customer to satisfy performance obligations.

A. Sales of goods

The Consolidated Company recognizes the revenue when control of the product is transferred to the customer. The control over a product is transferred when the product is delivered to the customer, the customer has complete control over the product's distribution channels and price, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location and the risks of obsolescence and loss are transferred to the customer. The customer has accepted the product under a sales contract, the terms of acceptance have expired, or the Consolidated Company has objective evidence showing that all conditions of acceptance have been met.

The Consolidated Company recognizes accounts receivable upon delivery of goods because the Consolidated Company has an unconditional right to receive consideration at that time.

B. Financial components

The Consolidated Company does not adjust the time value of money of the transaction price because it expects the time interval between the transfer of goods or services to the customer and the time the customer pays for those goods or services to be less than one year for all customer contracts.

(18) Borrowing costs

Borrowing costs requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the cost of the asset.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

(19) Government grants

A government grant is recognized only when there is reasonable assurance that the Consolidated Company will comply with any conditions attached to the grant and the grant will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Company. Government grants that are contingent upon the Consolidated Company purchasing, constructing or otherwise acquiring non-current assets are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets. The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

For loan obtained by the Consolidated Company at an interest rate below the market interest rate, the difference between the loan amount received and the fair value of the loan calculated at the prevailing market interest rate is recognized as a government grant.

(20) Employee benefits

A. Defined contribution plans

Contribution obligations to defined contribution pension plans are recognized as expenses over the employees' service provision period. Prepaid contributions are recognized as an asset to the extent that they result in a cash refund or a reduction in the future payments.

B. Defined benefit plan

The Consolidated Company's net obligation for defined benefit plans is calculated by discounting the present value of future benefit amounts earned by employees for current or prior periods of service, less the fair value of plan assets.

The defined benefit obligation is actuarially calculated annually by a qualified actuary using the projected unit benefit method. When the calculation results are probable to be favorable to the Consolidated Company, the assets are recognized to the extent of the present value of any economic benefits that may be obtained in the form of refunds of contributions from the plan or reductions in future contributions to the plan. The present value of economic benefits is calculated taking into account any minimum contribution requirements.

The remeasurement of the net defined benefit liabilities, including actuarial gains and losses, the return on plan assets (excluding interest), and any changes in the impact of the asset ceiling (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Consolidated Company determines that net interest expense (income) on the net defined benefit liability (asset) uses the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

Changes in benefits related to prior service costs or reduced benefits or losses resulting from plan revisions or reductions are recognized immediately in profit or loss. The Consolidated Company recognizes gains or losses on settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are rendered. If the Consolidated Company has a present legal or constructive obligation to pay as a result of past service rendered by employees, and the obligation can be estimated reliably, the amount is recognized as a liability.

(21) Income tax

The income tax for the period comprises current and deferred tax.

Current income taxes include income taxes payable or tax refunds receivable based on the taxable income (loss) in current year, and any adjustments to income taxes payable or tax refunds receivable in previous years. The amount is the best estimate of the amount expected to be paid or received, as measured by the statutory tax rate or the tax rate under substantive legislation at the reporting date.

Deferred income taxes are measured and recognized for temporary differences between the carrying amounts of assets and liabilities at the date of financial reporting and their tax bases. Unused tax losses and unused tax credits in later periods of transfer, and deductible temporary differences are recognized as deferred tax assets to the extent that it is very likely that future taxable income will be available. They shall also be reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not within the scope very likely to be realized; or the originally reduced amount shall be reversed to the extent that it is very likely to generate sufficient taxable income.

Deferred tax assets and deferred tax liabilities are offset only if the following conditions are met simultaneously:

- A. There is a legally enforceable right to offset current tax assets against current tax liabilities; and
- B. The deferred tax assets and liabilities are related to one of the following taxpayers that are subject to the income tax levied by the same taxation authority:
 - (A) The same taxpayer; or
 - (B) Different taxpayers, provided that each taxpayer intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(22) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company's common shares by the weighted average number of outstanding common shares in current period. Diluted earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company's common shares by the weighted average number of outstanding common shares, adjusted for the impact of all potential diluted common shares.

(23) Segment Information

Operating segments are components of the Consolidated Company that engage in operating activities that may generate revenues and incur expenses (including revenues and expenses related to transactions with other components of the Consolidated Company). The operating results of all operating segments are reviewed periodically by the key operating decision maker of the Consolidated Company in order to make decisions on the allocation of assets to such segments and evaluate the performance. Each operating segment has its separate financial information.

5. Significant Accounting Judgment, Estimates, and Assumptions and the Main Sources of Assumption Uncertainty

When the Consolidated Company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

When developing significant accounting estimates, the Consolidated Company takes into account the potential impact of U.S. reciprocal tariff measures, and management continuously reviews these estimates and underlying assumptions.

Significant accounting judgment

(1) Loss allowance for accounts receivable

The loss allowance for accounts receivable is estimated based on the assumptions of default risk and expected loss rate. The Consolidated Company considers historical experience, current market conditions and forward-looking estimates at each reporting date to determine the assumptions and inputs to be used in the impairment calculation. For details of the relevant assumptions and inputs, please refer to Note 6(5).

(2) Evaluation of inventories

Since inventories are measured at the lower of cost or net realizable value, the Consolidated Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on reporting date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes due to rapid changes in the industry.

(3) Impairment evaluation of investments accounted for using equity method

When there is an indication that an investment by equity method has impaired and the carrying amount may not be recovered, the Consolidated Company will evaluate such impairment immediately. The Consolidated Company evaluates the impairment loss based on the investee's future cash flow projections, including the sales growth rate and capacity utilization rate estimated by the investee's internal management, and analyzes the reasonableness of the related assumptions.

(4) Impairment evaluation of tangible assets and intangible assets (excluding goodwill)

During the asset impairment evaluation process, the Consolidated Company relies on its subjective judgment, use mode of assets and characteristics of the industry, to determine the independent cash flows of a particular asset group, useful life of the assets and the likely future income and loss, and any change in estimates due to changes in economic conditions or the Company's strategy may cause significant impairment or reversal of a recognized impairment loss in the future.

(5) Recognition and measurement of provision for liabilities

Provisions for product warranty liabilities are estimated at the time of revenue recognition and are based on the number of products under warranty, the history of the products, the expected maintenance rate and the expected unit maintenance cost. The Consolidated Company continuously reviews the basis of these estimates and revises them when appropriate. Any change in the above estimate basis could materially affect the estimation of the provision for product warranty liabilities.

(6) Realizability of deferred tax assets

Deferred tax assets are recognized only when it is probable that there will be sufficient taxable income for deductible temporary differences to be used in the future. Assessing the

realizability of deferred tax assets must involve significant accounting judgments and estimates by the management, including assumptions about expected future sales revenue growth and profit margins, tax holiday periods, available income tax credits, and tax planning, etc. Any changes in the global economic environment, industrial environment and laws may cause significant adjustments to deferred tax assets.

(7) Measurement of defined benefit obligation

The defined benefit cost and net defined benefit liabilities (assets) to be recognized for the defined benefit pension plan are actuarially valued using the projected unit benefit method. The actuarial assumptions adopted include discount rate, employee turnover rate, and increment rate of future salary. Such assumptions could materially affect the amounts of expenses and liabilities recognized if they change as a result of changes in market and economic conditions. For the significant actuarial assumptions used in the actuarial calculations and the sensitivity analysis, please refer to Note 6(17).

6. Summary of Significant Accounting Titles

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash	\$ 2,455	\$ 2,454
Bank deposits	733,624	807,320
Cash equivalents		
Time deposits with an initial maturity within three months	284,057	-
	<u>\$ 1,020,136</u>	<u>\$ 809,774</u>

(2) Financial assets at FVTPL

Current items:		
<u>Mandatorily measured at FVTPL</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Domestic listed (OTC) stocks	\$ 174,873	\$ 443,510
Adjustments	41,395	533,029
	<u>\$ 216,268</u>	<u>\$ 976,539</u>
Non-current items:		
<u>Mandatorily measured at FVTPL</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Overseas non-listed (non-OTC) stocks	\$ 27	\$ 27
Adjustments	(27)	(27)
	<u>\$ -</u>	<u>\$ -</u>

- A. Profits (losses) recognized in relation to the financial assets at fair value through profit or loss are listed below:

Financial assets mandatorily measured at FVTPL	2025	2024
Profits (losses) on valuation	\$ (181,930)	\$ 413,198
Dividend revenue	\$ 26,410	\$ 23,155

- B. The Consolidated Company has no financial assets at fair value through profit or loss pledged to others.
- C. The above equity instruments of the Consolidated Company are held for trading and are therefore measured at fair value through profit or loss.
- D. Please refer to Note 12 for relevant credit risk management and assessment methods.
- E. The Consolidated Company invested in AUTECH EUROPE, a French agency, at an amount of FRF 5,000 (equaling to NTD 27 thousand) in 1990, and the total capital amount of AUTECH EUROPE was FRF 100,000. In 1996, due to value impairment and little hope of recovery of the investee companies, all were recognized as losses.

(3) Financial assets at FVOCI - non-current

Financial assets at FVTOCI	December 31, 2025	December 31, 2024
Domestic listed (OTC) stocks	\$ 532	\$ 532
Adjustments	(111)	(156)
	\$ 421	\$ 376

- A. Amounts recognized in profit or loss in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	2025	2024
Changes in fair value recognized in other comprehensive income	\$ 45	\$ 3,122
Accumulated gains (losses)	\$ -	\$ (103)
Dividend revenue	\$ -	\$ -

- B. The Consolidated Company holds the above equity instruments as long-term strategic investments and therefore designates these investments as at fair value through other comprehensive income.

- C. The Consolidated Company disposed of equity investments at fair values of NTD 0 and NTD 4,777 thousand in 2025 and 2024, respectively, and the accumulated losses and gains on disposal were NTD 0 and NTD (103) thousand, respectively. The above accumulated disposal losses and gains have been transferred to the retained earnings from other equities.
- D. The Consolidated Company has no financial assets at fair value through other comprehensive income pledged to others.
- E. Please refer to Note 12 for relevant credit risk management and assessment methods.

(4) Financial assets measured at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Time deposits with an initial maturity of more than three months	<u>\$ 34,919</u>	<u>\$ -</u>
Time deposit interest rate range	1.350%	-
Non-current items:		
Pledged time deposits	<u>\$ 10,280</u>	<u>\$ 10,200</u>
Time deposit interest rate range	0.875%	0.875%

A. The financial assets measured at amortized cost (non-current) are performance guarantees in the pledge provided by Consolidated Company to rent the land of Central Taiwan Science Park in Xitun District.

B. Please refer to Note 8 for the guarantees provided.

(5) Notes and accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ 92,831	\$ 101,303
Less: Loss allowance	(475)	(900)
Net	<u>\$ 92,356</u>	<u>\$ 100,403</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Account receivables	\$ 299,614	\$ 229,948
Less: Loss allowance	(17,263)	(16,919)
Net	<u>\$ 282,351</u>	<u>\$ 213,029</u>

The average credit period for merchandise sales ranges from 30 to 90 days for monthly statement, and accounts receivable are non-interest-bearing.

The loss allowance for accounts receivable of the Consolidated Company is recognized by simplified method under IFRS 9 according to lifetime expected credit losses. The lifetime expected credit loss is calculated using provision matrix and takes past breach records of the customer, the current financial condition and industrial economic trend. Since the Consolidated Company's historical experience of credit losses shows that there is no significant difference in the pattern of losses among different customer groups, therefore, the reserve matrix does not further distinguish between the customer groups, but only determines the expected credit loss rate based on the number of days overdue on accounts receivable.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, the Consolidated Company will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The Consolidated Company measures the loss allowance of note and accounts receivable according to the provision matrix as follows:

	December 31, 2025		
	Total carrying amount	Loss allowance (lifetime expected credit losses)	Amortized cost
Not past due	\$ 359,572	\$ (654)	\$ 358,918
1 - 30 days past due	11,569	(118)	11,451
31 - 180 days past due	4,574	(776)	3,798
181 - 365 days past due	309	(92)	217
Over 366 days past due	16,421	(16,098)	323
Total	<u>\$ 392,445</u>	<u>\$ (17,738)</u>	<u>\$ 374,707</u>

	December 31, 2024		
	Total carrying amount	Loss allowance (lifetime expected credit losses)	Amortized cost
Not past due	\$ 271,770	\$ (1,453)	\$ 270,317
1 - 30 days past due	20,433	(300)	20,133
31 - 180 days past due	8,609	(188)	8,421
181 - 365 days past due	8,502	(1,974)	6,528
Over 366 days past due	21,937	(13,904)	8,033
Total	<u>\$ 331,251</u>	<u>\$ (17,819)</u>	<u>\$ 313,432</u>

The expected credit loss ratios of the Consolidated Company for each of the above sections (excluding unusual items for which 100% of the total amount has been presented) were 0%-5% or less for not past due and 30 days or less past due; 0%-100% or less for 31-365 days or less past due; and 0%-100% for more than 365 days past due.

The changes in the Consolidated Company's loss allowance of notes and accounts receivable are as follows:

	2025	2024
Opening balance	\$ 17,819	\$ 18,021
Presentation in the current period	343	(404)
Reversal in current period	(425)	-
Write-offs in the current period	-	-
Impacts of exchange rate	1	202
Ending balance	<u>\$ 17,738</u>	<u>\$ 17,819</u>

(6) Inventories

	December 31, 2025	December 31, 2024
Products	\$ -	\$ 7,597
Raw materials	369,147	327,078
Work in process	770,376	970,878
Finished goods	96,633	132,497
	<u>\$ 1,236,156</u>	<u>\$ 1,438,050</u>

A. Inventory-related expenses recognized in the current period

	2025	2024
Cost of goods sold	\$ 1,543,952	\$ 1,571,795
Inventory decline loss (reversal gain)	47,463	(4,193)
Inventory obsolescence	-	13,534
Inventory loss	13,246	13,661
Income from sale of scraps	(143)	(794)
Idle capacity related costs	47,253	45,152
	<u>\$ 1,651,771</u>	<u>\$ 1,639,155</u>

B. As of December 31, 2025 and 2024, there were no guarantees or pledges on inventories.

(7) Other current assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Special funds for repatriation of overseas funds	\$ 129,238	\$ 207,199
Application plan accounts	1,285	19,651
Loan guarantee accounts	-	1,640
Temporary debits	667	1,461
	<u>\$ 131,190</u>	<u>\$ 229,951</u>

Regarding the special funds to be repatriated upon approval of the National Taxation Bureau, Ministry of Finance in accordance with the “Regulations of Repatriated Offshore Funds”, the Company intends to submit an investment plan to the Ministry of Economic Affairs within one year from the date on which the funds are deposited in a special account for foreign exchange deposits in accordance with Article 8 of the Regulations. Pursuant to the Regulations, the said plan was approved by the Ministry of Economic Affairs through the approval document No. 11020433960 on September 23, 2021.

The disbursement status, expenditure amounts, and related items of the offshore fund special account for the Company’s aforementioned investment plan had been audited by CPAs on September 24, 2025, with an audit report issued. This report, together with the Company’s “Application for Certificate of Completion of Investment Plan for Offshore Fund Repatriation Investment Industries,” was submitted to the Industrial Development Administration, MOEA on December 31, 2025.

Please refer to Note 8 for the guarantees provided.

(8) Investments accounted for using equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates	\$ 129,817	\$ 145,031

The Consolidated Company's associates are listed below:

Investee company	Main business	Place of establishment and operation	Carrying amount		Percentage of ownership interest and voting rights held by the Consolidated Company	
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
YAMA SEIKI USA, INC.	Design and production of CNC machine tools, CNC systems, servo devices and related components with more than three axes linkage, and maintenance and sales of precision CNC machine tools	USA	\$ 129,817	\$ 126,784	28.58%	28.58%
Huahan Leasing Co., Ltd.	Rental of machinery and equipment	Taiwan	-	18,247	0.00%	30.00%
			<u>\$ 129,817</u>	<u>\$ 145,031</u>		

- A. On December 23, 2010, the Consolidated Company's Board of Directors resolved to invest US\$1,700 thousand in YAMA SEIKI USA, INC. to engage in the sales and installation of parts and accessories of tool machines, mechanical instruments and international trade business.
- B. In August 2021 and June 2024, the Consolidated Company respectively resolved to invest NTD 7,333 thousand and NTD 10,350 thousand in Huahan Leasing Co., Ltd. to engage in the machinery and equipment leasing business.
- C. In July 2025, the Consolidated Company resolved to sell its entire equity interest in Huahan Leasing Co., Ltd. to JiaJin Investment Co., Ltd., receiving NTD 17,961 thousand.
- D. The Consolidated Company's share of profit or loss and other comprehensive income in its associates and joint ventures using the equity method in 2025 and 2024, including YAMA SEIKI USA, INC., was recognized in accordance with the associates' financial statements audited by CPAs over the same period.

(9) Property, plant and equipment

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Self-owned land	\$ 540,053	\$ 536,761
Property and building	896,018	946,309
Machinery equipment	99,407	107,627
Molding equipment	6,212	7,916
Transportation equipment	11,643	8,515
Computer and telecommunication equipment	5,320	6,204
Office equipment	281	280
Business equipment	689	1,297
Leasehold improvements	-	-
Tooling equipment	1,296	1,815
Other equipment	11,286	12,166
Unfinished construction and equipments pending acceptance	317,277	205,084
	<u>\$ 1,889,482</u>	<u>\$ 1,833,974</u>

	<u>January 1, 2025</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassification</u>	<u>Impacts of exchange rate</u>	<u>December 31, 2025</u>
<u>Cost</u>						
Self-owned land	\$ 536,761	\$ 3,292	\$ -	\$ -	\$ -	\$ 540,053
Property and building	1,607,587	-	-	-	1,790	1,609,377
Machinery equipment	381,568	11,110	(655)	-	789	392,812
Molding equipment	63,776	2,058	(1,307)	-	32	64,559
Transportation equipment	69,619	6,410	-	-	61	76,090
Computer and telecommunication equipment	22,729	2,085	(110)	-	50	24,754
Office equipment	2,795	-	-	-	11	2,806
Business equipment	20,223	115	-	-	-	20,338
Leasehold improvements	-	-	-	-	-	-
Tooling equipment	2,185	-	-	-	-	2,185
Other equipment	61,685	1,888	(667)	-	143	63,049
Unfinished construction and equipments pending acceptance	205,084	112,193	-	-	-	317,277
	<u>\$ 2,974,012</u>	<u>\$ 139,151</u>	<u>\$ (2,739)</u>	<u>\$ -</u>	<u>\$ 2,876</u>	<u>\$ 3,113,300</u>

	January 1, 2025	Depreciation	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Accumulated depreciation</u>						
Property and building	\$ 661,278	\$ 50,811	\$ -	\$ -	\$ 1,270	\$ 713,359
Machinery equipment	273,941	19,178	(615)	-	901	293,405
Molding equipment	55,860	3,653	(1,175)	-	9	58,347
Transportation equipment	61,104	3,274	-	-	69	64,447
Computer and telecommunication equipment	16,525	2,956	(103)	-	56	19,434
Office equipment	2,515	-	-	-	10	2,525
Business equipment	18,926	723	-	-	-	19,649
Leasehold improvements	-	-	-	-	-	-
Tooling equipment	370	519	-	-	-	889
Other equipment	49,519	2,729	(641)	-	156	51,763
	<u>\$ 1,140,038</u>	<u>\$ 83,843</u>	<u>\$ (2,534)</u>	<u>\$ -</u>	<u>\$ 2,471</u>	<u>\$ 1,223,818</u>
Net	<u>\$ 1,833,974</u>					<u>\$ 1,889,482</u>

	January 1, 2024	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>						
Self-owned land	\$ 536,761	\$ -	\$ -	\$ -	\$ -	\$ 536,761
Property and building	1,590,260	2,314	-	-	15,013	1,607,587
Machinery equipment	391,634	8,714	(25,248)	-	6,468	381,568
Molding equipment	60,973	2,724	(165)	-	244	63,776
Transportation equipment	69,042	82	-	-	495	69,619
Computer and telecommunication equipment	21,263	1,221	(104)	-	349	22,729
Office equipment	2,700	-	-	-	95	2,795
Business equipment	20,223	-	-	-	-	20,223
Leasehold improvements	749	-	(749)	-	-	-
Tooling equipment	-	2,185	-	-	-	2,185
Other equipment	59,193	1,418	(141)	-	1,215	61,685
Unfinished construction and equipments pending acceptance	39,865	165,219	-	-	-	205,084
	<u>\$ 2,792,663</u>	<u>\$ 183,877</u>	<u>\$ (26,407)</u>	<u>\$ -</u>	<u>\$ 23,879</u>	<u>\$ 2,974,012</u>

	January 1, 2024	Depreciation	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated depreciation</u>						
Property and building	\$ 603,184	\$ 52,768	\$ -	\$ -	\$ 5,326	\$ 661,278
Machinery equipment	261,037	22,817	(14,062)	-	4,149	273,941
Molding equipment	51,538	4,291	(103)	-	134	55,860
Transportation equipment	56,775	3,966	-	-	363	61,104
Computer and telecommunication equipment	13,537	2,830	(93)	-	251	16,525
Office equipment	2,430	-	-	-	85	2,515
Business equipment	16,173	2,753	-	-	-	18,926
Leasehold improvements	749	-	(749)	-	-	-
Tooling equipment	-	370	-	-	-	370
Other equipment	45,468	3,369	(133)	-	815	49,519
	<u>\$ 1,050,891</u>	<u>\$ 93,164</u>	<u>\$ (15,140)</u>	<u>\$ -</u>	<u>\$ 11,123</u>	<u>\$ 1,140,038</u>
Net	<u>\$ 1,741,772</u>					<u>\$ 1,833,974</u>

- A. For properties, plants and equipment provided by the Consolidated Company as the guarantee for borrowings, please refer to Note 8 for details.
- B. The land accounted for by the Consolidated Company as at December 31, 2025 and 2024 was partly agricultural land with title temporarily registered in the name of another person for an amount of NTD 91,822 thousand and NTD 88,529 thousand, respectively, in respect of which the Consolidated Company has obtained a certificate of creation of other rights.
- C. The relevant information on interest capitalization is as follows:

	2025	2024
Capitalized amount	<u>\$ 5,277</u>	<u>\$ 2,043</u>
Capitalized interest rate	<u>1.914%~2.155%</u>	<u>1.158%~2.165%</u>

(10) Lease arrangements

A. Right-of-use assets

	December 31, 2025	December 31, 2024
Land-use right	\$ 265,500	\$ 277,829
Property and building	69	139
	<u>\$ 265,569</u>	<u>\$ 277,968</u>

	January 1, 2025	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Cost</u>						
Land-use right Property and building	\$ 337,046	\$ -	\$ -	\$ -	\$ 662	\$ 337,708
	533	-	-	-	-	533
	<u>\$ 337,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662</u>	<u>\$ 338,241</u>
	January 1, 2025	Depreciation	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Accumulated depreciation</u>						
Land-use right Property and building	\$ 59,217	\$ 12,662	\$ -	\$ -	\$ 329	\$ 72,208
	394	70	-	-	-	464
	<u>\$ 59,611</u>	<u>\$ 12,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 72,672</u>
Net	<u>\$ 277,968</u>					<u>\$ 265,569</u>
	January 1, 2024	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>						
Land-use right Property and building	\$ 207,892	\$ 173,044	\$ (49,451)	\$ -	\$ 5,561	\$ 337,046
	4,244	-	(3,711)	-	-	533
	<u>\$ 212,136</u>	<u>\$ 173,044</u>	<u>\$ (53,162)</u>	<u>\$ -</u>	<u>\$ 5,561</u>	<u>\$ 337,579</u>
	January 1, 2024	Depreciation	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated depreciation</u>						
Land-use right Property and building	\$ 94,325	\$ 12,746	\$ (49,451)	\$ -	\$ 1,597	\$ 59,217
	3,334	511	(3,451)	-	-	394
	<u>\$ 97,659</u>	<u>\$ 13,257</u>	<u>\$ (52,902)</u>	<u>\$ -</u>	<u>\$ 1,597</u>	<u>\$ 59,611</u>
Net	<u>\$ 114,477</u>					<u>\$ 277,968</u>

B. Please refer to Note 8 for the guarantees provided.

C. Lease liabilities

	December 31, 2025	December 31, 2024
Current	\$ 7,663	\$ 7,536
Non-current	150,642	158,305
	<u>\$ 158,305</u>	<u>\$ 165,841</u>

D. Important renting activities and terms

The Consolidated Company leases some lands, plants, offices and transportation equipment for periods ranging from 3 to 20 years. Upon termination of the leases, the Consolidated Company does not have a preemptive right to acquire the leased buildings.

The Consolidated Company rents land in the People's Republic of China for the manufacturing of its products, with a lease period of 50 years. The lease payment is made in lump sum at the time of signing contract, and the Consolidated Company does not have a purchase right on the land at the end of the term of land-use right.

E. Other lease information

	<u>2025</u>	<u>2024</u>
Short-term lease and lease expenses of low-value assets	\$ 2,869	\$ 3,200
Total cash outflow from leases	<u>\$ 13,118</u>	<u>\$ 13,585</u>

(11) Intangible assets

	<u>2025</u>	<u>2024</u>
Goodwill	\$ 642	\$ 642
Computer software	12,646	16,134
	<u>\$ 13,288</u>	<u>\$ 16,776</u>

	<u>January 1, 2025</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassification</u>	<u>Impacts of exchange rate</u>	<u>December 31, 2025</u>
<u>Cost</u>						
Goodwill	\$ 642	\$ -	\$ -	\$ -	\$ -	\$ 642
Computer software	34,856	210	-	(210)	70	34,926
	<u>\$ 35,498</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ (210)</u>	<u>\$ 70</u>	<u>\$ 35,568</u>

	<u>January 1, 2025</u>	<u>Amortization in current period</u>	<u>Disposals</u>	<u>Reclassification</u>	<u>Impacts of exchange rate</u>	<u>December 31, 2025</u>
<u>Accumulated amortization</u>						
Computer software	\$ 18,722	\$ 3,487	\$ -	\$ -	\$ 71	\$ 22,280
	<u>\$ 18,722</u>	<u>\$ 3,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ 22,280</u>
Net	<u>\$ 16,776</u>					<u>\$ 13,288</u>

	January 1, 2024	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>						
Goodwill	\$ 642	\$ -	\$ -	\$ -	\$ -	\$ 642
Computer software	29,425	7,380	(2,306)	-	357	34,856
	<u>\$ 30,067</u>	<u>\$ 7,380</u>	<u>\$ (2,306)</u>	<u>\$ -</u>	<u>\$ 357</u>	<u>\$ 35,498</u>
	January 1, 2024	Amortization in current period	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated amortization</u>						
Computer software	\$ 17,411	\$ 3,467	\$ (2,306)	\$ -	\$ 150	\$ 18,722
	<u>\$ 17,411</u>	<u>\$ 3,467</u>	<u>\$ (2,306)</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 18,722</u>
Net	<u>\$ 12,656</u>					<u>\$ 16,776</u>

The amortisation expenses recognized by the Consolidated Company in 2025 and 2024 were included in the statements of comprehensive income under the cost of sales of NTD 479 thousand and NTD 570 thousand, respectively, and under the operating expenses at NTD 3,008 thousand and NTD 2,897 thousand, respectively.

(12) Overdue receivables

	December 31, 2025	December 31, 2024
Overdue receivables	\$ 6,222	\$ 6,149
Less: allowance for uncollectible accounts	(6,222)	(6,149)
	<u>\$ -</u>	<u>\$ -</u>

(13) Short-term borrowings

	December 31, 2025	December 31, 2024
Secured loans	\$ 314,181	\$ 313,983
Credit loans	1,170,000	1,300,000
	<u>\$ 1,484,181</u>	<u>\$ 1,613,983</u>
Interest rate	<u>0.8795% -2.9000%</u>	<u>1.8050% -3.1000%</u>

Please refer to Note 8 for the guarantees provided.

(14) Short-term notes and bills payable

	December 31, 2025	December 31, 2024
Short-term notes and bills payable	\$ -	\$ 80,000
Less: Discount on short-term notes and bills payable	-	(8)
	<u>\$ -</u>	<u>\$ 79,992</u>
Interest rate	<u>-</u>	<u>1.8300%</u>

(15) Other payables

	December 31, 2025	December 31, 2024
Other expenses payable	\$ 67,983	\$ 74,944
Remuneration payable to employee	-	16,000
Remuneration payable to directors	-	2,750
Dividends payable	486	486
Construction and equipment payable	317	463
Others	8,117	5,893
	<u>\$ 76,903</u>	<u>\$ 100,536</u>

(16) Current provisions

	December 31, 2025	December 31, 2024
Warranty	\$ 2,219	\$ 2,161
Employee benefits	9,616	8,104
Litigation liabilities	-	1,956
	<u>\$ 11,835</u>	<u>\$ 12,221</u>

	January 1, 2025	New in current period	Reversal/ write-offs in current period	Impacts of exchange rate	December 31, 2025
Warranty	\$ 2,161	\$ 691	\$ (633)	\$ -	\$ 2,219
Employee benefits	8,104	1,585	(80)	7	9,616
Lawsuit compensation	1,956	-	(1,956)	-	-
	<u>\$ 12,221</u>	<u>\$ 2,276</u>	<u>\$ (2,669)</u>	<u>\$ 7</u>	<u>\$ 11,835</u>

	January 1, 2024	New in current period	Reversal in current period	Impacts of exchange rate	December 31, 2024
Warranty	\$ 3,836	\$ -	\$ (1,675)	\$ -	\$ 2,161
Employee benefits	9,099	-	(1,058)	63	8,104
Lawsuit compensation	-	1,956	-	-	1,956
	<u>\$ 12,935</u>	<u>\$ 1,956</u>	<u>\$ (2,733)</u>	<u>\$ 63</u>	<u>\$ 12,221</u>

A. Warranty

Warranty provision for liabilities refers to that as agreed in the sales contract of products, the management of the Consolidated Company makes optimal estimate based on historical experience of the products.

B. Employee benefits

Provisions for employee benefit liabilities are recognized as a liability if the Consolidated Company has a present legal or constructive obligation to pay as a result of past service rendered by employees, and the obligation can be estimated reliably.

C. Litigation liabilities

The litigation liabilities pertain to case No. 41205 of the 2024 Annual Investigation of the Taiwan Taichung District Prosecutors Office. The Company does not involve relevant criminal liability. However, it has obtained illegal gains of NTD 1,956 thousand, which are confiscated by the court and require repayment. This litigation liability had been resolved in 2025.

(17) Employee benefits

A. Defined benefit plan

The Company and its domestic subsidiaries' employee retirement plan under the "Labor Standards Act" is a defined benefit plan. Under the plan, the employee's pension is calculated based on the number of years of service and the average salary of the six months before retirement. The above companies contribute monthly an amount equal to 2% of the employees' gross salaries to the Labor Pension Fund Supervisory Committee and deposits the funds in the name of the Committee in a special account at the Bank of Taiwan. The Funds are operated and managed by the government's designated authorities. Accordingly, the Company does not have any right to intervene in the investments of the Funds.

The actuarial valuations of the present value of the defined benefit obligation of the Company are carried out by qualified actuaries. The major assumptions used in the actuarial valuation on the measurement date are listed below:

(A) Actuarial assumptions on the reporting date:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.400%	1.600%
Expected salary increase rate	2.500%	2.500%
Average maturity of defined benefit obligation	12 years	13 years

a Assumptions regarding future mortality are estimated according to the National Pension Insurance mortality table.

b If reasonably likely changes respectively occur in the principal assumptions and all other assumptions are held constant, the amount of present value of the defined benefit obligation is increased (decreased) as follows:

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
Increase by 0.25%	\$ (411)	\$ (434)
Decrease by 0.25%	\$ 427	\$ 451

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected salary increase rate		
Increase by 0.25%	\$ 413	\$ 437
Decrease by 0.25%	\$ (400)	\$ (422)

The sensitivity analysis presented above may not reflect the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(B) The amounts of pension expenses recognized in the consolidated statements of comprehensive income in respect of defined benefit plan are shown below:

	2025	2024
Current service cost	\$ 93	\$ 161
Interest cost on defined benefit obligation	279	359
Interest income on plan assets	(212)	(273)
Recognized in profit or loss	<u>160</u>	<u>247</u>
Remeasurement		
Actuarial gains (losses) - Experience adjustments	(221)	605
Actuarial gains (losses) - Adjustments to demographic assumptions	-	-
Actuarial gains (losses) - Adjustments to financial assumptions	325	(514)
Return on plan assets	(1,098)	(1,747)
Recognized in other comprehensive income	<u>(994)</u>	<u>(1,656)</u>
Total	<u>\$ (834)</u>	<u>\$ (1,409)</u>

Pension expenses recognized in profit or loss for the above defined benefit plan are included in the following items:

	2025	2024
Operating costs	\$ 454	\$ 787
Selling and marketing expenses	57	72
General and administrative expenses	88	69
Research and development expenses	59	83
Others	(498)	(764)
	<u>\$ 160</u>	<u>\$ 247</u>

- (C) The Company's obligation amount from defined benefit plans recognized in the consolidated balance sheets is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	\$ 17,574	\$ 17,448
Fair value of plan assets	<u>(14,522)</u>	<u>(12,899)</u>
Net defined benefit liability	<u>\$ 3,052</u>	<u>\$ 4,549</u>

- (D) Changes in the present value of the Company's defined benefit obligations are presented below:

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 17,448	\$ 27,587
Current service cost	93	161
Net interest expense	279	359
Remeasurement		
Actuarial gains - Experience adjustments	(221)	605
Actuarial losses - Adjustments to demographic assumptions	-	-
Actuarial gains - Adjustments to financial assumptions	325	(514)
Benefits paid for plan assets	<u>(350)</u>	<u>(10,750)</u>
Ending balance	<u>\$ 17,574</u>	<u>\$ 17,448</u>

- (E) Changes in the fair value of the Company's plan assets are presented below:

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 12,899	\$ 20,614
Interest income	212	273
Remeasurement		
Return on plan assets	1,098	1,747
Contributions from employer	663	1,015
Benefits paid for plan assets	<u>(350)</u>	<u>(10,750)</u>
Ending balance	<u>\$ 14,522</u>	<u>\$ 12,899</u>

The Company expects to contribute NTD 663 thousand to the defined benefit plan within one year after December 31, 2025.

B. Defined contribution benefit plan

The employee retirement plans of the Company and its domestic subsidiaries under the “Labor Pension Act” are defined contribution plan. The above companies contribute an amount equal to 6% of the employees’ monthly wages to the special accounts at the Bureau of Labor Insurance.

The pension payment of Best Way Mechantronic Ltd., AWEA Mechantronic (Suzhou) Ltd., and Extron Machinery Co., Ltd. adopts defined contribution system. The pension benefits are contributed monthly by the company and deposited into the employees’ individual pension accounts, which are completely separated from the company and are transferred when employees leave the company. The contribution amount is recognized as current expense. B-Way (Cayman) Co., Ltd., Billion-Way (Cayman) Co., Ltd., Axtron Int’l Investment Co., Ltd. and Axtron Int’l Investment Limited have no regular employees and have no agreement on pension payment.

In accordance with the above regulations, the pension costs recognized by the Consolidated Company for the years ended December 31, 2025 and 2024 were NTD 18,600 thousand and NTD 18,803 thousand, respectively.

(18) Share capital

As of December 31, 2025, the Company’s authorized common stock amounted to NTD 1,000,000 thousand, with paid-in capital of NTD 945,942 thousand, par value of NTD 10 per share, divided into 94,594,171 shares.

(19) Capital surplus

- A. Pursuant to the Company Act, capital surplus may not be used except to cover a deficit or to increase capital. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, the capital increase is limited to a certain percentage of the paid-in capital each year. In addition, changes in ownership interest in subsidiaries recognized can be used to cover a deficit.

(20) Retained earnings

Legal reserve should be appropriated until it reaches the total amount of paid-in capital. Legal reserve can be used to cover a deficit of the Company, and if there is no deficit, the excess of legal reserve over 25% of paid-in capital may be used to distributed new shares or cash to shareholders in proportion to their original shares.

The Company allocates and reverse the special reserve in accordance with Jin-Guan-Zheng-Fa-Zi No. 109050022 and the “FAQ on the Allocation of Special Reserve after Adoption of International Financial Reporting Standards (IFRSs)”. If the remaining balance of other shareholders’ equity is reversed, the reversed portion may be used to distribute earnings to the shareholders.

In accordance with the Company’s Articles of Incorporation, the Company’s annual net income after final settlement shall be used to pay taxes and cover the deficits of prior years, 10% of the remaining income shall be set aside as legal reserve and special reserve in accordance with the law, and the remaining balance shall be added to the undistributed earnings of prior years and a part of which retained as the capital required for the business growth, and then the Board of Directors shall prepare the earnings distribution proposal and submit it to the shareholders’ meeting for resolution.

At the shareholders’ meetings of the Company held on May 27, 2025 and June 18, 2024, respectively, the Company resolved to approve the earning distribution plan and the dividends per share for the years 2024 and 2023, respectively, as follows:

	Earning distribution plan		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$ 45,372	\$ 20,151		
The distribution items are as follows:				
Capital surplus	-	-	\$ -	\$ -
Cash dividends	144,891	144,891	1.5	1.5

The above distribution of earnings did not differ from the resolutions made by the Board of Directors of the Company on February 26, 2025 and March 5, 2024, respectively.

Information on the earning distribution condition proposed by the Board of Directors and resolved by the Shareholders’ Meeting, is available on the “Market Observation Post System” website of the Taiwan Stock Exchange.

The distribution of earnings for 2025 had been approved by the Board of Directors on March 10, 2026 as follows:

	Earning distribution plan	Dividends per share (NTD)
	2025	2025
Legal reserve	\$ -	
The distribution items are as follows:		
Stock dividends	85,135	\$ 0.9
Cash dividends	9,459	0.1

The distribution of earnings for 2025 is to be resolved by the shareholders' meeting to be held on May 27, 2026.

(21) Other equity items

Exchange differences arising from the translation adjustments of the financial statements of foreign operations are the relevant exchange differences generated from the translation of the functional currency of the net assets of foreign operations into the Company's presentation currency (i.e., New Taiwan dollars), and are recognized directly in other comprehensive income. The losses and gains recognized in other comprehensive income for the years ended December 31, 2025 and 2024 were NTD (1,575) thousand and NTD 31,707 thousand, respectively.

(22) Treasury shares

In accordance with Article 28-2 of the Securities and Exchange Act and the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies," the Company, to safeguard corporate credit and protect shareholders' interests, resolved at a board meeting in April 2025 to repurchase its shares in stages. The changes in treasury stock are as follows:

Reason of repatriation	Number of shares at the beginning of the period (in thousands)	Increases	Decreases	Number of shares at the end of the period (in thousands)
<u>2025</u>				
Safeguard the corporate credit and shareholders' interests	-	2,000	(2,000)	-

The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and the Company is not entitled to distribute dividends and to vote.

As of December 31, 2025, a total of NTD 63,692 thousand of treasury shares had been repurchased and payment had been made. In addition, in August 2025, the Company canceled treasury shares according to law, with a par value of NTD 20,000 thousand, and offset NTD 43,565 thousand of retained earnings.

(23) Non-controlling interests

	2025	2024
Opening balance	\$ 90,016	\$ 93,741
Shares attributable to non-controlling interests		
Net profit (loss)	(1,299)	(6,004)
Other comprehensive income	281	2,279
Ending balance	<u>\$ 88,998</u>	<u>\$ 90,016</u>

(24) Operating revenue

	2025	2024
Total operating revenue	\$ 1,930,674	\$ 1,925,038
Less: Sales returns and discounts	(4,205)	(7,276)
	<u>\$ 1,926,469</u>	<u>\$ 1,917,762</u>

	2025	2024
Sales revenue	\$ 1,814,818	\$ 1,803,914
Maintenance and other income	111,651	113,848
	<u>\$ 1,926,469</u>	<u>\$ 1,917,762</u>

A. Revenue segmentation

Major sales market by geography:

	2025	2024
Domestic sales	\$ 276,645	\$ 299,703
Export		
Asia	825,673	1,053,168
America	525,470	380,115
Europe	293,971	184,420
Other countries	4,710	356
	<u>\$ 1,926,469</u>	<u>\$ 1,917,762</u>

B. Contract balance:

(A) Changes in contract liabilities result from the difference between the fulfillment of contractual obligations and the payment from customers.

	2025	2024
Contract liabilities	\$ 152,097	\$ 184,490

(B) Amount of opening contract liabilities recognized as revenue in current period is:

	2025	2024
Sales revenue	\$ 133,192	\$ 134,646

(25) Other income

	2025	2024
Rental income	\$ 19,973	\$ 21,246
Dividend revenue	26,410	23,155
Other income	21,524	30,909
	\$ 67,907	\$ 75,310

(26) Other gains and losses

	2025	2024
Foreign currency exchange gain (loss)	\$ (4,979)	\$ 57,606
Net gain (loss) on disposals of property, plant and equipment	(205)	6,086
Gains (losses) from disposal of financial assets	(300)	977
Gain (loss) on financial valuation at fair value through profit or loss	(181,930)	413,198
Others	(7,080)	(10,056)
	\$ (194,494)	\$ 467,811

(27) Finance costs

	2025	2024
Interest on bank loans	\$ 32,625	\$ 30,550
Interest on lease liabilities	2,713	2,839
Interest capitalization	(5,277)	(2,043)
	\$ 30,061	\$ 31,346

(28) Employee benefits, depreciation and amortisation expense

	2025		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense			
Salary expense	\$ 146,924	\$ 130,103	\$ 277,027
Labor and health insurance expense	16,524	12,878	29,402
Pension expense	10,629	8,131	18,760
Director's remuneration	-	1,800	1,800
Other employee benefit expenses	5,307	6,247	11,554
Depreciation	70,764	25,811	96,575
Amortisation	479	3,008	3,487
	2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense			
Salary expense	\$ 177,296	\$ 119,951	\$ 297,247
Labor and health insurance expense	17,796	12,100	29,896
Pension expense	11,393	7,657	19,050
Director's remuneration	-	7,646	7,646
Other employee benefit expenses	4,210	5,020	9,230
Depreciation	80,385	26,036	106,421
Amortisation	570	2,897	3,467

In accordance with the Company's Articles of Incorporation, if the Company makes a profit during the year, the Company shall set aside not less than 3% to 8% as compensation to employees and not more than 2% as remuneration to directors. The Company may distribute the above compensation to employees of its subsidiaries who meet certain criteria, and the terms and methods of distribution shall be determined by the Board of Directors. However, if the Company has accumulated deficit, an amount to cover such deficit shall be reserved in advance.

In 2025, the Company estimated employees' compensation of NTD 0 and directors' remuneration of NTD 0, respectively. The estimation is based on the past experience of actual distribution, the net income of the current period, and the percentage specified in the Articles of Incorporation, and the estimates are recognized as operating costs or expenses in the current year. If the actual distributed amounts in the following year are different from the estimates, they shall be handled as changes in accounting estimates, and the difference will be recognized as the profit or loss of the following year, with the related information disclosed on the Market Observation Post System (MOPS).

In 2024, the Company estimated employees' compensation of NTD 16,000 thousand and directors' remuneration of NTD 2,750 thousand, respectively, and the related information is available on the MOPS. There was no difference between the actual distributed amounts and the estimated amounts.

The information on the Company's salary and remuneration policy (including directors, managerial officers and employees) is as follows:

A. Remuneration to directors

The Company's general directors and independent directors' remuneration policy is determined according to their responsibilities, risks, invested time and other factors. In accordance with the Articles of Incorporation of the Company, the remunerations to the Chairman, Vice-Chairman and directors of the Company shall be authorized to be determined by the Board of Directors according to the degree of their participation in the operation of the Company and the value of their contributions, taking into account both the domestic and foreign industry standards. The Articles of Incorporation also separately provide for a remuneration of the directors to be not more than 2% of the annual profit of the Company.

B. Remuneration to supervisor

Since June, 2020, the Company established an Audit Committee to replace the supervisor system.

C. Remuneration to the managerial officers

The remuneration of the managerial officers of the Company shall be considered by the Remuneration Committee and submitted to the Board of Directors for resolution based on their positions, contributions, the Company's operating performance for the year and taking into account the Company's future risks.

D. Compensation to the employees

Compensation to the employees includes monthly payment and unscheduled performance bonus, year-end bonus, and employee compensation based on the Company's profitability. As stipulated in the Articles of Incorporation, not less than 3% - 8% of the annual profit of the Company shall be used as the compensation to the employees.

In addition to setting competitive salary levels based on local labor market conditions, the Company's (overseas) subsidiaries also provide annual bonuses to employees with reference to local laws and regulations, industry practices, and the overall operating performance of each subsidiary, in order to encourage employees to make long-term contributions and grow with the Company.

(29) Income tax

A. Income tax expense

Income tax expenses for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Current income tax:		
Income tax generated in current year	\$ 71	\$ 4,680
Tax levied on undistributed earnings	263	519
Adjustment on income tax of prior years	5,995	8,067
Difference in basic tax payable	25,444	-
Deferred income tax		
Deferred tax expense (benefit) related to the generation and reversal of temporary differences	<u>(4,452)</u>	<u>(2,283)</u>
Income tax expense	<u>\$ 27,321</u>	<u>\$ 10,983</u>

(A) The components of income tax expense recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Net profit (loss) before tax	\$ (207,181)	\$ 457,480
Tax amount calculated by applying statutory rate to net profit (loss) before tax	\$ (41,436)	\$ 91,496
Influenced tax amount of adjusted items:		
Impacts of items not included for calculation of taxable income	41,721	(108,125)
Impact of different tax rates applied to parent-subsidiary companies	(213)	21,309
Investment tax credit	(263)	-
Tax levied on undistributed earnings	525	519
Adjustment on income tax of prior years	5,995	8,067
Difference in basic tax payable	25,444	-
Net change in deferred income tax		
Temporary differences	(4,452)	(2,283)
Income tax expense recognized in profit or loss	\$ 27,321	\$ 10,983

(B) Income tax expenses (benefits) recognized under other comprehensive income are as follows:

	2025	2024
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan	\$ 199	\$ 331
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of financial statements of foreign operations	\$ (393)	\$ 7,927

B. Deferred tax assets and liabilities are classified as follows:

	Deferred tax assets	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Exceeding amount of allowance for uncollectible accounts	\$ 3,268	\$ 3,069
Unrealized loss on market value decline and obsolete and slow-moving inventories	103,246	93,760
Unrealized sales profit	3,887	3,424
Unrealized attendance bonus	1,711	1,414
Unrealized warranty expense	306	432
Loss deduction	28,988	37,475
Exceeding amount of pension and actuarial loss	610	910
Exchange difference on translation of financial statements of foreign operations	5,763	5,939
Others	38	48
	<u>\$ 147,817</u>	<u>\$ 146,471</u>
	Deferred income tax liabilities	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unrealized exchange income or loss	\$ 7,633	\$ 10,714
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	115,369	115,074
Exchange difference on translation of financial statements of foreign operations	2,347	2,917
	<u>\$ 125,349</u>	<u>\$ 128,705</u>

2025	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Impacts of exchange rate	Ending balance
Temporary differences					
Exceeding amount of allowance for uncollectible accounts	\$ 3,069	\$ 197	\$ -	\$ 2	\$ 3,268
Unrealized loss on market value decline and obsolete and slow- moving inventories	93,760	9,434	-	52	103,246
Unrealized sales profit	3,424	463	-	-	3,887
Unrealized attendance bonus	1,414	296	-	1	1,711
Unrealized warranty expense	432	(126)	-	-	306
Loss deduction	37,475	(8,487)	-	-	28,988
Exceeding amount of pension and actuarial loss	910	(100)	(200)	-	610
Exchange difference on translation of financial statements of foreign operations	5,939	-	(176)	-	5,763
Others	48	(10)	-	-	38
Total deferred tax assets	<u>\$ 146,471</u>	<u>\$ 1,667</u>	<u>\$ (376)</u>	<u>\$ 55</u>	<u>\$ 147,817</u>
Unrealized exchange income or loss	\$ 10,714	\$ (3,081)	\$ -	\$ -	\$ 7,633
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	115,074	295	-	-	115,369
Exchange difference on translation of financial statements of foreign operations	2,917	-	(570)	-	2,347
Total deferred income tax liabilities	<u>\$ 128,705</u>	<u>\$ (2,786)</u>	<u>\$ (570)</u>	<u>\$ -</u>	<u>\$ 125,349</u>

2024	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Impacts of exchange rate	Ending balance
Temporary differences					
Exceeding amount of allowance for uncollectible accounts	\$ 2,423	\$ 626	\$ -	\$ 20	\$ 3,069
Unrealized loss on market value decline and obsolete and slow-moving inventories	97,724	(4,402)	-	438	93,760
Unrealized sales profit	5,867	(2,443)	-	-	3,424
Unrealized attendance bonus	1,587	(178)	-	5	1,414
Unrealized warranty expense	767	(335)	-	-	432
Loss deduction	19,349	18,126	-	-	37,475
Exceeding amount of pension and actuarial loss	1,382	(141)	(331)	-	910
Exchange difference on translation of financial statements of foreign operations	10,950	-	(5,011)	-	5,939
Others	59	(11)	-	-	48
Total deferred tax assets	\$ 140,108	\$ 11,242	\$ (5,342)	\$ 463	\$ 146,471
Unrealized exchange income or loss	\$ 4,165	\$ 6,549	\$ -	\$ -	\$ 10,714
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	112,666	2,408	-	-	115,074
Exchange difference on translation of financial statements of foreign operations	-	-	2,917	-	2,917
Total deferred income tax liabilities	\$ 116,831	\$ 8,957	\$ 2,917	\$ -	\$ 128,705

C. Information on investment tax credit:

The Company chose to apply the investment tax credit to the research and development expenditures under Article 10, paragraph 1, subparagraph 1 of the Statute for Industrial Innovation, and offset the amount of profit-seeking enterprise income tax payable in each year, within three years from the current year, by an amount equal to up to 10% of research and development expenditures declared for the current year in accordance with the relevant regulations.

The Company chose to apply the tax credit method to investment in intelligent machinery, fifth-generation mobile communication systems and information security products or services by corporations or limited partnerships, and offset the amounts of profit-seeking enterprise income tax payable in each year, within three years from the current year, by an amount equal to up to 3% of the expenditures for information security products declared for the current year in accordance with the relevant regulations.

- D. As of December 31, 2025, all of the estimated income tax credits under the Rules of the Statute for Upgrading Industries have been offset by the Company in the current year.
- E. The Company's business income tax returns for the year 2023 have been approved by the tax authority.

(30) Earnings per share

	2025		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net loss attributable to ordinary shareholders of the parent company	\$ (233,203)	95,303	\$ (2.45)
<u>Diluted earnings per share</u>			
Net loss attributable to ordinary shareholders of the parent company	\$ (233,203)	95,303	
Effect of potential dilutive common shares - Employees' compensation	-	-	
Net loss attributable to ordinary shareholders of the parent company plus effect of potential ordinary shares	\$ (233,203)	95,303	\$ (2.45)

	2024		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 452,501	96,594	\$ 4.68
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 452,501	96,594	
Effect of potential dilutive common shares - Employees' compensation	-	506	
Profit attributable to ordinary shareholders of the parent company plus effect of potential ordinary shares	\$ 452,501	97,100	\$ 4.66

If the Company chooses to issue stock or cash as compensation to employees, for compensation to be paid by issuance of shares, the potential common shares shall be included in the weighted average number of outstanding shares when such shares have a dilutive effect for the purpose of calculating diluted earnings per share. In calculating the diluted earnings per share, the number of shares to be issued is based on the net value of the potential common share on the balance sheet date. The dilutive effect of such potential common shares shall continue to be taken into account in calculating the diluted earnings per share until the number of shares to be issued as employees' compensation is resolved at the shareholders' meeting in the following year.

(31) Capital management

Based on the current industry characteristics of the business and the future development of the Company, as well as changes in the external environment and other factors, the Consolidated Company plans for its working capital and dividend expense requirements in

the future, so as to ensure that the Consolidated Company can continue its operations, reward its shareholders and take into account the interests of other stakeholders, and maintain an optimal capital structure to enhance shareholders' value in the long term.

The Consolidated Company's management reviews its capital structure on a regular basis and considers the costs and risks that may be associated with the above capital structure. In general, the Consolidated Company adopts a prudent risk management strategy.

7. Related Party Transactions

(1) Parent Company and the ultimate controlling party

Goodway Machine Corp. is the ultimate controlling party of the Group to which the Company belongs.

(2) Names of related parties and relationship

Related party name	Relationship with the Consolidated Company
Goodway Machine Corp.	Ultimate parent company
YAMA SEIKI USA, INC.	Associates
Goodway Machine Corp. (Wujiang)	Associates
Huahan Leasing Co., Ltd.	Associates (Note 1)
Allrich Cnc, Ltd.	Substantive related party
Hung Jiu Machine Co., Ltd.	Substantive related party
Yang Wenxu Charity Foundation	Substantive related party
Turvo International Co., Ltd.	Other related parties
Boldwin Bio Co., Ltd.	Other related parties

Note 1: Huahan Leasing Co., Ltd. has been a substantive related party since July 2025; the amounts disclosed in this note are based on the relationship with the Consolidated Company at the time of the transaction.

(3) Significant transactions with the related parties

Except that for the individual related parties listed in Note 7 (2), if the transaction amount or balance between them and the Consolidated Company exceeds 10% of the total amount or balance of such transaction, they shall be separately listed, and all the remaining ones are listed in summary, and is hereby disclosed in summary as follows:

A. Sales

	<u>2025</u>	<u>2024</u>
Parent company	\$ 22,982	\$ 14,849
Associates		
YAMA SEIKI	353,155	305,977
Others	5,579	7,157
Other related parties	1,034	1,355
	<u>\$ 382,750</u>	<u>\$ 329,338</u>

The Consolidated Company sells products of different specifications to related parties, and has no other customers to compare with. The collection terms for the Consolidated Company's sales to related parties and general customers are based on the contracts.

B. Purchases

	<u>2025</u>	<u>2024</u>
Parent company	\$ 946	\$ 497
Associates	-	18,597
Substantive related party	7,473	8,076
	<u>\$ 8,419</u>	<u>\$ 27,170</u>

The transaction prices of the Consolidated Company's purchases from related parties are similar to those of general transactions.

C. Notes receivable, net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 1,207	\$ 12,630
Other related parties	97	252
	<u>\$ 1,304</u>	<u>\$ 12,882</u>

D. Accounts receivable, net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 399	\$ 3,114
Associates		
Yama Seiki	62,079	56,868
Others	-	1
Other related parties	176	379
	<u>\$ 62,654</u>	<u>\$ 60,362</u>

E. Other receivables		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ -	\$ 15
Associates	17	-
	<u>\$ 17</u>	<u>\$ 15</u>
F. Notes payable		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 285	\$ 251
Substantive related party	790	1,075
	<u>\$ 1,075</u>	<u>\$ 1,326</u>
G. Accounts payable		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 64	\$ 251
Substantive related party	406	831
	<u>\$ 470</u>	<u>\$ 1,082</u>
H. Other payables		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 879	\$ 946
Associates - Yama Seiki	14,600	429
Other related parties	11	11
	<u>\$ 15,490</u>	<u>\$ 1,386</u>
I. Prepayments		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 46	\$ 26
J. Prepayments for equipment		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 2,706	\$ -

K. Contract liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 26,677	\$ 27,516
Associates	-	1,361
	<u>\$ 26,677</u>	<u>\$ 28,877</u>

L. Advance receipts

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	<u>\$ 190</u>	<u>\$ 190</u>

M. Leases

	<u>2025</u>	<u>2024</u>
Rental income		
Parent company	\$ 1,206	\$ 1,212
Other related parties	52	57
	<u>\$ 1,258</u>	<u>\$ 1,269</u>

	<u>2025</u>	<u>2024</u>
Rent expense		
Parent company	\$ 120	\$ 120
Substantive related party	2,160	2,160
	<u>\$ 2,280</u>	<u>\$ 2,280</u>

N. Others

	<u>2025</u>	<u>2024</u>
Other income		
Parent company	\$ 133	\$ 409
Associates - Yama Seiki	412	95
	<u>\$ 545</u>	<u>\$ 504</u>

	<u>2025</u>	<u>2024</u>
Manufacturing expenses		
Parent company	\$ (622)	\$ 516
Associates	56	-
Other related parties	40	-
	<u>\$ (526)</u>	<u>\$ 516</u>

	<u>2025</u>	<u>2024</u>
Selling and marketing expenses		
Parent company	\$ 2,238	\$ 2,197
Associates	14,654	902
Other related parties	60	60
	<u>\$ 16,952</u>	<u>\$ 3,159</u>

General and administrative expenses	2025	2024
Associates	\$ 9,284	\$ 11,787
Substantive related party	50	350
Other related parties	-	79
	<u>\$ 9,334</u>	<u>\$ 12,216</u>

O. Property transaction

Disposal of property, plant and equipment

		2025		2024	
	Items	Proceeds	Gain on disposal	Proceeds	Gain on disposal
Parent company	Machinery equipment	\$ -	\$ -	\$ 8,089	\$ 481

P. Information on main management rewards

	2025	2024
Short-term employee benefits	\$ 11,623	\$ 14,910
Post-employment benefits	389	758
	<u>\$ 12,012</u>	<u>\$ 15,668</u>

Compensation for key management personnel is determined by the Remuneration Committee based on individual performance and the Company's operating results.

8. Pledged Assets

The Consolidated Company's assets pledged as collaterals are summarized as follows:

Name of asset	December 31, 2025	December 31, 2024
Property, plant and equipment - land	\$ 377,341	\$ 377,341
Property, plant and equipment - property and building	650,973	685,389
Other current assets - Loan guarantee accounts	-	1,640
Right-of -use asset - land-use right	85,766	88,792
Financial assets measured at amortized cost - pledged time deposits	10,280	10,200
	<u>\$ 1,124,360</u>	<u>\$ 1,163,362</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

The Consolidated Company's commitments and contingencies as of December 31, 2025 include:

- (1) The amount of guaranteed bills issued by the Consolidated Company was NTD 2,786 thousand.
- (2) The amount of guaranteed bills collected by the Consolidated Company from the customers was NTD 46,772 thousand.
- (3) The amount of guaranteed bills collected by the Consolidated Company from the manufacturers due to solar photovoltaic lease was NTD 18,507 thousand.
- (4) The amount of guaranteed bills received by the Consolidated Company for the construction of Dapumei Plant Phase II was NTD 21,780 thousand.
- (5) The amount of guaranteed bills received by the Consolidated Company for the light current and other construction was NTD 6,889 thousand.
- (6) The amount of the loan guarantee notes collected by Consolidated Company from the subsidiary - Yih Chuan Company were NTD 130,000 thousand.
- (7) In order to guarantee the release of imported goods before paying tax to the Customs Administration, the Consolidated Company has entrusted the First Commercial Bank to issue a guarantee letter at the amount of NTD 2,000 thousand.
- (8) In order to apply for the Ministry of Economic Affairs' Taiwan Industry Innovation Platform Program, the Consolidated Company has entrusted the First Commercial Bank to issue a guarantee letter at the amount of NTD 22,500 thousand.
- (9) In order to export goods, the Consolidated Company has entrusted a financial institution to issue a performance guarantee letter at the amount of USD 40 thousand.

10. Significant Disaster Loss: None.

11. Significant Events after the Balance Sheet Date: None.

12. Others

Financial instruments

(1) Information on fair value of financial instruments

The carrying amounts of the Consolidated Company's financial instruments not measured at fair value, including cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, bonds payable, long-term borrowings, and guarantee deposits received, are the reasonable approximates of their fair values. The interest rates of bonds payable (including those due within one year or under repurchase rights) and long-term loans (including those due within one year) approximate market interest rates; therefore, the carrying amounts should be a reasonable basis for approximation of fair values. For information on the fair value of financial instruments measured at fair value, please refer to Note 12 (6).

(2) Financial risk management objectives

The objectives of the Consolidated Company's financial risk management are to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk associated with its operating activities. In order to reduce relevant financial risks, the Consolidated Company is committed to identifying, evaluating and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes on the Company's financial performance. Significant financial activities of the Consolidated Company are reviewed by the Board of Directors in accordance with relevant norms and internal control systems. During the execution period of the financial plan, the Consolidated Company must comply with the relevant financial operating procedures regarding the overall financial risk management and the division of rights and responsibilities.

(3) Market risks

The Consolidated Company is primarily exposed to market risks arising from changes in foreign currency exchange rates and interest rates, and uses certain derivative financial instruments to manage the related risks.

A. Foreign currency exchange rate risk

Some of the Consolidated Company's cash inflows and outflows are in foreign currencies, which has a partially natural hedging effect; the Consolidated Company's exchange rate risk management is for hedging purpose, other than for profit purpose.

The exchange rate risk management strategy is to periodically review net parts of the assets and liabilities in various currencies, and make risk management of such parts. The carrying amounts of the Consolidated Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are summarized below:

Unit: Foreign currency/ NTD thousand

December 31, 2025						
	Foreign currencies	Exchange rate (Note)	NTD	Sensitivity analysis		
				Rate of change	Profit and loss impact	Equity impact
Financial assets						
Monetary items						
USD	17,029	31.38	534,370	5%	28,719	-
EUR	4,919	36.7	180,527	5%	9,026	-
CNY	40,205	4.471	179,757	5%	8,988	-
AUD	1	20.91	21	5%	1	-
Non-monetary items						
USD	19	31.38	596	-	-	-
EUR	291	36.7	10,680	-	-	-
Financial liabilities						
Monetary items						
USD	571	31.38	17,918	5%	896	-
CNY	1,160	4.471	5,186	5%	259	-
JPY	4,082	0.1988	812	5%	41	-
Non-monetary items						
USD	953	31.38	29,905	-	-	-
EUR	19	36.7	697	-	-	-

Unit: Foreign currency/ NTD thousand

December 31, 2024						
	Foreign currencies	Exchange rate (Note)	NTD	Sensitivity analysis		
				Rate of change	Profit and loss impact	Equity impact
Financial assets						
Monetary items						
USD	17,170	32.735	562,060	5%	28,103	-
EUR	3,840	33.94	130,330	5%	6,517	-
CNY	24,702	4.453	109,998	5%	5,500	-
AUD	1	20.29	20	5%	1	-
Non-monetary items						
USD	33	32.735	1,080	-	-	-
Financial liabilities						
Monetary items						
USD	19	32.735	622	5%	31	-
CNY	363	4.453	1,616	5%	81	-
Non-monetary items						
USD	1,652	32.735	54,078	-	-	-
EUR	49	33.94	1,663	-	-	-

(Note) Based on the exchange rate at the end of the reporting period.

B. Interest rate risk

Interest rate risk is the risk of changes in fair value of financial instruments due to changes in market interest rates. The Consolidated Company's interest rate risk arises mainly from borrowings at variable interest rates.

If the borrowings at floating rate at the end of the reporting period are held for the entire reporting period, a 1% increase in interest rates would result in a decrease in net income of NTD 14,842 thousand and NTD 16,940 thousand in 2025 and 2024, respectively.

C. Other price risk

The price risk of the Consolidated Company's equity instrument investments mainly arises from investments in financial assets classified as measured at fair value through profit or loss, and the financial assets classified as measured at fair value through other comprehensive income.

If the price of equity instruments at the end of the reporting period decreases by 10%, the Consolidated Company's income would decrease by NTD 21,669 thousand and NTD 97,691 thousand in 2025 and 2024, respectively.

(4) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Consolidated Company. The Consolidated Company's credit risk mainly comes from receivables arising from operating activities and bank deposits arising from investment activities. The operation-related credit risks and the financial credit risks are under separate management.

A. Operation-related credit risks

In order to maintain quality of accounts receivable, the Consolidated Company has established the procedure for management of operation-related credit risks. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each new customer. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

The risk assessment of individual customers takes into account many factors that may affect the customers' ability to pay, including the customers' financial position, ratings of credit rating agency, the Consolidated Company's internal credit rating,

historical transaction records and current economic conditions, etc. The Consolidated Company also utilizes certain credit enhancement tools, such as credit insurance, when appropriate, to minimize the credit risk of specific customers.

As of December 31, 2025 and 2024, the balance of accounts receivable of the top ten customers accounted for 67% and 52% of the Consolidated Company's balance of accounts receivable respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

B. Financial credit risk

The credit risk of bank deposits is measured and monitored by the financial departments of the Consolidated Company. As the Consolidated Company's trading partners and performing parties are banks with good credit and financial institutions, corporate organizations and government agencies with investment grade or above, without significant concern about performance of the contract, therefore, there is no significant credit risk.

(5) Liquidity risk

The Consolidated Company's objective in managing liquidity risk is to maintain cash and cash equivalents and sufficient bank facilities required for maintaining operations, so as to ensure sufficient financial resilience of the Consolidated Company.

The following table summarizes the financial liabilities of the Consolidated Company during the agreed repayment period by maturity date and undiscounted maturity amount:

	December 31, 2025				
	1 to 3 months	4 to 6 months	7 to 12 months	Over 1 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 1,085,000	\$ 235,000	\$ 164,181	\$ -	\$ 1,484,181
Short-term notes and bills payable	-	-	-	-	-
Notes payable (including related parties)	129,336	36,588	-	-	165,924
Accounts payable (including related parties)	143,150	583	49	127	143,909
Other payables (including related parties)	92,393	-	-	-	92,393
Provisions	11,835	-	-	-	11,835
Lease liabilities (including related parties)	1,904	1,912	3,847	150,642	158,305
Guarantee deposits received	2,581	-	-	-	2,581
	<u>\$ 1,466,199</u>	<u>\$ 274,083</u>	<u>\$ 168,077</u>	<u>\$ 150,769</u>	<u>\$ 2,059,128</u>

	December 31, 2024				
	1 to 3 months	4 to 6 months	7 to 12 months	Over 1 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 1,215,000	\$ 235,000	\$ 163,983	\$ -	\$ 1,613,983
Short-term notes and bills payable	79,992	-	-	-	79,992
Notes payable (including related parties)	128,446	41,565	-	-	170,011
Accounts payable (including related parties)	185,533	-	-	89	185,622
Other payables (including related parties)	101,922	-	-	-	101,922
Provisions	12,221	-	-	-	12,221
Lease liabilities (including related parties)	1,872	1,880	3,784	158,305	165,841
Guarantee deposits received	2,275	-	-	-	2,275
	<u>\$ 1,727,261</u>	<u>\$ 278,445</u>	<u>\$ 167,767</u>	<u>\$ 158,394</u>	<u>\$ 2,331,867</u>

(6) Fair value

- A. For information on the fair value of the Consolidated Company's financial assets and financial liabilities not measured at fair value, please refer to Note 12(1).
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: The inputs to this level are publicly quoted prices (unadjusted) in active markets for identical assets or liabilities. Active market means a market that meets all of the following conditions: the products traded in the market are homogeneous; willing buyers and sellers are readily available in the market, and the price information is readily available to the public.

Level 2: The input values of this level are observable prices other than publicly quoted prices in Level 1, including direct (such as prices) or indirect (such as derived from prices) observable input values obtained from the active market.

Level 3: The input values of this level are not inputs for assets or liabilities that are based on observable market data.

C. The methods and assumptions the Consolidated Company used to measure fair value are as follows:

(A) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined by reference to quoted market prices.

(B) The fair values of other financial liabilities are determined using generally accepted valuation models based on discounted cash flow analysis.

D. Fair value hierarchy

The fair value hierarchy of the Consolidated Company's financial assets measured at fair value is as follows:

		December 31, 2025			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at</u>					
<u>FVTPL</u>					
Listed and					
OTC stocks		\$ 216,268	\$ -	\$ -	\$ 216,268
<u>Financial assets at</u>					
<u>FVTOCI</u>					
Listed and					
OTC stocks		421	-	-	421
		<u>\$ 216,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,269</u>
		December 31, 2024			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at</u>					
<u>FVTPL</u>					
Listed and					
OTC stocks		\$ 976,539	\$ -	\$ -	\$ 976,539
<u>Financial assets at</u>					
<u>FVTOCI</u>					
Listed and					
OTC stocks		376	-	-	376
		<u>\$ 976,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 976,915</u>

13. Additional Disclosures

(1) Significant Transactions Information

- A. Loaning funds to others: Refer to Table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Significant marketable securities held at the end of the period (not including investment in subsidiaries, associates and joint ventures): Refer to Table 2.
- D. Purchases or sales of goods from or to related parties reaching NTD 100 million or 20% of paid-in capital or more:
Refer to Table 3.
- E. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- F. The business relationship between the parent and the subsidiaries and significant transactions between them: Refer to Table 4.

(2) Information on investees: Refer to Table 5.

(3) Information on Investments in Mainland China: Refer to Table 6.

Table 1: Loaning Funds to Others

December 31, 2025

Unit: NTD thousand (unless stated otherwise)

No. (Note 1)	Companies loaning fund	Companies that fund is loaned to	Transaction items	Related party	Maximum balance of the current period (Note 3)	Ending balance (Note 4)	Amount drawn	Interest rate	Type of loans	Amount of transaction	Cause for necessity of short-term financing	Amount of allowance for uncollectible accounts	Collateral		Loaning limit to individual objects (Note 2)	Total loaning limit to others (Note 2)
													Name	Value		
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	Other receivables - related parties	Yes	140,000	130,000	60,000	2.175%	With necessity of short- term financing	-	Operating turnover	-	Promissory note	130,000	319,254	1,277,014
1	Best Way Mechantronic Ltd.	Awea Mechantronic (Suzhou) Ltd.	Other receivables - related parties	Yes	87,290 (CNY 20,000)	42,670 (CNY 10,000)	44,710	3.000%	With necessity of short- term financing	-	Operating turnover	-	-	-	164,714	164,714

Note 1: The explanation for the numbering column is as follows:

- (1) Fill in 0 for issuer.
- (2) The investees are coded sequentially beginning from “1” by each individual company.

Note 2: The loaning limit to individual objects shall not exceed 10% of their net value of the current period, and the total loaning limit shall not exceed 40% of their net value of the current period.

Note 3: The maximum balance of loaning funds to others of the current year.

Note 4: It is the loaning limit approved by the Board of Directors.

Table 2: Significant Marketable Securities Held at the End of the Period (Not Including Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2025

Unit: NTD thousand (unless stated otherwise)

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2025				Remark
				Number of shares	Carrying amount	Ownership (%)	Fair value (Note 1)	
AWEA Mechantronic Co., Ltd.	Stock- AUTECH EUROPE	-	Financial assets at FVTPL - non-current	50	- (Note 2)	5.00%	-	
AWEA Mechantronic Co., Ltd.	Stock - P-Duke Technology Co., Ltd.	-	Financial assets at FVTPL - current	973,852	98,359	1.19%	98,359	
AWEA Mechantronic Co., Ltd.	Stock - Eagle Cold Storage Enterprise Co., Ltd.	-	Financial assets at FVTPL - current	1,174,000	35,807	0.98%	35,807	
AWEA Mechantronic Co., Ltd.	Stock - Taiwan Semiconductor Manufacturing Company Ltd.	-	Financial assets at FVTPL - current	12,000	18,600	-	18,600	
AWEA Mechantronic Co., Ltd.	Stock -Zeng Hsing Industrial Co., Ltd.	-	Financial assets at FVTPL - current	619,534	63,502	0.93%	63,502	
AWEA Mechantronic Co., Ltd.	Stock -Fittech Co., Ltd.	-	Financial assets at FVOCI - non-current	2,991	421	-	421	

Note 1: If the investee company accounted for using the equity method does not have a quoted market price, the net equity value shall be presented.

Note 2: In 1996, due to value impairment and little hope of recovery of the investee companies, all were recognized as losses.

Table 3: Purchases or Sales of Goods from or to Related Parties Reaching NTD 100 Million or 20% of Paid-in Capital or More
December 31, 2025

Unit: NTD thousand (unless stated otherwise)

Company name	Counterparty	Relationship	Transaction details				Abnormal transaction (Note 1)		Notes/ accounts payable or receivable		Remark
			Purchases/ sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total notes and accounts receivable (payable)	
AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	Subsidiaries under sub- subsidiaries	Sales	\$ 122,356	8.84%	3 months after shipped	-	-	\$ 26,701	7.61%	Note 2
AWEA Mechantronic Co., Ltd.	Yama Seiki USA, Inc.	Subsidiaries	Sales	\$ 353,155	25.50%	3 months after shipped	-	-	\$ 62,079	17.70%	-

Note 1: Since the products sold by the Company to its related parties AWEA Suzhou and Yama Seiki have different features, there are no other customers available for comparison; in addition, its collection terms and the collection terms for general customers are determined by contract.

Note 2: It has been written off at the time of preparing consolidated financial statements.

Table 4: The Business Relationship Between the Parent and the Subsidiaries and Significant Transactions Between Them
December 31, 2025

Unit: NTD thousand (unless stated otherwise)

No. (Note 1)	Company name	Counterparty	Relationship to the counterparty (Note 2)	Terms			
				Account	Amount	Terms	% to total consolidated revenue or assets (Note 4)
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	1	Purchases	8,339	(Note 3)	0.4%
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	1	Other receivables	60,032	(Note 3)	1.1%
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	1	Notes payable	5,016	(Note 3)	0.1%
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	1	Accounts payable	106	(Note 3)	-
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	1	Interest income	1,381	(Note 3)	0.1%
0	AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	1	Sales - warranty expenses	85	(Note 3)	-
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Sales revenue	122,356	(Note 3)	6.4%
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Purchases	12,086	(Note 3)	0.6%
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Account receivables	26,701	(Note 3)	0.5%
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Accounts payable	4,980	(Note 3)	0.1%
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Expenses payable	208	(Note 3)	-

No. (Note 1)	Company name	Counterparty	Relationship to the counterparty (Note 2)	Terms			
				Account	Amount	Terms	% to total consolidated revenue or assets (Note 4)
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Sales - warranty expenses	208	(Note 3)	-
0	AWEA Mechantronic Co., Ltd.	Awea Mechantronic (Suzhou) Ltd.	1	Sales - Installation commission	95	(Note 3)	-
0	AWEA Mechantronic Co., Ltd.	Extron Machinery Co., Ltd.	1	Sales revenue	75	(Note 3)	-
1	Awea Mechantronic (Suzhou) Ltd.	Best Way Mechantronic Ltd.	3	Other payables	44,710	(Note 3)	0.8%
1	Awea Mechantronic (Suzhou) Ltd.	Best Way Mechantronic Ltd.	3	Finance costs - interest expense	1,310	(Note 3)	0.1%
1	Awea Mechantronic (Suzhou) Ltd.	Extron Machinery Co., Ltd.	3	Purchases	9,668	(Note 3)	0.5%
1	Awea Mechantronic (Suzhou) Ltd.	Extron Machinery Co., Ltd.	3	Accounts payable	5,187	(Note 3)	0.1%
1	Yih Chuan Machinery Industry Co., Ltd.	Extron Machinery Co., Ltd.	3	Sales revenue	592	(Note 3)	-

Note 1: The business transactions between the parent company and the subsidiaries shall be indicated in the numbering column respectively, and the number shall be filled in as follows:

1. Parent company is No. 0.
2. Subsidiaries are listed in order from No.1.

Note 2: In case of any of the following three relationships with the traders, it only needs to indicate the relationship type:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: It is subject to stipulations in contract.

Note 4: The Company will decide on the presentation of the significant transactions in this table in accordance with the principle of materiality.

Table 5: Names, Locations and Other Information of Investee Companies (Not Including Investees in Mainland China)

December 31, 2025

Unit: NTD/ Foreign currency thousand (unless stated otherwise)

Investor company	Investee company	Location	Main business activities	Initial investment amount		Held at the end of period			Current profit (loss) of the invested company	Recognized investment gains (losses) in the current period (Note 1)	Remark
				December 31, 2025	December 31, 2024	Number of shares	Ownership (%)	Carrying amount			
AWEA Mechantronic Co., Ltd.	B-Way (Cayman) Co., Ltd.	Cayman Islands	International investment and international trade	\$ 332,212	\$ 332,212	10,665,029	100.00%	\$ 728,230	\$ (12,705)	\$ (12,760)	(Note 1)
AWEA Mechantronic Co., Ltd.	Yama Seiki USA, Inc.	USA	Machinery sales and installation, international trade	53,968	53,968	584,192	28.58%	129,817	40,628	12,126	-
AWEA Mechantronic Co., Ltd.	Yih Chuan Machinery Industry Co., Ltd.	Taiwan	Manufacturing of machinery and equipment, design of products, wholesale of machinery, and retail of mechanical appliances	264,592	264,592	5,914,800	60.00%	134,140	(3,249)	(1,949)	(Note 1)
AWEA Mechantronic Co., Ltd.	Huahan Leasing Co., Ltd.	Taiwan	Rental of machinery and equipment	-	17,683	-	-%	-	47	14	-
B-Way (Cayman) Co., Ltd.	Billion-Way (Cayman) Co., Ltd.	Cayman Islands	International investment and international trade	USD 12,830 (NTD 402,605)	USD 12,830 (NTD 402,605)	12,829,840	100.00%	732,837	(12,353)	(12,353)	(Note 1)
Yih Chuan Machinery Industry Co., Ltd.	AXTRON INT'L INVESTMENT CO., LTD	USA - Marshall Islands	International investment and international trade	200,000	200,000	50,000	100.00%	201,331	2,571	2,571	(Note 1)
AXTRON INT'L INVESTMENT CO.,LTD	AXTRON INT'L INVESTMENT LIMITED	Hong Kong	International investment and international trade	HKD 10 (NTD 40)	HKD 10 (NTD 40)	10,000	100.00%	201,331	2,571	2,571	(Note 1)

Note 1: The profit or loss on investments recognized in the current period have already taken into account the impact of unrealized gains or losses from intercompany transactions and have been offset in the preparation of the consolidated financial statements.

Table 6: Information on Investments in Mainland China

December 31, 2025

Unit: NTD thousand (unless stated otherwise)

1. Name of the investee company in Mainland China, main business items, paid-in capital, method of investment, inward/outward remittance of funds, percentage of ownership, carrying value of investment, and gain or loss on repatriated investment:

Name of investee	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for current period		Accumulated investment amount remitted from Taiwan at the end of the period	Current profit and loss of the invested company	Ownership percentage of direct or indirect investment	Recognized investment gains and losses in the current period (Note 2)	Carrying amount of investment as of December 31, 2025	Accumulated inward remittance of earnings as of December 31, 2025
					Outflow	Inflow						
Best Way Mechantronic Ltd.	Machinery sales and installation, business management consultation, and international trade	USD 2,500 (NTD 78,450) (Note 3)	2	USD 2,494 (NTD 78,262) (Note 3)	-	-	USD 2,494 (NTD 78,262) (Note 3)	\$ 1,728	100%	\$ 2,227	\$ 163,838	USD 15,438 (NTD 482,740) (Note 3)
Awea Mechantronic (Suzhou) Ltd.	Machinery sales, manufacturing and installation, and international trade	USD 11,400 (NTD 357,732) (Note 3)	2	USD 10,400 (NTD 326,352) (Note 3)	-	-	USD 10,400 (NTD 326,352) (Note 3)	(13,834)	100%	(13,834)	555,606	USD 4,706 CNY 49,580 (NTD 362,099)
Extron Machinery Co., Ltd.	Machinery sales, manufacturing and installation, and international trade	USD 2,510 (NTD 78,764) (Note 3)	2	USD 2,510 (NTD 78,764) (Note 3)	-	-	USD 2,510 (NTD 78,764) (Note 3)	2,571	100%	2,571	201,330	-

2. Limit on investments in Mainland China:

Name of investor	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amounts authorized by Investment Review Committee, MOEA	Limit on investments in Mainland China imposed by the Investment Review Committee, MOEA Net value x 60%
The Company	\$ 404,614 (Note 3) (USD 12,894)	\$ 436,182 (Note 3) (USD 13,900)	\$ 1,915,521 (Note 5)
Yih Chuan Machinery Industry Co., Ltd.	\$ 78,764 (Note 3) (USD 2,510)	\$ 78,764 (Note 3) (USD 2,510)	\$ 133,497 (Note 5)

Note 1: Investment methods are divided into the following three types, just enter the code:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through third-region companies.
- (3) Other methods.

Note 2: The basis for recognition of investment gains and losses is the financial statements audited by CPAs for the same period.

Note 3: The NTD amount is translated by the exchange rate on the balance sheet date.

Note 4: Dawei Mechantronic (Suzhou) Co., Ltd. was merged with AWEA Mechantronic (Suzhou) Ltd. in September, 2020, and AWEA Mechantronic (Suzhou) Ltd. is the surviving company. The merger was approved by the Investment Review Committee, MOEA under the letter No. 11000165350 in July 2021.

Note 5: The cumulative amount of the investor's investment in Mainland China shall not exceed 60% of the net value.

3. Significant direct or indirect transactions through a third region business with the investee in the Mainland China: please refer to Table 3 for details.

14. Segment Information

(1) Relevant segment information of the Consolidated Company for the years ended December 31, 2025 and 2024 is as follows:

	2025				
	Taiwan Awea	Awea (Suzhou)	Other segments	Adjustment and elimination	Total
Revenue					
Revenue from outside customers	\$ 1,262,241	\$ 497,522	\$ 166,706	\$ -	\$ 1,926,469
Inter-segment revenue	122,431	12,390	18,683	(153,504)	-
Interest income	13,650	174	2,795	(2,691)	13,928
Share of profit or loss of associates and joint ventures accounted for using equity method	(2,569)	-	-	14,709	12,140
Interest expense	28,586	1,310	2,856	(2,691)	30,061
Depreciation and amortisation	62,755	28,147	10,923	(1,763)	100,062
Profit or loss before tax	(206,286)	(12,942)	(3,161)	15,208	(207,181)
	2024				
	Taiwan Awea	Awea (Suzhou)	Other segments	Adjustment and elimination	Total
Revenue					
Revenue from outside customers	\$ 1,088,818	\$ 696,083	\$ 132,861	\$ -	\$ 1,917,762
Inter-segment revenue	204,204	8,721	14,949	(227,874)	-
Interest income	23,209	139	4,428	(4,636)	23,140
Share of profit or loss of associates and joint ventures accounted for using equity method	9,094	-	-	(2,262)	6,832
Interest expense	29,478	3,353	3,151	(4,636)	31,346
Depreciation and amortisation	69,190	30,519	12,098	(1,919)	109,888
Profit or loss before tax	462,170	8,804	(11,751)	(1,743)	457,480

- A. The total reportable inter-segment revenue excluding inter-segment revenue to be eliminated was NTD 153,504 thousand and NTD 227,874 thousand in 2025 and 2024, respectively.
- B. The total reportable segment income excluding income tax expense was NTD 27,321 thousand and NTD 10,983 thousand in 2025 and 2024, respectively.

The Consolidated Company has two reportable segments: Taiwan Awea and Awea (Suzhou). The main business of Taiwan Awea is design, manufacture and sales of special machines, automation equipment and computer-controlled tool machines. Awea (Suzhou) is engaged in the manufacture, sales and installation of machinery.

The Consolidated Company does not allocate income tax expense to reportable segments. The amounts reported are consistent with the reports used by the operating decision maker, and the accounting policies of the operating segments are the same as those described in Note 4 Summary of Significant Accounting Policies. The profit or loss of the Consolidated Company's operating segments is based on net profit before tax. The Consolidated Company recognizes inter-segment sales and transfers as transactions with third parties and measures them at current market prices.