Stock Code: 1538

Jenn Feng Industrial Tools Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2025 and 2024

Company address: No. 28, Aly. 39, Ln. 576, Sec. 6, Minzu Rd., Zhongli District, Taoyuan City

Tel: 03-4904111

Table of Contents

Declaration

For the Company's fiscal year 2025 (from January 1, 2025 to December 31, 2025), the affiliated enterprises subject to the preparation of consolidated business reports under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies required to be included in the consolidated financial statements under IFRS 10, as recognized by the Financial Supervisory Commission. All the relevant information required to be disclosed in the consolidated business report of affiliated enterprises has already been disclosed in the aforementioned consolidated financial statements for the parent company and subsidiaries, hence no separate consolidated financial statements for the affiliated enterprises were prepared.

This declaration is solemnly made by

Company name: Jenn Feng Industrial Tools Co., Ltd.

Chairman: Chen, Yung-Lun

Date: March 13, 2026

Independent Auditors' Report

To the **Board of Directors** of Jenn Feng Industrial Tools Co., Ltd.:

Audit opinion

We have audited the consolidated balance sheets of Jenn Feng Industrial Tools Co., Ltd. and subsidiaries (collectively referred to as Jenn Feng Group) as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, statements of changes in equity, statements of cash flows, and the accompanying notes (including summary of key accounting policies) for the years ended December 31, 2025 and 2024.

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations approved and published by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of Jenn Feng Group as at December 31, 2025 and 2024, and consolidated business performance and cash flow for the years ended December 31, 2025 and 2024.

Basis for opinion

We have conducted our audits in accordance with Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the auditing standards. Our responsibilities under the abovementioned standards are explained in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. All relevant personnel of the accounting firm have followed the Norm of Professional Ethics for Certified Public Accountant and maintained independence from Jenn Feng Group when performing their duties. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2025 consolidated financial statements of Jenn Feng Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. We do not provide a separate opinion on these matters. Below are the key audit matters that we consider relevant for disclosure in this audit report:

I. Timing of revenue recognition

Accounting policies relating to timing of revenue recognition have been disclosed in Note 4(13) - Revenue recognition of the consolidated financial statements; for details on recognized revenues, please refer to Note 6(16) - Revenue from contracts with customers.

Explanation of the key audit matter:

Timing of revenue recognition of Jenn Feng Group is an issue of concern for users or recipients of the financial statements. For this reason, revenue recognition test was identified as one of our key audit matters when auditing the financial statements of Jenn Feng Group.

Audit procedures:

The following audit procedures were taken in relation to the audit issue:

- Understood the main revenue pattern, contract specifications and transaction conditions, and assessed whether the timing of revenue recognition was correct.
- Reviewed the sales contracts with major sales targets and tested the control methods for the procedures related to the shipment operation and revenue recognition under the internal control of Jenn Feng Group.
- Selected the shipment of the Jenn Feng Group for the period before and after the balance sheet date and checked the relevant supporting documents and forms to confirm whether the sales revenue was recognized in the appropriate period of the financial statements.

II. The ability to continue as a going concern

Explanation of the key audit matter:

Jenn Feng Group has incurred cumulative losses and, as of December 31, 2025, had accumulated deficits of NT$138,784 thousand. Operations have not been as expected and continue to incur losses. As explained in Note 12(1) of the consolidated financial statements, management's assessment of the Group's future plans and profitability involves significant judgment. Accordingly, the assessment of the Group's ability to continue as a going concern was one of the matters that required significant auditor attention in our audit of the financial statements.

Audit procedures:

The following audit procedures were taken in relation to the audit issue:

- Obtained the information on the operating budget of the following year provided by Jenn Feng Group.
- Examined major subsequent announcements, self-assessed statements for the subsequent period, and the motion content in the minutes of shareholders' meetings and board meetings of Jenn Feng Group to assess whether there were any subsequent events that might affect the Group's ability to continue as a going concern.
- Obtained legal letters of representation to assess whether there were any major legal concerns that might affect the Group's ability to continue as a going concern.

Other matters

Jenn Feng Industrial Tools Co., Ltd. has prepared parent company only financial statements for the years ended December 31, 2025 and 2024, to which we issued an independent auditors' report with unqualified opinion.

Responsibilities of the management and governance body to 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 IFRS, IAS, IFRIC and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and for maintaining proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether due to fraud or error.

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

The governance body of Jenn Feng Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing principles will always detect a material misstatements within the consolidated financial statements. Misstatements may arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the consolidated financial statement user.

When conducting audits in accordance with the auditing principles, we exercised professional judgments and maintained professional skepticism. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error, designing and executing appropriate response measures for the identified risks, and obtaining adequate and appropriate audit evidence to support audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing opinion on the effectiveness of Jenn Feng Group's internal control system.
3. Assessing the appropriateness of accounting policies adopted by the management, and the reasonableness of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Jenn Feng Group to operate as a going concern, based on the audit evidence obtained. 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 audit report. However, future events or change of circumstances may still render Jenn Feng Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related notes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.

6. Obtaining sufficient and appropriate audit evidence on financial information of the entities within the group to express opinions 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 have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governance body on all matters that may affect the auditor's independence, and where applicable, related safeguards.

We have identified the key audit matters after communicating with the governance body regarding the 2025 consolidated financial statements of Jenn Feng Group. We communicate these matters in our auditors' report except where laws or regulations prohibit public disclosure of specific items, or in extremely rare circumstances where we determine that omitting such communication is necessary, as the reasonably expected adverse consequences would outweigh the public interest benefits of disclosure.

KPMG Taiwan

CPA:

Approval reference of the securities authority	:	Jin-Guan-Zheng-Shen-Liu-Zi No. 0940100754 Jin-Guan-Zheng-Shen-Liu-Zi No. 0950161002

March 13, 2026

Jenn Feng Industrial Tools Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2025 and 2024

Unit: NT$ thousand

	Assets	2025.12.31 Amount	%	2024.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 20,339	8	41,576	15
1136	Financial assets at amortized cost - current (Note 6(2))	-	-	80,562	30
1170	Notes and accounts receivable, net (Notes 6(3), (16), (20), and 7)	11,192	5	20,545	8
1200	Other receivables (including related parties) (Note 7)	21,086	8	7,528	3
130X	Inventory (Note 6(5))	23,413	9	28,771	11
1476	Other financial assets - current (Note 8)	7,571	3	7,831	2
1479	Other current assets - others (Note 6(9))	31,622	12	4,634	1
	Total current assets	115,223	45	191,447	70
	Non-current assets:				
1600	Property, plant and equipment (Note 6(6))	79,858	31	55,965	21
1755	Right-of-use assets (Note 6(7))	35,313	14	18,168	7
1780	Intangible assets	9,883	4	33	-
1920	Guarantee deposits paid	3,433	1	2,050	1
1990	Other non-current assets - others	8,235	3	983	-
1975	Net defined benefit assets - non-current (Note 6(12))	4,738	2	3,258	1
	Total non-current assets	141,460	55	80,457	30
	Total assets	**$ 256,683**	**100**	**271,904**	**100**

	Liabilities and equity	2025.12.31 Amount	%	2024.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings	$ 33,000	13	-	-
2150	Notes and accounts payable (including related parties) (Note 7)	23,976	9	35,823	13
2200	Other payables	14,730	6	17,571	6
2220	Other payables - related parties (Note 7)	1,597	1	7,055	3
2130	Contract liabilities - current	3,146	1	-	-
2230	Income tax liabilities for the period	2,470	1	1,427	-
2280	Lease liabilities - current (Note (11))	9,253	3	4,546	2
2399	Other current liabilities - others	4,812	2	4,652	2
	Total current liabilities	92,984	36	71,074	26
	Non-current liabilities:				
2580	Lease liabilities - non-current (Note 6(11))	24,630	10	12,309	5
2670	Other non-current liabilities - others	135	-	134	-
	Total non-current liabilities	24,765	10	12,443	5
	Total liabilities	117,749	46	83,517	31
	Equity (Note 6(14)):				
3100	Share capital	323,000	126	323,000	119
3200	Capital surplus	66	-	66	-
3350	Accumulative deficits	(138,784)	(54)	(88,779)	(33)
3400	Other equity	(46,060)	(18)	(45,900)	(17)
	Total equity attributable to owners of the parent company	138,222	54	188,387	69
36XX	Non-controlling interests	712	-	-	-
	Total equity	138,934	54	188,387	69
	Total liabilities and equity	**$ 256,683**	**100**	**271,904**	**100**

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Chen, Yung-Lun **Manager: Chen, Yung-Lun** **Head of Accounting: Yeh, Tsan-Tseng**

Jenn Feng Industrial Tools Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: NT$ thousand

		2025			2024	
			Amount	%	Amount	%
4000	**Operating revenue (Notes 6(16) and 7)**	$	114,826	100	112,684	100
5000	**Operating costs (Notes 6(5) and 7)**		(88,348)	(77)	(103,383)	(92)
	Gross profit		26,478	23	9,301	8
	Operating expenses:					
6100	Selling and marketing expenses		10,817	9	8,818	8
6200	General and administrative expenses		59,775	52	51,235	45
6300	Research and development expenses		6,842	6	4,703	4
6450	Expected credit impairment loss (reversal gain) (Note 6(3))		151	-	(490)	-
	Total operating expenses		77,585	67	64,266	57
	Net operating loss		(51,107)	(44)	(54,965)	(49)
	Non-operating income and expenses (Note 6(14)):					
7100	Interest income		1,921	2	3,368	3
7010	Other income (Note 7)		147	-	707	1
7020	Other gains and losses (Note 7)		(930)	(1)	(2,022)	(2)
7050	Financial cost		(1,147)	(1)	(503)	-
	Total non-operating income and expenses		(9)	-	1,550	2
7900	**Pre-tax loss**		(51,116)	(44)	(53,415)	(47)
7950	**Less: Income tax expense (Note 6(13))**		278	-	1,453	1
8200	**Current net loss**		(51,394)	(44)	(54,868)	(48)
8300	**Other comprehensive income:**					
8310	**Items not reclassified into profit or loss**					
8311	Remeasurement of defined benefit plan (Note 6(12))		1,388	1	3,646	3
8349	Less: Income tax on items not reclassified into profit or loss		-	-	-	-
	Sum of items not reclassified into profit or loss		1,388	1	3,646	3
8360	**Items that may be reclassified into profit or loss**					
8361	Exchange differences on translation of financial statements of foreign operations		(160)	-	21,971	19
8399	Less: Income tax on items that may be reclassified into profit or loss		-	-	-	-
	Sum of items that may be reclassified into profit or loss		(160)	-	21,971	19
8300	**Other comprehensive income for the current period (net, after-tax)**		1,228	1	25,617	22
8500	**Total comprehensive income for the current period**	$	(50,166)	(43)	(29,251)	(26)
	Net income attributable to:					
	Owners of the parent company	$	(51,393)	(44)	(54,868)	(48)
	Non-controlling interests		(1)	-	-	-
		$	(51,394)	(44)	(54,868)	(48)
	Total comprehensive income attributable to:					
	Owners of the parent company	$	(50,165)	(43)	(29,251)	(26)
	Non-controlling interests		(1)	-	-	-
		$	(50,166)	(43)	(29,251)	(26)
9750	**Basic/diluted loss per share (unit: NTD) (Note 6(15))**	$		(1.59)		(1.70)

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Chen, Yung-Lun Manager: Chen, Yung-Lun Head of Accounting: Yeh, Tsan-Tseng

Jenn Feng Industrial Tools Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: NT$ thousand

	Share capital	Capital surplus	Accumulative deficits	Other equity items: Exchange differences on translation of financial statements of foreign operations	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2024	$ 538,390	66	(252,947)	(67,871)	217,638	-	217,638
Current net loss	-	-	(54,868)	-	(54,868)	-	(54,868)
Other comprehensive income for the current period	-	-	3,646	21,971	25,617	-	25,617
Total comprehensive income for the current period	-	-	(51,222)	21,971	(29,251)	-	(29,251)
Capital reduction against cumulative losses	(215,390)	-	215,390	-	-	-	-
Balance as of December 31, 2024	323,000	66	(88,779)	(45,900)	188,387	-	188,387
Current net loss	-	-	(51,393)	-	(51,393)	(1)	(51,394)
Other comprehensive income for the current period	-	-	1,388	(160)	1,228	-	1,228
Total comprehensive income for the current period	-	-	(50,005)	(160)	(50,165)	(1)	(50,166)
Increase or decrease in non-controlling interests	-	-	-	-	-	713	713
Balance as of December 31, 2025	**$ 323,000**	**66**	**(138,784)**	**(46,060)**	**138,222**	**712**	**138,934**

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Chen, Yung-Lun **Manager: Chen, Yung-Lun** **Head of Accounting: Yeh, Tsan-Tseng**

Jenn Feng Industrial Tools Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NT$ thousand

	2025	2024
Cash flow from operating activities:		
Losses before tax for the current period	$ (51,116)	(53,415)
Adjustments:		
Income, expenses, and losses		
Depreciation expenses	15,338	13,450
Amortization expenses	152	20
Expected credit impairment loss (gain)	151	(490)
Interest expenses	1,147	503
Interest income	(1,921)	(3,368)
Loss on disposal and scrapping of property, plant, and equipment	8	30
Benefit from debt reduction	(1,905)	(13,478)
Total income, expenses, and losses	12,970	(3,333)
Change in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Accounts receivable	9,202	2,435
Other receivables	(13,558)	111
Inventories	5,358	8,481
Other current assets	(913)	(1,432)
Net defined benefit assets	(92)	(55)
Net change in assets related to operating activities	(3)	9,540
Net change in liabilities related to operating activities:		
Decrease in contract liabilities	(761)	-
Notes payable and accounts payable	(11,847)	3,807
Other payables	(12,884)	1,738
Other current liabilities	160	213
Increase in other non-current liabilities	1	-
Net change in liabilities related to operating activities:	(25,331)	5,758
Net change in assets and liabilities related to operating activities	(25,334)	15,298
Total adjustments	(12,364)	11,965
Cash outflow from operations	(63,480)	(41,450)
Interests received	1,921	3,368
Interests paid	(1,147)	(503)
Income tax paid	(1,705)	(32)
Net cash outflow from operating activities	(64,411)	(38,617)
Cash flows from investing activities:		
Principal collected from maturity of financial assets at amortized cost	80,562	22,731
Acquisition of a subsidiary (net of cash acquired)	(16,402)	-
Acquisition of property, plant and equipment	(26,671)	(8,508)
Disposal of property, plant and equipment	287	1,172
Decrease (increase) in guarantee deposits paid	(1,383)	1,873
Acquisition of intangible assets	(2,543)	-
Decrease (increase) in other financial assets	260	(5,667)
Increase in other non-current assets	(7,252)	(521)
Net cash inflow from investing activities	26,858	11,080
Cash flows from financing activities:		
Increase in short-term borrowings	33,000	-
Decrease in other payables - related parties	(5,150)	(24,792)
Repayment of lease principal	(11,363)	(10,528)
Increase (Decrease) in other non-current liabilities	-	134
Net cash inflow (outflow) from financing activities	16,487	(35,186)
Effect of exchange rate variation on cash and cash equivalents	(171)	21,958
Decrease in cash and cash equivalents for the current period	(21,237)	(40,765)
Opening cash and cash equivalents balance	41,576	82,341
Closing cash and cash equivalents balance	**$ 20,339**	**41,576**

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Chen, Yung-Lun Manager: Chen, Yung-Lun Head of Accounting: Yeh, Tsan-Tseng

Jenn Feng Industrial Tools Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(All amounts are expressed in NT$ thousands, unless specified otherwise)

I. Company history

Jenn Feng Industrial Tools Co., Ltd. (the "Company") was incorporated with the approval of the Ministry of Economic Affairs in April 1976. Shares of the Company were approved for listing on Taipei Exchange (TPEx) in October 1998, and officially listed for trading on TPEx on January 8, 1999. The Company was subsequently approved for listing on Taiwan Stock Exchange Corporation (TWSE) on August 6, 2002, and officially listed for trading on TWSE on August 26, 2002, with its registered address at No. 28, Aly. 39, Ln. 576, Sec. 6, Minzu Rd., Zhongli District, Taoyuan City. Main business activities of the Company and its subsidiaries, collectively referred to as the "Group" are manufacturing and trading of power tools, hand tools, gardening tools and related parts and components.

A resolution was passed during the shareholders' meeting held on June 18, 2020 to change company name to "Jenn Feng Industrial Tools Co., Ltd.," and the change was approved by the competent authority on July 7, 2020.

II. Financial statement approval date and procedures

These consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2026.

III. Application of new and amended standards and interpretations

(I) Effect of adopting the latest and amended standards and interpretations approved by the Financial Supervisory Commission (FSC)

The Group has applied the following newly revised International Financial Reporting Standards as endorsed and issued into effect by the Financial Supervisory Commission, from January 1, 2025. The application of these standards had no material impact on the consolidated financial statements.

Amendment to IAS No. 21 "Lack of Exchangeability"

(II) Effect of IFRSs endorsed by the FSC but not yet adopted

Based on the Group's own evaluation, adopting the newly revised International Financial Reporting Standards below that take effect from January 1, 2026 onwards do not have material impact on the consolidated financial statements.

- IFRS 17 - “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 9 and IFRS 7 –
- Amendments to the “Classification and Measurement of Financial Instruments”
- IFRS Accounting Standards - Annual Improvements

  Amendments to IFRS 9 and IFRS 7 - “Contracts Referencing Nature-dependent Electricity”

(III) Newly published/revised standards and interpretations that are not yet approved by the FSC

The standards and interpretations that have been issued and amended by the International Accounting Standards Board but not yet approved by the FSC and may be relevant to the Group are as follows:

New or amended standards	Major amendments	Effective date issued by IASB
IFRS 18 - Presentation and Disclosure in Financial Statements	The new standard introduces three categories of income and expense, two income statement subtotals and one single note on management performance measures. These three amendments revise and strengthen the guidance on how to break down information in the financial statements, provide users with the basis for better and more consistent information, and will affect all companies. ● A more structured income statement: In accordance with the current standard, companies use different formats to present their operating results, making it difficult for investors to compare financial performance between companies. The new standard adopts a more structured income statement, introduces a new definition of the "operating revenue" sub-total and requires that all revenue and expenses will be categorized into three new different categories based on a company's principal operating activities. ● Management Performance Measurement (MPM): The new standard introduces a definition of MPM, and requires companies to explain in a separate note to the financial statements on why each	January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that our country will align with IFRS 18 - Presentation and Disclosure in Financial Statements in the 2028 fiscal year. If the company has the need for early adoption, it may choose to opt for early adoption after obtaining approval from the FSC.

measurement indicator provides useful information, how it is calculated and how it reconciles the measurement indicator to the amounts recognized under IFRS accounting standards.

- More detailed information: The new standard includes guidance on how companies can enhance the disaggregation of information in their financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.

The Group is continuously evaluating the impact of the above standards and interpretations on the Group's financial position and results of operations, and the related impact will be disclosed when the evaluation is completed.

The Group expects that the adoption of the following other newly issued and revised standards, which have not yet been endorsed by the FSC will not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"
- IFRS 19 - "Subsidiaries without Public Accountability: Disclosures" and the amendments to IFRS 19
- Amendment to IAS No. 21 "Translation to a Hyperinflationary Currency"

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies adopted for the preparation of the consolidated financial statements. Unless otherwise specified, the following accounting policies have been applied consistently across all periods presented in this financial statement.

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Preparation Guidelines") and Financial Supervisory Commission-approved IFRSs, IAS, IFRIC Interpretations, and SIC Interpretations (collectively referred to as "FSC-approved IFRS Accounting Standards").

(II) Basis for preparation

1. Basis for measurement

The consolidated financial statements are prepared on the basis of historical cost, except for the key balance sheet item listed below: Net defined benefit liability (or assets), which is measured by deducting the present value of defined benefit plan obligations from the fair value of pension fund assets.

2. Functional currency and presentation currency

Every entity within the Group has designated its functional currency as the main currency used in the economic environment where operations take place. The consolidated financial statements are presented using the Company's functional currency (NT$). All financial figures denominated in NT$ have been presented in NT$ thousand.

(III) Basis of consolidation

1. Basis of preparation for consolidated financial report

The consolidated financial statements include the Company and entities that the Company has control over (i.e. subsidiaries). The Company controls an investee when it is exposed to, or is entitled to, variable returns from its participation in the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are included into the consolidated financial statements from the day control is gained, and removed on the day control is lost. Transactions, balances, and any unrealized gains, expenses, and losses between members of the Group have been fully eliminated when preparing the consolidated financial statements. Total comprehensive income generated by subsidiaries is divided into amounts that are attributable to owners of the Company and amounts that are attributable to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Subsidiaries have had financial statements adjusted appropriately to ensure alignment of accounting policies with those of the Group.

Change of ownership interest in a subsidiary without losing control is treated as equity transaction between owners. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributable to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements:

Name of investor	**Name of subsidiary**	**Nature of business**	**Shareholding percentage 2025.12.31**	**Shareholding percentage 2024.12.31**
The Company	JFG International Incorporation (JFG International)	Investment and import and export trading	100.00%	100.00%
"	Hung Shi Investment (Samoa) Co., Ltd. (Hung Shi Investment)	Investment	100.00%	4.54%
"	ARK JF Philippines Inc.	Import and export trading	100.00%	- %
"	Cheng-Feng Energy Industrial Co., Ltd.	Machinery and equipment sales	96.30%	- %
JFG International	Jenn Feng International (B.V.I.) Co., Ltd.	Import and export trading	100.00%	100.00%
"	Shanghai Jenn Feng Industrial Tools Co., Ltd. (Shanghai Jenn Feng)	Production and sale of power tools, hardware tools, automotive lights, and household lighting equipment	100.00%	100.00%
"	Hung Shi Investment	Investment	- %	95.46%
Hung Shi Investment	Kunshan Jenn Fu Machinery Industrial Co., Ltd. (Kunshan Jenn Fu)	Production and sale of power tools and gardening tools	100.00%	100.00%

Note1: On October 16, 2025, the Chairman approved a cash capital increase of NT$26,000 thousand to Cheng-Feng Energy Industrial Co., Ltd. After the capital increase, the share capital amounted to 2,700 thousand shares. The record date for the issuance of new shares was set on November 1, 2025, and the change registration was completed with the Department of Commerce, Ministry of Economic Affairs has been completed.

Note2: In September 2025, the Board of Directors of JFG International, a subsidiary of the Company, resolved to streamline the investment structure, reducing capital and returning its long-term investment equity in Hung Shi Investment. As a result, the Company's shareholding percentage in Hung Shi Investment increased to 100%.

Note3: The Company, through resolutions passed by the Board of Directors in August and December 2024, decided to lend funds to its subsidiary, Hung Shi Investment, and invest in the subsidiary by converting debt into equity. As a result, the Company's shareholding percentage in Hung Shi Investment increased, while JFG International's shareholding percentage in Hung Shi Investment decreased.

Note4: ARK JF Philippines Inc. was approved for establishment on August 29, 2025.

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

(IV) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Subsequently, monetary items denominated in foreign currency at the end of the reporting period (the "reporting date") are converted into the functional currency using exchange rate on the same day. Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using exchange rate as of the date of fair value measurement. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising at the time of acquisition, are converted into NT$ using exchange rates as at the reporting date. Income, expenses, and losses are converted into NT$ using average exchange rate for the current period. Any differences on exchange are recognized through other comprehensive income.

If a disposal of foreign operation results in a loss of control, joint control, or significant influence, all conversion differences previously accumulated on the foreign operation are reclassified into profit or loss. In a partial disposal of a subsidiary that contains foreign operations, conversion differences previously accumulated on the subsidiary are re-attributed proportionately to non-controlling interests. In a partial disposal of an associated company or joint venture that contains foreign operations, conversion differences previously accumulated on the investment are reclassified proportionately to profit or loss.

For monetary receivables or payables of foreign operations that do not have defined settlement plans and are impossible to be settled in the foreseeable future, any gains/losses arising from foreign currency exchange are treated as a part of net investments in the foreign operation and recognized through other comprehensive income.

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

Assets of the Group that meet one of the following conditions are classified as current assets; assets that do not meet the criteria for current asset are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed, over the normal business cycle;
2. Assets that are held mainly for the purpose of trading;
3. Assets that are expected to be realized within twelve months after the end of the reporting period; or

4. Cash or cash equivalents (as defined in IAS 7), unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities of the Group that match any of the following criteria are classified as current liabilities; liabilities that do not meet the criteria for current liability are classified as non-current liabilities:

1. Liabilities that are expected to be repaid within the normal business cycle;
2. Liabilities that are held mainly for the purpose of trading;
3. Liabilities that are expected to be repaid within twelve months after the end of the reporting period; or
4. The right to defer settlement of such liabilities for at least twelve months after the end of the reporting period is not available at the end of the reporting period.

(VI) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposit that meets the abovementioned definition and is intended to meet short-term cash commitment instead of investment or other purposes is stated as cash equivalent.

(VII) Financial instruments

Accounts receivable and debt securities issued are initially recognized at the time of occurrence. All other financial assets and financial liabilities are recognized when the Group becomes a party to a financial instrument contract. Financial assets (other than accounts receivable that do not contain a significant financial component) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain a significant financial component are initially measured at transaction price.

1. Financial assets

Purchases or sales of financial assets that meet the criteria for a regular way purchase or sale are accounted for using trade date or settlement date accounting consistently for financial assets classified in the same category.

Financial assets are initially classified as: financial assets at amortized cost. The Group reclassifies all affected financial assets only when it changes its business model for managing financial assets,and such reclassification is applied from the beginning of the next reporting period.

(1) Financial assets at amortized cost

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

- The financial asset is held for the purpose of collecting contractual cash flow.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

These assets are subsequently measured at amortized cost of the initially recognized amount, plus or less the accumulated amortization calculated using the effective interest method, which was adjusted for any allowance for losses. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit or loss. On derecognition, gains or losses are recognize through profit or loss.

(2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost(including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets).

Loss allowances for the following financial assets are made based on 12-month expected credit loss; for all other financial assets, loss allowances are made based on lifetime expected credit losses:

- Debt securities that are deemed to be of low risk as of the reporting date; and
- Other debt securities and bank deposits that exhibit no significant increase in credit risk (i.e. risk of default over the financial instrument's expected duration) since initial recognition.

Loss allowances for accounts receivable and contractual assets are measured based on lifetime expected credit losses.

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Group uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit risk assessment, and forecasts.

The Group considers credit risk to have increased significantly if contractual payment is overdue for more than 90 days.

The Group considers financial asset to have defaulted if contractual payment is overdue for more than 180 days, or if the borrower is unlikely to fulfill credit obligation and make full payment to the Group.

Lifetime expected credit loss refers to the amount of credit losses that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

Twelve-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to default event in the next 12 months after the reporting date (or shorter, if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured is the maximum contract duration in which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses over the expected life of a financial instrument. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Group expects to collect. Expected credit losses are discounted at effective interest rate applicable to the financial asset.

The Group assesses financial assets measured at amortized cost for credit impairment on every reporting date. A financial asset is deemed to have credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data indicating that one or more of the following events have occurred with respect to a financial asset:

- The borrower or issuer encounters significant financial distress;
- Event of default, such as delinquency or more than 180 days overdue;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, grants a concession to the borrower that it would not otherwise consider;
- The borrower is very likely to file for bankruptcy or undergo financial restructuring; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Loss allowances on financial assets measured at amortized cost are deducted from book value.

When the Group has reason to believe that it may not recover part or all of a financial asset, the total book value of financial asset is reduced directly to reflect the expectation. The Group analyzes the timing and amount of write-offs on a case-by-case basis based on whether or not they are reasonably expected to be recovered. The Group does not expect any material reversal of the amounts written off. However, financial assets that have been written off may still be subject to enforcement activities in accordance with the Group's procedures for recovery of overdue amounts.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity, or when it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into a transaction to transfer a financial asset but retains all or substantially all of the risks and rewards of ownership of the transferred asset, the financial asset continues to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Group are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity transactions

Equity instrument refers to any contract that represents the Group's entitlement to assets net of liabilities. Equity instruments issued by the Group are recognized at the amount of proceeds received net of direct issuing costs.

(3) Derecognition of financial liabilities

Financial liabilities are removed from the balance sheet upon fulfillment, cancellation, or expiry of contractual obligation. If a change in the terms of a financial liability alters cash flow by a significant extent, the old financial liability is removed and a new financial liability will be recognized at fair value based on the revised terms.

When removing financial liabilities from balance sheet, any differences between the book value and the amount paid or payable (including any non-cash assets transferred and any liabilities assumed as part of the arrangement) are recognized through profit or loss.

(4) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and presented in the balance sheet in net amount only when the Group is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

(VIII) Inventories

Inventory is valued at the lower of cost and net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Cost of finished products and work-in-progress includes manufacturing overheads, which are allocated proportionately based on normal production capacity.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant, and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any cumulative impairment.

Major components of property, plant, and equipment that have different useful lives are accounted as separate items (major components).

Gain or loss on disposal of property, plant, and equipment is recognized through profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Group.

3. Depreciation

Depreciation is calculated based on the cost of the asset less its residual value and is recognized on a straight-line basis over the estimated useful lives of each component in profit or loss.

Land is not depreciated.

The following useful life estimates are used for the current and comparative periods:

(1) Buildings 2～23 years

(2) Machinery 1～11 years

(3) Other equipment 1～16 years

The Group reviews its depreciation method, useful life, and residual values at each reporting date. Changes are made as deemed necessary and appropriate.

(X) Leases

The Group evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment. A contract is considered as lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration

1. As a lessee

The Group recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use asset or until expiry of the lease tenor, whichever the earlier. Furthermore, the Group regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to remeasurement.

Lease liabilities are initially measured as the present value of unpaid lease payments as at the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be readily determined; if not, the Group's incremental borrowing rate is used as the discount rate instead. In general, the Group uses incremental borrowing rate as the discount rate.

The types of lease payments taken into the calculation of lease liabilities include:

(1) Fixed payments, including in-substance fixed payments;

(2) Variable lease payments that are determined by certain index or rate (which are initially measured using index or rate as at the lease start date);

(3) Amount expected to be paid under residual value guarantees; and

(4) Amount of strike price or penalty payable, if there is reasonable assurance to exercise the purchasing or termination option.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

(1) When there is a change in the index or rate used for determining lease payments, which leads to changes in future lease payments;

(2) When there is a change in the amount expected to be paid under residual value guarantees;

(3) When there is a change in the assessment of asset purchasing option;

(4) When there is a change in the likelihood of exercising lease extension/termination option, which may alter expectation about the lease tenor;

(5) When there is a change in leased asset, scope of lease, or other terms.

When a lease liability is remeasured as a result of above changes in the index or rate used to determine the lease payments, changes in the residual guarantee amount, and changes in the valuation of the purchased, extended, or terminated 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 the difference between the carrying amount of the right-of-use asset and the amount of the remeasurement of the lease liability is recognized in profit or loss.

The Group 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.

2. As a lessor

For transactions in which the Group acts as the lessor, the Group classifies each lease at the inception date of the lease according to whether substantially all the risks and rewards incidental to ownership of the subject asset are transferred. If so, the lease is classified as a finance lease; otherwise, the lease is classified as an operating lease. In the evaluation, the Group considers relevant indicators, including whether the lease term covers a major portion of the economic life of the subject asset.

If the Group acts an intermediate lessor, the it treats the head lease and the sublease as two separate contracts and evaluates the classification of the sublease based on the right-of-use asset arising from the head lease. If the head lease is a short-term lease and the recognition exemption is applicable, the sublease is classified as an operating lease.

If the agreement contains both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(XI) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment.

Other intangible assets acquired by the Group are measured at cost less accumulated amortization and cumulative impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only if they are able to increase future economic benefits of certain assets. All other expenses are recognized through profit or loss when incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated on the basis of the asset cost less estimated residual value, and is recognized as profit or loss over the estimated useful life of an intangible asset using the straight-line method from the time the asset reaches the point where it is ready for use.

The following useful life estimates are used for the current and comparative periods:

(1) Computer software 3 years

(2) Trademarks 10 years

The Group examines its amortization method, useful life, and residual values for intangible assets on each reporting date. Changes are made as deemed necessary and appropriate.

(XII) Impairment of non-financial assets

The Group evaluates non-financial assets (excluding inventory) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have recoverable amount estimated.

For the purpose of impairment testing, a group of assets is identified as the smallest identifiable group of assets for which a significant portion of the cash inflows are independent of other individual assets or groups of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combination.

Recoverable amount is determined as the fair value of individual asset or cash-generating unit less disposal cost or the utilization value, whichever the higher.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as impairment loss.

Impairment losses are recognized immediately in current profit or loss. The carrying amount of goodwill allocated to a cash-generating unit is reduced first, and then the carrying amount of the other assets in the unit is reduced in proportion to the carrying amount of each asset in the unit.

(XIII) Revenue recognition

Revenue from contracts with customers

Income is measured as the amount of consideration expected to receive for the delivery of merchandise or service. The Group recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled.

1. Sale of products

The Group recognizes revenues when control of product has been transferred. Product control is deemed to have transferred upon delivery, at a time when customer is able to exercise full discretion over the use of sales channel and selling price and no unfulfilled obligations exist that may otherwise affect customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, thereby voiding the acceptance clause, or under any other circumstances where the Group has objective evidence to prove having satisfied all inspection criteria.

The Group recognizes accounts receivable at the time merchandise is delivered, as the Group has unconditional rights to collect consideration at this point.

2. Electricity sales business

The Group is a power generation company. The Group's electricity sales revenue is calculated based on the unit price specified in contracts with buyers and the actual amount of electricity transmitted. Accounts receivable and revenue are recognized when electricity is transmitted to the substation of Taiwan Power Company, as the Group has unconditional rights to collect consideration at this point.

(XIV) Employee benefits

1. Defined contribution plan

Obligated contributions under the defined contribution plan are recognized as expense for the duration of services rendered.

2. Defined benefit plan

The Group calculates net obligation of defined benefit plan by discounting future benefit payouts that employees have earned in current or previous periods of employment to the present value, and deducting the fair value of plan asset.

Defined benefit obligations are estimated annually by a qualified actuary using the Projected Unit Credit Method. If the calculated result is favorable to the Group, the amount of assets recognized shall not exceed the present value of future economic benefits, whether they are realized through refund of plan contributions or decrease of future contributions. Present value of economic benefits is calculated after taking into consideration all minimum contribution requirements.

Remeasurement of net defined benefit liabilities, including actuarial gains/losses, return on plan assets (excluding interest), and changes in the effect of the asset ceiling (excluding interest), are immediately recognized through other comprehensive income and accumulated in retained earnings. The Group determines net interest expenses (income) on net defined benefit liabilities (assets) using the balance of net defined benefit liabilities (assets) and discount rate as at the beginning of the reporting period. Net interest expense and other expenses associated with defined benefit plan are recognized through profit or loss.

When the plan is amended or curtailed, any change in benefit that arises in relation to service cost in previous periods or curtailment gains/losses is immediately recognized through profit or loss. The Group recognizes gain or loss on settlement of defined benefit plan at the time it takes place.

3. Short-term employee benefits

Short-term employee benefit obligation is recognized as expense when services are rendered. If the Company has a statutory or constructive obligation to pay benefits due to services rendered by employees in the past and such obligation can be estimated reliably, the amount is recognized as liability.

(XV) Income taxes

Income tax expense comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit or loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

The Group considers that its top up taxes payable under the Global Minimum Tax System-Pillar 2 falls within the scope of IAS 12 "Income Tax," and temporary, mandatory exemption has applied for the accounting treatment of deferred income tax related to top up taxes; top up taxes that occurred are recognized as current income tax.

Current income tax comprises income taxes receivable/payable, which is calculated based on current year's taxable income (or loss), and any adjustments to income tax payable or tax refund receivable in previous years.

Deferred income tax measures and recognizes the temporary difference between the carrying amount of assets and liabilities and its taxation basis on the reporting day. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

1. Assets or liabilities initially recognized in a transaction that is not a business combination, and the transaction (i) does not affect accounting profits and taxable income (loss), and (ii) does not generate equivalent taxable and deductible temporary difference;
2. Temporary differences arising from investment in subsidiaries, the timing at which the Group can control the reversal of the temporary difference, and that the temporary difference is unlikely to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that it is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated on each reporting date. Tax benefits that are not very likely to be realized will be reduced down to the realizable amount, and amounts previously reduced may be reversed up to the point where sufficient taxable income can be generated.

Deferred income tax is measured at the tax rate when the expected temporary difference is reversed, using the statutory tax rate or effective tax rate as at the reporting date as basis.

The Group will offset deferred income tax assets against deferred income tax liabilities only when the following conditions are met:

1. When it is legally entitled to offset current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities arise in relation to income taxes imposed by the same tax authority, and the tax-paying entities meet any of the following conditions:
   (1) The tax-paying entities are one and the same; or
   (2) Although the taxable entities are different, the entities intend, in each future period in which significant amounts of deferred income tax assets are expected to be recovered or deferred income tax liabilities are expected to be settled, to settle current income tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

(XVI) Loss per share

The Group presents loss per share attributable to the Company's common shareholders in basic and diluted terms. Basic loss earnings per share of the Group is calculated by dividing the amount of profit or loss attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period.

(XVII) Segment information

An operating segment is a section of the Group that generates income and incurs expenses as part of its activities (including income and expenses from transacting with other sections of the Group). Operating results of all segments are reviewed regularly by the Group's main decision makers for resource allocation and performance evaluation. All operating segments report financial information separately

V. Significant accounting judgments and key sources of estimation uncertainty

When preparing these consolidated financial statements, the management is required to make judgments and estimates about the future (including climate-related risks and opportunities). These judgments and estimates may affect the types of accounting policies adopted and the amounts of asset, liability, income, and expense reported. The actual outcome may differ from these estimates.

The management examines its estimates and assumptions on an ongoing basis, which are consistent with the Group's risk management and climate-related commitments. Changes in estimate are recognized in the year the changes take place and deferred in future years when impacts materialize.

Accounting policies involved the use of significant judgment, and had no material effect on amounts recognized in the consolidated financial statements.

VI. Notes to major accounts

(I) Cash and cash equivalents

		2025.12.31	2024.12.31
Cash on hand, petty cash and working capital	$	533	525
Check deposits		195	286
Demand deposit		19,611	40,765
Cash and cash equivalents listed in the statement of cash flows	**$**	**20,339**	**41,576**

Please see Note 6(20) for detailed disclosure of interest rate risk and sensitivity analysis on the Group's financial assets and liabilities.

The above time deposits are not pledged or provided as collateral.

(II) Financial assets at amortized cost

		2025.12.31	2024.12.31
Domestic certificates of deposit	**$**	**-**	**80,562**

The Group assesses that these assets are intended to be held until maturity for the collection of contractual cash flows, and that the contractual cash inflows represent solely payments of principals and interests on principal amount outstanding. Accordingly, they are classified as financial assets measured at amortized cost. Please see Note 6(20) for detailed information on credit risk.

The above financial assets are not pledged or provided as collateral.

(III) Notes and accounts receivable

		2025.12.31	2024.12.31
Accounts receivable (including related parties) - at amortized cost	$	28,112	23,826
Less: loss allowance		(16,920)	(3,281)
	$	**11,192**	**20,545**

The Group applies the simplified approach to measure expected credit losses for all notes and accounts receivable at an amount equal to lifetime expected credit losses. For this purpose, notes and accounts receivable are grouped based on shared credit risk characteristics that represent customers' ability to pay all amounts due in accordance with contractual terms, and forward-looking information is incorporated. Expected credit loss analysis for notes and accounts receivable is shown below:

	2025.12.31		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 8,201	- %	-
Overdue 90 days and below	2,991	- %	-
Overdue 181 days and above	16,920	100.00%	16,920
	$ 28,112		**16,920**

	2024.12.31		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 19,387	- %	-
Overdue 90 days and below	1,102	- %	-
Overdue 91 - 180 days	71	30.56%	15
Overdue 181 days and above	3,266	100.00%	3,266
	$ 23,826		**3,281**

Expected credit loss analysis for notes and accounts receivable in Mainland China is shown below:

	2024.12.31		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 35	11.11%	4
Overdue 181 days and above	2,484	100.00%	2,484
	$ 2,519		**2,488**

Changes in loss allowances on notes receivable and accounts receivable are shown below:

	2025	2024
Beginning balance	$ 3,281	3,680
Acquired through business combination	16,757	-
Recognition of impairment loss (reversal)	151	(490)
Amount written off during the current period due to inability to recover	(3,184)	-
Gain/loss on foreign currency exchange	(85)	91
End-of-period balance	$ 16,920	3,281

As at December 31, 2025 and 2024, none of the Group's notes receivable, accounts receivable, or other receivables were placed as collateral for borrowings.

(IV) Other receivables

	2025.12.31	2024.12.31
Other receivables - contract termination refund	$ 14,927	-
Other receivables - loans from related parties	2,800	-
Other receivables - Others	6,159	7,528
Less: loss allowance	(2,800)	-
	$ 21,086	7,528

Other receivables - contract termination refund is the amount to be refunded for the prepaid equipment fees paid to San Yue International Development Co., Ltd. upon terminating the contract for the solar project.

The aforementioned other receivables are assessed for expected credit loss individually over their duration according to the Company's policy.

(V) Inventories

		2025.12.31	2024.12.31
Raw materials and consumables	$	17,900	21,731
Work in process		2,119	4,365
Finished goods		2,876	2,568
Inventory in transit		518	107
	$	23,413	28,771

Details of cost of goods sold recognized in 2025 and 2024:

		2025	2024
Cost of inventory sold	$	87,739	91,462
Inventory devaluation losses (reversal gains)		(6,917)	8,195
Loss on inventory write-off		7,422	3,726
Cost of electricity sales		104	-
	$	88,348	103,383

The Group recognized operating cost due to the recognition of inventory devaluation losses resulting from the write-down of inventory to its net realizable value.

The Group recognized a reversal of inventory write-down as the circumstances that previously caused inventories to be written down below cost no longer exist, resulting in an increase in net realizable value.

None of the Group's inventories are pledged as collateral.

(VI) Property, plant and equipment

Changes in the Group's property, plant, and equipment are explained below:

		Land	Buildings	Machinery	Other equipment	Total
Cost:						
Balance as of January 1, 2025	$	34,082	6,272	12,340	70,216	122,910
Addition		-	-	-	28,268	28,268
Disposal		-	-	(3,203)	(6,547)	(9,750)
Effects of exchange rate change		-	-	(62)	78	16
Balance as of December 31, 2025	$	34,082	6,272	9,075	92,015	141,444
Balance as of January 1, 2024	$	34,082	4,900	22,034	64,145	125,161
Addition		-	1,372	4	7,132	8,508
Disposal		-	-	(10,038)	(2,705)	(12,743)
Effects of exchange rate change		-	-	340	1,644	1,984
Balance as of December 31, 2024	$	34,082	6,272	12,340	70,216	122,910
Depreciation and impairment loss:						
Balance as of January 1, 2025	$	-	298	10,902	55,745	66,945
Depreciation for the current year		-	283	122	3,667	4,072
Disposal		-	-	(2,996)	(6,459)	(9,455)
Effects of exchange rate change		-	-	(56)	80	24
Balance as of December 31, 2025	$	-	581	7,972	53,033	61,586
Balance as of January 1, 2024	$	-	37	19,162	54,131	73,330
Depreciation for the current year		-	261	339	2,839	3,439
Disposal		-	-	(8,903)	(2,638)	(11,541)
Effects of exchange rate change		-	-	304	1,413	1,717
Balance as of December 31, 2024	$	-	298	10,902	55,745	66,945
Book value:						
December 31, 2025	$	34,082	5,691	1,103	38,982	79,858
December 31, 2024	$	34,082	5,974	1,438	14,471	55,965

1. Collaterals

For the years ended December 31, 2025 and 2024, the Group pledged property, plant and equipment as collateral for long-term borrowings and financing facilities.

(VII) Right-of-use assets

Details of right-of-use assets recognized by the Group for leases of buildings and other assets are as follows:

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2025	$ -	47,178	-	47,178
Addition	1,475	24,971	1,233	27,679
Effects of exchange rate change	-	964	45	1,009
Balance as of December 31, 2025	**$ 1,475**	**73,113**	**1,278**	**75,866**
Balance as of January 1, 2024	$ -	68,124	-	68,124
Addition	-	12,357	-	12,357
Decrease	-	(34,315)	-	(34,315)
Effects of exchange rate change	-	1,012	-	1,012
Balance as of December 31, 2024	**$ -**	**47,178**	**-**	**47,178**
Depreciation of right-of-use assets:				
Balance as of January 1, 2025	$ -	29,010	-	29,010
Depreciation	-	11,164	102	11,266
Effects of exchange rate change	-	274	3	277
Balance as of December 31, 2025	**$ -**	**40,448**	**105**	**40,553**
Balance as of January 1, 2024	$ -	52,527	-	52,527
Depreciation	-	10,011	-	10,011
Decrease	-	(34,315)	-	(34,315)
Effects of exchange rate change	-	787	-	787
Balance as of December 31, 2024	**$ -**	**29,010**	**-**	**29,010**
Book value:				
December 31, 2025	**$ 1,475**	**32,665**	**1,173**	**35,313**
December 31, 2024	**$ -**	**18,168**	**-**	**18,168**

In 2025, the Group leased the land as an operating site for renewable energy equipment.

In 2025, the Group additionally leased houses for use as a production base. In 2024, there was no significant addition, impairment, or reversal of right-of-use assets.

(VIII) Intangible assets

Details of the costs, amortization, and impairment loss of the Group's intangible assets for the years ended December 31, 2025 and 2024 are as follows:

	Goodwill	Computer software	Trademarks	Total
Cost:				
Balance as of January 1, 2025	$ -	-	33	33
Acquired through business combination	7,459	-	-	7,459
Acquired during the current period	-	2,543	-	2,543
Balance as of December 31, 2025	**$ 7,459**	**2,543**	**33**	**10,035**
Balance as of January 1, 2024	$ -	-	53	53
Balance as of December 31, 2024	**$ -**	**-**	**53**	**53**
Amortization and impairment loss:				
Balance as of January 1, 2025	$ -	-	-	-
Amortization for the current period	-	130	22	152
Balance as of December 31, 2025	**$ -**	**130**	**22**	**152**
Balance as of January 1, 2024	$ -	-	-	-
Amortization for the current period	-	-	20	20
Balance as of December 31, 2024	**$ -**	**-**	**20**	**20**
Book value:				
December 31, 2025	**$ 7,459**	**2,413**	**11**	**9,883**
January 1, 2024	**$ -**	**-**	**53**	**53**
December 31, 2024	**$ -**	**-**	**33**	**33**

On November 1, 2025, the Group acquired Cheng-Feng Energy Industrial Co., Ltd., resulting in goodwill of NT$7,459 thousand. Please refer to Note 6(19) for detailed information.

(IX) Other current assets and other non-current assets

The details of the Group's other current assets and other non-current assets are explained below:

	2025.12.31	2024.12.31
Prepaid expenses	$ 1,938	667
Prepayments for materials and construction	31,664	-
Prepayments for purchases	1,635	3,078
Prepayments for equipment	-	983
Temporary payments	512	341
Tax credit carried forward	2,882	398
Others	1,226	150
	$ 39,857	5,617

As at December 31, 2025, the Group's prepaid material and construction payments for the solar photovoltaic power generation system installation project totaled NT$31,664 thousand.

(X) Short-term borrowings

Details, conditions, and terms of the Group's short-term borrowings are explained below:

	2025.12.31			
	Interest rate range	Currency	Maturity date	Amount
Secured bank borrowings	2.5%%	TWD	2025.10.16~2026.04.16	$ 33,000

For details of the Group's pledge of assets as collateral for bank borrowings, please refer to Note 8.

(XI) Lease liabilities

Book value of lease liabilities of the Group:

	2025.12.31	2024.12.31
Current	$ 9,253	4,546
Non-current	$ 24,630	12,309

Amount recognized in profit or loss:

	2025	2024
Interest expense on lease liabilities	$ 1,008	291

Amounts recognized in the statements of cash flows:

	2025	2024
Total cash outflow for lease	$ 12,371	10,819

1. Leases of land and buildings

The Group leases buildings for use as offices and factories.Certain leases include options to extend the lease term with the original lessor upon expiration. The Group leases land to establish a solar photovoltaic power generation system, with the lease term being the operating period of the solar power generation system.

2. Other leases

The lease term for other equipment leased by the Group is one year. These leases are short-term or low-value leases. The Group has elected to apply the practical expedients and does not recognize the related right-of-use assets and lease liabilities.

(XII) Employee benefits

1. Defined benefit plan

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	2025.12.31	2024.12.31
Present value of defined benefit obligations	$ 11,697	11,802
Fair value of plan assets	(16,435)	(15,060)
Net defined benefit (assets) liabilities	$ (4,738)	(3,258)

Below are details of employee benefit liabilities:

	2025.12.31	2024.12.31
Accrued paid leave liabilities	$ 3,201	3,201

Contributions for the defined benefit plan are made into a dedicated pension fund account opened with Bank of Taiwan. For employees subject to the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Components of plan assets

Pension fund contributions that the Group has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum annual return distributed on the fund shall not be lower than the interest rate of a two-year time deposit with local banks.

As at the reporting date, balance of the Group's labor pension reserve account at Bank of Taiwan totaled NT$16,436 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in the present value of defined benefit obligations

Changes in present value of defined benefit obligations for 2025 and 2024 are explained below:

		2025	2024
Defined benefit obligations as at January 1	$	11,802	16,576
Service cost and interest for the current period		227	293
Remeasurement of net defined benefit liability			
- Actuarial losses (gains) due to adjustment by experience		(332)	(2,338)
Benefits paid from plan		-	(2,729)
Defined benefit obligations as at December 31	**$**	**11,697**	**11,802**

(3) Changes in the fair value of plan assets

Changes in present value of defined benefit obligations for 2025 and 2024 are explained below:

		2025	2024
Fair value of plan assets as at January 1	$	15,060	16,133
Interest income		227	235
Remeasurement of net defined benefit liability			
- Return on plan assets (excluding current period interest)		1,056	1,308
Amount contributed to the plan		92	113
Benefits paid from plan		-	(2,729)
Fair value of plan assets as at December 31	**$**	**16,435**	**15,060**

(4) Expenses recognized in profit or loss

Details of expenses recognized for the years ended December 31, 2025 and 2024 are presented below:

		2025	2024
Current period service costs	$	51	86
Net interest on net defined benefit liability (assets)		(50)	(28)
	$	**1**	**58**
Selling and marketing expenses	$	-	10
General and administrative expenses		1	39
Research and development expenses		-	9
	$	**1**	**58**

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

Cumulative remeasurement of net defined benefit obligation recognized in other comprehensive income:

		2025	2024
Cumulative balance as at January 1	$	3,762	116
Amount recognized in the current period		1,388	3,646
Cumulative balance as at December 31	**$**	**5,150**	**3,762**

(6) Actuarial assumptions

Key actuarial assumptions that the Group had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	2025.12.31	**2024.12.31**
Discount rate	1.29%	1.50%
Future salary increase	3.00%	3.00%

The Group expects to contribute NT$92 thousand to the defined benefit plan within one year from the 2025 reporting date.

The defined benefit plan has a weighted average duration of 3.4 years.

(7) Sensitivity analysis

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2025 and 2024:

	Impact on defined benefit obligations	
December 31, 2025	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$ (65)	67
	Increase 1%	**Decrease 1%**
Future salary increase	267	(254)

	Impact on defined benefit obligations	
December 31, 2024	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$ (83)	84
	Increase 1%	**Decrease 1%**
Future salary increase	336	(320)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis has been prepared using the same method as that used in measuring the net defined benefit liability in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

2. Defined contribution plan

The Group's defined contribution plan complies with the Labor Pension Act, in which the Group contributes an amount equal to 6% of employees' salaries each month to employees' pension accounts held with the Bureau of Labor Insurance. Under this plan, the Group would be freed of pension obligations (whether legal or constructive) once it has contributed this amount to the Bureau of Labor Insurance.

Pension expenses recognized for the defined contribution plan in 2025 and 2024 were NT$1,346 thousand and NT$1,233 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

Mainland subsidiaries of the Company, namely Kunshan Jenn Fu and Shanghai Jenn Feng, are bound by the laws of Mainland China to make monthly contributions to the employee pension fund at certain percentage of employees' monthly salaries. In 2025 and 2024, the subsidiaries had contributed NT$2,362 thousand and NT$2,226 thousand, respectively, to the relevant authority.

(XIII) Income taxes

1. Below are details of income tax expenses:

Below are details of the Group's income tax expenses for the years ended December 31, 2025 and 2024:

	2025	2024
Occurred in the current period	$ -	1,421
Adjustment of current income tax of prior period	278	32
Income tax expense for continuing operations	$ 278	1,453

Reconciliation of income tax expense and pre-tax loss for the years ended December 31, 2025 and 2024:

	2025	2024
Pre-tax loss	$ (51,116)	(53,415)
Income tax calculated by applying tax rate of the country where the Group is located	$ (6,899)	(7,003)
Permanent differences	503	138
Recognition of unrecognized tax losses from prior period	(3,472)	(2,550)
Unrecognized temporary differences	1,292	2,518
Current tax losses not recognized as deferred income tax assets	8,576	8,318
Underestimations in past periods	278	32
	$ 278	1,453

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Unrecognized deferred income tax assets:

	2025.12.31	2024.12.31
Deductible temporary differences	$ 29,164	27,872
Loss carried forward	258,549	253,445
	$ 287,713	281,317

The profit-seeking enterprise income tax rate for each of the Group's subsidiaries in Mainland China is 25%, while the remaining overseas subsidiaries are subject to income tax at the applicable tax rate in their respective jurisdictions.

Tax losses, as defined in the Income Tax Act, are losses certified by the tax authority in the last 5 to 10 years that can be taken to reduce current year's taxable income before applying the income tax rate. These items have not been recognized as deferred income tax assets because it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized.

The expiry of tax losses of the parent company that have not been recognized as deferred income tax assets as at December 31, 2025 is as follows:

Year of loss	Losses not yet deducted	Final year available for deduction
2016 (certified)	$ 141,652	2026
2017 (certified)	123,663	2027
2018 (certified)	139,584	2028
2019 (certified)	189,684	2029
2020 (certified)	209,516	2030
2021 (certified)	132,238	2031
2022 (certified)	176,332	2032
2023 (certified)	62,423	2033
2024 (filled)	40,127	2034
2025 (estimated)	51,071	2035
	$ 1,266,290	

Tax losses not recognized as deferred income tax assets and expiry period as at December 31, 2025 are as follows:

Year of loss	Losses not yet deducted	Final year available for deduction
2021 (certified)	$ 21,165	2026

(2) Recognized deferred income tax assets and liabilities

No deferred income tax assets and liabilities were recognized as of December 31, 2025 and 2024.

3. Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been certified by the tax authority up until 2023.

(XIV) Capital and other equities

The Company had authorized capital of NT$3,000,000 thousand as at December 31, 2025 and 2024, available in shares at a face value of NT$10 per share. The above authorized capital is made up entirely of common shares; 32,300 thousand common shares have been issued as at the balance sheet dates. All issued shares had been fully paid up.

1. Issuance of common shares

On May 12, 2022, the Board of Directors resolved to pass the first time private placement of common shares to increase the capital; 7,478 thousand common shares would be issued at a discount of NT$6 per share for a total of NT$44,871 thousand. With May 18, 2022 as the record date for capital increase. The relevant legal registration procedures have been completed.

On March 28, 2023, the Board of Directors issued 41,950 thousand common shares at a discount of NT$4.6 per share, totaling NT$192,970 thousand. March 29, 2023 was the record date for the capital increase, and the relevant statutory registration procedures have been completed.

On June 25, 2025, the Company's shareholders' meeting resolved to authorize the Board of Directors, within one year from the date of the shareholders' meeting, to issue preferred shares or convertible bonds through private placement, either separately or in combination, with a total issuance not exceeding 30,000 thousand shares.

2. Capital reduction

At the shareholders' meeting held on June 28, 2024, the Company approved a capital reduction to offset accumulated losses. As of December 31, 2023, the Company had accumulated losses of NT$252,947 thousand. In accordance with the Company Act, the Company reduced its capital by NT$215,390 thousand, representing a reduction ratio of approximately 40.006314%, and canceled 21,539 thousand shares to offset the accumulated losses. After the capital reduction, the capital amounted to NT$323,000 thousand. The capital reduction was declared effective by the Taiwan Stock Exchange Corporation under Letter Tai-Zheng-Shang-Yi-Zi No. 1131804444 dated September 24, 2024. The Company set October 11, 2024 as the capital reduction record date and December 6, 2024 as the record date for the issuance of replacement shares.

3. Equity capital

Unit: thousand shares

	2025	**2024**
Number of common shares as at January 1, 2025	32,300	53,839
Number of shares for the capital reduction against cumulative losses	-	(21,539)
Number of common shares as at December 31, 2025	32,300	32,300

4. Capital surplus

The balance of the Company's capital surplus is as follows:

	2025.12.31	**2024.12.31**
Others	$ 66	66

5. Retained earnings

According to the Articles of Incorporation, if there are profits at the end of each fiscal year, the Company shall first pay taxes and offset accumulated losses, then appropriate 10% of the remaining amount as legal reserve and make or reverse special reserve in accordance with the Securities and Exchange Act. The remaining balance, together with unappropriated retained earnings from prior years, shall be appropriated by the Board of Directors and submitted to the shareholders' meeting for resolution on the distribution of dividends. The ratio of earnings to be distributed and the proportion of cash dividends may be adjusted, subject to resolution by the shareholders' meeting, based on the Company's profitability and financial position for the year.

Cash dividends shall not be less than 10% of total dividends paid.

If there is a deduction from equity attributable to prior years or arising in the current year for which the current year's after-tax earnings are insufficient to cover,the Company shall appropriate an amount equal to such deduction from unappropriated retained earnings of prior years as a special reserve and deduct it before making any distribution.

(1) Legal reserve

When the Company has no accumulated losses, it may, upon approval by the shareholders' meeting, distribute legal reserve in the form of cash or by issuing new shares; however, such distribution shall be limited to the portion of the legal reserve in excess of 25% of the Company's paid-in capital.

(2) Earnings appropriation

The Company's loss appropriations for 2024 and 2023 were approved at the annual general meetings held on June 25, 2025 and June 28, 2024, respectively. No profit was available for distribution as the Company had accumulated losses in both 2024 and 2023.

6. Other equity (net, after tax)

	Exchange differences on translation of financial statements of foreign operations	Non-controlling interests	Total
Balance as of January 1, 2025	$ (45,900)	-	(45,900)
Exchange differences arising from the translation of net assets of foreign operations	(160)	-	(160)
Non-controlling interests (loss) gain	-	(1)	(1)
Increase or decrease in non-controlling interests	-	713	713
Balance as of December 31, 2025	**$ (46,060)**	**712**	**(45,348)**
Balance as of January 1, 2024	$ (67,871)	-	(67,871)
Exchange differences arising from the translation of net assets of foreign operations	21,971	-	21,971
Balance as of December 31, 2024	**$ (45,900)**	**-**	**(45,900)**

(XV) Loss per share

1. Basic loss per share

Basic loss per share of the Group was calculated based on net loss attributable to common shareholders of the Company and weighted average outstanding common shares. Detailed calculations are explained below:

(1) Net loss attributable to common shareholders of the Company

	2025	2024
Net loss attributable to common shareholders of the Company during the period	$ (51,393)	(54,868)

(2) Weighted average outstanding common shares

	2025	2024
Outstanding common shares as at January 1 (thousand shares)	32,300	53,839
Effect of capital reduction against cumulative losses	-	(21,539)
Weighted average outstanding shares (thousand shares)	32,300	32,300

The Group did not disclose diluted loss per share for 2025 and 2024 because the Group incurred losses and there is no dilutive effect from potential common stock for employee compensation.

(XVI) Revenue from contracts with customers

1. Revenue breakdown

		2025	2024
Key markets by location:			
Taiwan	$	3,123	3,490
Japan		16,528	18,968
USA		15,888	15,371
Germany		57,894	48,980
Mainland China		2,883	3,269
Indonesia		3,048	5,649
Other countries		15,462	16,957
	$	114,826	112,684
Main products/services:			
Lighting equipment		18,696	26,150
Power tools		94,893	85,532
Others		1,237	1,002
	$	114,826	112,684

2. Contract balances

		2025.12.31	2024.12.31	2024.1.1
Notes and accounts receivable	$	28,112	23,826	26,171
Less: loss allowance		(16,920)	(3,281)	(3,680)
Total	$	11,192	20,545	22,491
Contract liabilities	$	3,146	-	-

Please refer to Note 6(3) for disclosures on notes and accounts receivable and impairment.

Revenue recognized in 2025 and 2024 that was included in the contract liabilities balance at January 1, 2025 and 2024 amounted to NT$0 thousand and NT$0 thousand, respectively.

(XVII) Remuneration to employees, directors, and supervisors

On June 25, 2025, the Company's shareholders' meeting resolved to amend the Articles of Incorporation. According to the revised Articles, profits concluded in a given year are subject to an allocation of no less than 3% for employee remuneration (of which remuneration for the rank-and-file employees shall not be less than 20%) and no more than 1.5% for director and supervisor remuneration. However, profits must first be taken to offset against cumulative losses if any. The recipients of the aforementioned employee remuneration, whether distributed in shares or cash, include employees of subsidiaries who meet certain conditions. The original Articles of Incorporation stipulated that if there were profits in a given year, no less than 3% should be allocated as employee remuneration and no more than 1.5% as director and supervisor remuneration. However, profits must first be taken to offset against cumulative losses if any. The recipients of the aforementioned employee remuneration, whether distributed in shares or cash, include employees of subsidiaries who meet certain conditions.

For the years ended December 31, 2025 and 2024, the Company reported cumulative losses, and therefore did not allocate remuneration for employees, directors, or supervisors.

(XVIII) Non-operating income and expenses

1. Interest income

Details of the Group's interest income are explained below:

		2025	2024
Interest on bank deposits	$	1,913	3,259
Other interest income		8	109
Total interest income	$	**1,921**	**3,368**

2. Other income

Details of the Group's other income are explained below:

		2025	2024
Rental income	$	**147**	**707**

3. Other gains and losses

Details of the Group's other gains and losses are explained below:

		2025	2024
Loss on disposal of property, plant and equipment	$	(8)	(30)
Foreign exchange loss		(4,361)	(16,720)
Benefit from debt reduction		1,905	13,478
Others		1,534	1,250
Other gains and losses, net	$	**(930)**	**(2,022)**

Please refer to Note 7(2) for the relevant disclosures of gain on debt reduction that is arising from debt negotiation with related parties.

4. Financial cost

Details of the Group's financial costs are explained below:

		2025	2024
Interest on lease liabilities	$	1,008	291
Others		139	212
Total financial costs	$	**1,147**	**503**

(XIX) Business combination

Cheng-Feng Energy Industrial Co., Ltd.

On November 1, 2025, the Group participated in a capital increase, investing NT$26,000 thousand to acquire 96.30% shareholding in Cheng-Feng Energy Industrial Co., Ltd. and thereby obtaining control over the company. The Group is able to expand its business in the green energy sector through the expertise of Cheng-Feng Energy Industrial Co., Ltd.

From the acquisition date until December 31, 2025, Cheng-Feng Energy Industrial Co., Ltd. contributed revenue and net (loss) of NT$0 thousand and NT$(31) thousand, respectively. If the acquisition had occurred on January 1, 2025, management estimates that the revenue and net income of the Group for the period would have been NT$13,579 thousand and NT$(9,044) thousand, respectively. In determining these amounts, management assumed that the acquisition occurred on January 1, 2025, and that the provisional fair value adjustments arising at the acquisition date were the same.

1. The details of the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date are as follows:

Current assets		
Cash and cash equivalents	$	9,598
Other current assets - others		26,075
Current liabilities		
Contract liabilities - current		(3,907)
Other payables		(10,043)
Income tax liabilities for the period		(2,470)
Fair value of identifiable net asset	**$**	**19,253**

During the measurement period, the Group will continuously review the aforementioned matters. If new information obtained within one year from the acquisition date relates to facts and circumstances that existed at the acquisition date and identifies adjustments to the above provisional amounts for any additional liability provisions that existed at the acquisition date, the accounting for the acquisition will be revised.

2. Goodwill

The goodwill recognized as a result of the acquisition is as follows:

Transferred consideration	$	26,000
Add: Non-controlling interests		712
Less: Fair value of identifiable net asset		(19,253)
Goodwill	**$**	**7,459**

The goodwill primarily arises from Cheng-Feng Energy Industrial Co., Ltd.'s profitability in the energy industry and its employee value, which is expected to generate synergies through the integration of the company with the Group's energy industry.

3. Net cash outflow for acquisitions of subsidiaries

Cash consideration paid	$	26,000
Less: Acquired cash balance		(9,598)
Total	**$**	**16,402**

(XX) Financial instruments

1. Credit risk

(1) Credit risk exposure

For financial assets other than cash and cash equivalents, the book value represents the maximum credit risk exposure. Details are as follows:

	2025.12.31	2024.12.31
Notes and accounts receivable, net (including related parties)	$ 11,192	20,545
Financial assets measured at amortized cost	-	80,562
Other receivables (including related parties)	21,086	7,528
Other financial assets - current	7,571	7,831
Guarantee deposits paid	3,433	2,050
	$ 43,282	**118,516**

(2) Concentration of credit risk

As of 2025 and 2024, 25% and 33% of the Group's receivables, respectively, were attributable to one single customer; however, there was no significant regional concentration of credit risk.

2. Liquidity risk

The following shows the expiry dates of financial liabilities, including estimated interest but excluding the effect of net agreements.

	Book value	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2025							
Non-derivative financial liabilities							
Short-term borrowings	$ 33,000	33,240	33,240	-	-	-	-
Notes and accounts payable (including related parties)	23,976	23,976	23,976	-	-	-	-
Other payables	14,730	14,730	14,730	-	-	-	-
Other payables - related parties	1,597	1,597	1,597	-	-	-	-
Lease liabilities	33,883	36,043	4,937	5,138	7,777	16,986	1,205
	$ 107,186	109,586	78,480	5,138	7,777	16,986	1,205
December 31, 2024							
Non-derivative financial liabilities							
Notes and accounts payable (including related parties)	$ 35,823	35,823	35,823	-	-	-	-
Other payables	17,571	17,571	17,571	-	-	-	-
Other payables - related parties	7,055	7,055	7,055	-	-	-	-
Lease liabilities	16,855	17,800	2,360	2,580	5,160	7,700	-
	$ 77,304	78,249	62,809	2,580	5,160	7,700	-

The Group does not expect cash flows in the maturity analysis to occur at any earlier time, or in amounts that differ significantly.

3. Exchange rate risk

(1) Exposure to the foreign exchange rate risk

The Group had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

	2025.12.31			2024.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 872	31.44	27,414	3,322	32.78	108,898
CNY	86	4.500	387	86	4.491	386
EUR	15	36.90	553	15	34.13	512
PHP	3,750	0.53	2,001	-	-	-
inancial liabilities						
Monetary items						
USD	$ 298	31.44	9,369	281	32.78	9,211
EUR	10	36.90	369	23	34.13	785

(2) Sensitivity analysis

The Group is exposed to exchange rate risks primarily from the conversion of cash, cash equivalents, accounts receivable, other receivables, accounts payable, and other payables denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. If NTD weakened/strengthened against USD, CNY, and EUR by 1% while all other factors remained unchanged on December 31, 2025 and 2024, net income before tax would have increased/decreased by NT$206 thousand and NT$998 thousand, respectively, in 2025 and 2024. Analyses for the two periods were conducted using the same basis.

(3) Exchange gain/loss on monetary items

Due to the extensive variety of functional currencies used in transactions, the Group has opted to disclose gains/losses on exchange of monetary items on a collective basis. (Losses) gains (including realized and unrealized) incurred on exchange of foreign currencies in 2025 and 2024 amounted to NT$(4,361) thousand and NT$(16,720) thousand, respectively.

4. Fair value information

(1) Category and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. Below is a breakdown of carrying amounts and fair values for the Company's financial assets and liabilities (including levels of fair value inputs; however, regarding the carrying amount of a financial instrument not measured at fair value with a reasonable approximation to the fair value and lease liabilities, it is not required to disclose their fair values according to regulations.):

	2025.12.31				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 20,339	-	-	-	-
Notes and accounts receivable, net (including related parties)	11,192	-	-	-	-
Other receivables (including related parties)	21,086	-	-	-	-
Other financial assets - current	7,571	-	-	-	-
Guarantee deposits paid	3,433	-	-	-	-
Total	**$ 63,621**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Short-term borrowings	$ 33,000	-	-	-	-
Notes and accounts payable (including related parties)	23,976	-	-	-	-
Other payables	14,730	-	-	-	-
Other payables - related parties	1,597	-	-	-	-
Lease liabilities	33,883	-	-	-	-
Total	**$ 107,186**	**-**	**-**	**-**	**-**

	2024.12.31				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 41,576	-	-	-	-
Financial assets at amortized cost	80,562	-	-	-	-
Notes and accounts receivable, net (including related parties)	20,545	-	-	-	-
Other receivables (including related parties)	7,528	-	-	-	-
Other financial assets - current	7,831	-	-	-	-
Guarantee deposits paid	2,050	-	-	-	-
Total	**$ 160,092**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	$ 35,823	-	-	-	-
Other payables	17,571	-	-	-	-
Other payables - related parties	7,055	-	-	-	-
Lease liabilities	16,855	-	-	-	-
Total	**$ 77,304**	**-**	**-**	**-**	**-**

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

The Group uses the following methods and assumptions to estimate the value of instruments that are not measured at fair value:

(2.1) Financial assets at amortized cost

If there is a quoted price in the active market, the market price is adopted as the fair value; if there is no market price for reference, the valuation method is adopted or the counterparty's quote is adopted.

(2.2) Financial liabilities at amortized cost

Where transaction data or quotation from a market maker exists, the latest transaction price or quotation is used as the fair value. If no indicative market value is available, fair value shall be estimated using the valuation approach. In the valuation approach, fair value is estimated by calculating the present value of future cash flows.

(XXI) Financial risk management

1. Overview

Use of financial instrument exposes the Group to the following risks:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note discloses exposure, assessment, and the Group's management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see the respective notes to the consolidated financial statements.

2. Risk management framework

Currently, the Internal Audit Office conducts regular examinations on the Group's risk management practices in accordance with the internal audit regulations and reports audit findings to the Board of Directors.

The Group has established its risk management policy to identify and analyze the risks associated with business activities, to set appropriate risk limits and controls, and to monitor risk exposures as well as compliance with various risk limits. The risk management policy and system are regularly examined to reflect changes in market condition and the Group's operations. The Group develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees are able to comprehend their roles and duties.

The Internal Audit Office supervises managers on how to monitor compliance with the Group's risk management policies and procedures, and reviews the appropriateness of risk management framework given the type of risk encountered. The Group has internal audit personnel in place to assist the Board of Directors with supervisory duties. These personnel conduct regular and ad-hoc reviews of the Group's risk management controls and procedures, and report their findings to the Board of Directors.

3. Credit risk

Credit risk refers to the risk of financial loss the Group may incur due to its customers or financial instrument counterparties being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable.

(1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced primarily by the characteristics of each individual customer. The management also considers statistical information relating to the Group's customer base, including default risk of customers' industries and countries, as these factors are likely to affect credit risk.

The Group has established its own credit policy, which requires every new customer to have credit rating analyzed before being awarded standard payment and delivery terms and payment. The Group reviews customers' credit background through external ratings and verification with banks, provided that such information is available. Procurement limits are assigned on a customer-by-customer basis. These limits are reviewed on a regular basis. Customers that do not meet the Group's basic credit rating requirements may transact with the Group only on a prepaid basis.

When monitoring customers' credit risk, the Company first classifies customers by credit characteristics, including: whether they are natural persons or corporate entities; whether they are distributors, retailers, or end consumers; location, industry, aging history, maturity date, and pre-existing financial distress. Customers that are rated high-risk will be placed on the restricted customers list and subjected to monitoring of the Risk Management Committee. All subsequent sales to these customers will have to be made on a prepaid basis.

For sales of goods subject to retention of title clause, the Group retains a security interest in the goods until payment is received. The Group requires no collateral on accounts receivable and other receivables.

The Group maintains an allowance account that reflects its estimate of losses on accounts receivable, other receivables, and investments. The allowance account includes losses that are specific to individually significant exposures, as well as combined losses that have incurred but not yet identified for groups of similar assets. Combined losses are determined using historical payment statistics of similar financial assets.

4. Liquidity risk

Liquidity risk represents risk of the Group being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations. The Group is exposed to very low risk of having inadequate working capital to meet all contractual obligations. The Group also has unused banking limits that can be drawn to provide sufficient funding for future working capital requirements and capital expenditure plans. Accordingly, the Group is not prone to major liquidity risks. The Group manages liquidity in a manner that ensures that the Group has adequate working capital to repay liabilities when due, under both normal and stressed scenarios, and therefore prevent occurrence of intolerable losses and risk of damage to the Company's reputation.

As at December 31, 2025 and 2024, the Group had NT$0 thousand and NT$0 thousand of unused banking limits, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its financial instruments. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

To manage market risk, the Group enters into derivative transactions, which give rise to financial liabilities. All transactions are executed according to guidelines established by the Risk Management Committee. In general, the Group applies hedge accounting to manage fluctuation in gains and losses.

(1) Exchange rate risk

The Group is exposed to exchange rate risks arising from sales, purchases, and borrowings that are denominated in non-functional currencies. NT$ represents the Group's main functional currency; other functional currencies include US$ and CNY. The Group's transactions are primarily denominated in NT$ and US$.

Interest on borrowings is denominated in the same currency as the principal. In general, the Group's borrowings are denominated in currencies that correspond to the currencies of the Group's operating cash flows, which are mainly NT$, US$, and CNY.

(XXII) Capital management

The Board of Directors has adopted a policy that aims to maintain robust capital structure in a way that strengthens investors', creditors', and the market's confidence and support future operations. Capital includes share capital, capital surplus, and retained earnings.

The Group monitors its capital by examining its debt-to-capital ratio on a regular basis. This ratio is calculated by dividing net debt with total capital. Net debt is defined as total liabilities as presented in the balance sheet less cash and cash equivalents. Total capital refers to the sum of all equity components (i.e., share capital, capital surplus, retained earnings, and other equity) plus net debt. Debt-to-capital ratio as at December 31, 2025 and 2024 is as follows:

	2025.12.31	2024.12.31
Total liabilities	$ 117,749	83,517
Less: Cash and cash equivalents	(20,339)	(41,576)
Net debt	97,410	41,941
Total equity	139,934	188,387
Total capital	**$ 237,344**	**230,328**
Debt-to-capital ratio	**41.04%**	**18.21%**

The Group has not made any plan to buy back treasury stock.

There had been no change to the Group's capital management approach as at December 31, 2025.

VII. Related party transactions

(I) Name of related party and relationship

Related parties that transacted with the Group during the period covered by the consolidated financial statements:

Name of related party	Relationship with the Group
Ecopro Tools Corporation	An entity that exercises significant influence over the Group (Note 1)
Chung, Jung-Chang	Substantive related party (Note 2)
Chung, Cheng-Hsin	"
Lin Wen-Cheng	Substantive related party
Ming Shuan Energy Technology Co., Ltd.	"
Ark Aquaculture Co., Ltd.	"
ARK Solar Energy Corporation	"
Cheng Xin Green Energy Co., Ltd.	"
Name of related party	**Relationship with the Group**
Ark International Co., Ltd.	Substantive related party
Hao Yu Energy Technology Co., Ltd.	"
All directors, the President, and vice presidents	Key management of the Company

(Note1) Starting from 2025, Ecopro Tools Corporation is no longer controlled by an investor with significant influence in the Group and is therefore classified as a non-related party from 2025 onward.

(Note2) Chung, Jung-Chang was the legal representative of the Company's important subsidiaries, and Chung, Cheng-Hsin and Chung, Pei-Chun are Chung, Jung-Chang's second-degree relatives. After the change on April 12, 2024, Chung, Jung-Chang no longer serves as the legal representative of the Company's important subsidiaries. The original loan from the related party was fully repaid in 2025.

(II) Significant transactions with related parties

1. Operating revenue

Significant sales to related parties and amounts:

	2025	2024
With significant influence	$ 395	2,531

There were no other comparable counterparties for the transaction prices of the Group's sales to related parties. Collection terms are 30 days to 120 days on a monthly settlement basis. Accounts receivable from related parties are not secured by collateral, and do not require loss allowance upon evaluation.

2. Purchases

Purchases made by the Group from related parties:

	2025	2024
With significant influence	$ -	5,036

There were no other comparable counterparties for the purchase prices of the Group's procurement from related parties. Payment terms are 30 days to 180 days on a monthly settlement basis.

3. Receivables from related parties

Details of amounts receivable from related parties:

Account category	Relationship category	2025.12.31	2024.12.31
Receivables - related parties	With significant influence	$ -	9

4. Payables to related parties

Details of amounts payable to related parties:

Account category	Relationship category	2025.12.31	2024.12.31
Accounts payable - related parties	With significant influence	$ -	2,137
Other payables	Substantive related party	1,597	-
Total		$ 1,597	2,137

5. Payments in advance

Account category	Relationship category	2025.12.31	2024.12.31
Other current assets - others	Substantive related party	$ 24,497	-

6. Other receivables

Account category	Relationship category	2025.12.31	2024.12.31
Other receivables (Note)	Substantive related party	$ 2,800	-
Less: loss allowance	〃	(2,800)	-
Total		$ -	-

Note: As at December 31, 2025, advances between the subsidiary and shareholders, after evaluation of the recoverability of receivables by the Group, were provided with an allowance for losses of NT$2,800 thousand.

7. Property transactions

In 2025, the Group purchased a solar power plant from a substantive related party for a total price of NT$18,800 thousand.

In February 2024, the Group sold one batch of machinery and equipment to a Ecopro Tools, a related party, for a total price of NT$6 thousand and a gain on disposal of NT$2 thousand. As of December 31, 2024, the proceeds had been recovered in full.

8. Loans from related parties

Amounts borrowed by the Group from related parties (presented as Other payables - related parties) are as follows:

	2025.12.31	2024.12.31
Substantive related party - Chung, Cheng-Hsin	$ -	7,055
	$ -	7,055

The Group recorded interest expense of NT$1 thousand and NT$213 thousand in 2025 and 2024, respectively, on loans from related parties.

The Group repaid related parties to offset other payables amounting to NT$7,055 thousand and NT$37,987 thousand for 2025 and 2024, respectively. The actual repayment to related parties amounted to NT$5,150 thousand and NT$24,792 thousand (including NT$9,525 thousand and CNY3,525 thousand), respectively. The difference between the offset amounts and the cash repayments arose from debt reductions negotiated with related parties, and the resulting gains on debt settlement amounted to NT$1,905 thousand and NT$13,478 thousand (including NT$4,448 thousand and CNY2,025 thousand), respectively. In addition, exchange losses of NT$0 thousand and NT$(283) thousand were recognized upon settlement. Please refer to Note 6(18) for details.

9. Leases

In April 2025, the Group leased an office from a substantive related party as a short-term lease, with rental expenses amounting to NT$333 thousand in 2025.

(III) Transactions involving key management personnel

Compensation to key management personnel includes:

	2025	2024
Short-term employee benefits	$ 10,175	10,472

VIII. Pledged assets

Book value of assets that the Group had placed as collateral is explained below:

Name of asset	Nature of collateral	2025.12.31	2024.12.31
Land and buildings, net	Short-term borrowings	$ 39,773	-
Other financial assets (pledged time deposit)	Taxes payable to the customs on domestic sale and bank export charge	7,571	7,831
		$ 47,344	7,831

IX. Major contingent liabilities and unrecognized contractual commitments: None.

X. Losses from major disasters: None.

XI. Major subsequent events

(I) On September 18, 2025, the Company's Board of Directors resolved to sell all of its equity investment in JFG International Incorporation (including the equity held by JFG International Incorporation in Shanghai Jenn Feng Industrial Tools Co., Ltd. (100% ownership) and Jenn Feng International (B.V.I.) Co., Ltd. (100% ownership), but excluding the equity in Hung Shi Investment (Samoa) Co., Ltd. and Kunshan Jenn Fu Machinery Industrial Co., Ltd.). On January 9, 2026, the Company entered into a share transfer agreement with Pimentel, Marvin Rubianes. The transfer of ownership will be completed upon the execution of the share transfer confirmation.

(II) On January 9, 2026, the Board of Directors of the Company resolved, in accordance with the indictment issued by the Taiwan Taipei District Prosecutors Office (Zhen-Zi No. 30650 for 2024 and Zhen-Zi No. 3511 for 2025, as well as criminal case Jin-Su-Zi No. 28 for 2025), to initiate a criminal and civil lawsuit against the former Chairman Lee Yu-Cheng, who in May 2025 was prosecuted by the prosecutor for violations of the Securities Exchange Act and other regulations. Pursuant to the Company Act, Civil Code, and other related regulations, the Company seeks damages from Lee Yu-Cheng to safeguard the legitimate rights and interests of the Company and its shareholders. The defendant is claimed to pay the plaintiff NT$ 11,725 thousand, plus interest calculated at an annual rate of 5% from the day following the service of the complaint copy until the date of full settlement. The case is still under trial in the district court's first instance, and no substantive proceedings have taken place. Accordingly, the outcome cannot be reasonably estimated or predicted at this stage.

(III) On March 11, 2026, the Board of Directors of the Company resolved to purchase solar equipment from Cheng Xin Green Energy Co., Ltd. for NT$18,816 thousand (excluding tax) to facilitate an operational transformation and achieve ESG sustainable development goals, strengthening environmental protection and social responsibility.

(IV) On March 11, 2026, the Company's Board of Directors resolved to sell the subsidiary Cheng-Feng Energy Industrial Co., Ltd. The planned shareholding ratio to be sold is 96.30%, and the sale price will be either NT$26,000 thousand or the fair value from the appraisal report, whichever is higher. Upon completion of the appraisal, it is proposed to authorize the Chairman to fully handle the subsequent share transfer matters and related procedures.

XII. Others

(I) As of December 31, 2025, the Group had accumulated losses to be offset amounted to NT$138,784 thousand. The following response measures have been proposed to facilitate ongoing improvement of future business and financial performance:

1. Financing plans

   On June 25, 2025, the Company's shareholders' meeting resolved to the issuance, through private placement, of preferred shares or convertible bonds, either separately or in combination, with a total issuance not exceeding 30,000 thousand shares, in order to strengthen working capital and improve the financial structure.

2. Operational plan

   (1) Reduction of inventory: Adjust the procurement strategy, move away from rigid MOQ (minimum order quantity) practices to avoid excessive procurement, and actively manage and reduce inventory levels.

   (2) Increase in revenue: We will continue to improve the performance and maintain the quality of our existing power tool machines and lighting products in order to consolidate customers' demand for its established product lines and sustain current revenue levels. In addition, the Company is actively expanding the application of power tools and related products.

   (3) Continuation of new energy policy: With the growing global consensus transition, new energy presents increasing opportunities. The Company will continue its old development strategies and resources, and actively invest in related R&D and human resources to capture the trend of the industry and bring new development to the Company, in order to enhance the overall profitability.

(II) Summary of employee benefit, depreciation, and amortization expenses by function:

Function / Nature	2025			2024		
	Presented as operating cost	**Presented as operating expense**	**Total**	**Presented as operating cost**	**Presented as operating expense**	**Total**
Employee benefit expenses						
Salary expenses	5,162	33,419	38,581	5,310	31,839	37,149
Labor/health insurance premium	815	2,967	3,782	839	2,551	3,390
Pension expense	1,513	2,196	3,709	1,557	1,960	3,517
Directors' remuneration	-	3,450	3,450	-	3,166	3,166
Other employee benefit expenses	486	334	820	500	328	828
Depreciation expenses	4,872	10,466	15,338	5,140	8,310	13,450
Amortization expenses	-	152	152	-	20	20

XIII. Additional disclosures

(I) Information on significant transactions

Significant transactions in 2025 that require further disclosures under the Preparation Guidelines are as follows:

1. Loans to others:

Unit: Foreign currencies are in thousands

No.	Lender	Borrower	Account category	Whether a related party	Highest balance in the current period	End-of-period balance (Note 3)	Actual amount drawn (Note 2)	Interest rate range	Nature of loan (Note 1)	Amount of business transactions	Reason for short-term funding	Loss allowance amount	Collateral		Single borrower lending limit (Note 2) (Note 3)	Aggregate lending limit (Note 2)
													Name	Value		
1	Shanghai Jenn Feng	Kunshan Jenn Fu Machinery Industrial Co., Ltd.	Other receivables	Yes	13,046 (CNY2,851)	12,824 (CNY2,851)	11,272 (CNY2,506)	-	2	-	Funding and working capital support	-		-	434,068	434,068

Note1: (1) Parties with whom business transactions are conducted.

(2) Parties requiring short-term financing.

Note2: Lending to foreign companies in which the Company holds 100% direct and indirect voting rights is capped at 100% of the Company's net worth, as shown in the latest audited financial statements.

Note3: Board-approved limit.

Note4: The above transactions have been fully eliminated when preparing the consolidated financial statements.

2. Endorsement/guarantee provided: None.

3. End-of-period holding position of significant marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures): None.

4. Sales and purchases with related parties amounting to NT$100 million or more than 20% of paid-in capital: None.

5. Receivables from related parties amounting to NT$100 million or more than 20% of paid-in capital:

Company with receivables recorded	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue balance of receivables from related parties		Subsequent collections of receivables from related parties	Loss allowance amount
					Amount	Treatment		
Kunshan Jenn Fu	The Company	Parent and subsidiary	48,647	0.92	160,578	Reclassified into Other receivables - related parties	-	-
JENN FENG INTERNATIONAL (B.V.I.) CO., LTD.	The Company	Parent and subsidiary	-	-	327,571	Reclassified into Other receivables - related parties	-	-
Shanghai Jenn Feng	JENN FENG INTERNATIONAL (B.V.I.) CO., LTD.	Common parent company	-	-	375,865	Reclassified into Other receivables - related parties	-	-
〃	Kunshan Jenn Fu	Associated companies	-	-	63,794	Reclassified into Other receivables - related parties	-	-

Note: The above transactions have been fully eliminated when preparing the consolidated financial statements.

6. Business dealings and key transactions between parent company and subsidiaries:

No.	Name of transacting party	Counterparty	Relationship with the transacting party	Transaction summary			
				Account	Amount	Transaction terms	As a percentage of consolidated total operating revenues or total assets
0	The Company	Kunshan Jenn Fu	1	Purchases	47,503	General	41.37%
0	〃	〃	1	Accounts payable	48,647	General	18.84%
0	〃	〃	1	Other payables	160,578	General	62.17%
0	〃	〃	1	Other receivables	410	General	0.16%
0	〃	JENN FENG INTERNATIONAL (B.V.I.) CO., LTD.	1	Other payables	372,571	General	144.81%
No.	Name of transacting party	Counterparty	Relationship with the transacting party	Account	Amount	Transaction terms	As a percentage of consolidated total operating revenues or total assets
1	JENN FENG INTERNATIONAL (B.V.I.) CO., LTD.	Shanghai Jenn Feng	3	Other payables	375,865	General	145.52%
1	〃	〃	3	Other receivables	826	General	0.32%
2	Kunshan Jenn Fu	〃	3	Other payables	63,794	General	24.70%
3	Shanghai Jenn Feng	Kunshan Jenn Fu	3	Other receivables	63,794	General	24.70%

Note1: Use of serial number is explained below:
1. 1. 0 denotes parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note2: Relationship with the transacting party is denoted as follows:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note3: The above transactions have been fully eliminated when preparing the consolidated financial statements.

(II) Information related to business investments:

Information about the Group's business investments in 2025 (excluding Mainland China investees):

Unit: NT$ thousand/ US$ thousand

Name of investor	Name of investee	Location	Main business activities	Amount of initial investment		End-of-period holding position			Highest holding position or capital contribution in the period	Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Note
				Current period-end	End of previous year	Shares	Percentage	Book value				
The Company	JFG International	Cayman Islands	Investment	661,833	798,163	9,551,849	100.00%	431,646	100.00%	(26,139)	(26,139)	-
"	Hung Shi Investment (Samoa) Co., Ltd.	Samoa	Investment	163,823 (USD6,756)	9,347 (USD285)	6,756,428	100.00%	164,201 (USD5,223)	100.00%	(15,947) (USD(508))	(6,162) (USD(199))	-
"	ARK JF PHILIPPINES	Philippines	Import and export trading	-	-	-	- %	-	- %	(1,600) (PHP(3,184))	(1,600) (PHP(3,184))	-
"	Cheng-Feng Energy Industrial Co., Ltd.	Taichung City	Machinery and equipment sales	26,000	-	2,600,000	96.30%	25,970	- %	(9,044)	(30)	Note 1
JFG International	Hung Shi Investment (Samoa) Co., Ltd.	Samoa	Investment	- (USD0)	196,686 (USD6,000)	-	- %	- (USD0)	0.89%	(15,947) (USD(508))	(9,678) (USD(309))	-
"	JENN FENG INTERNATIONAL (B.V.I.) CO., LTD.	British Virgin Islands	Import and export trading	314 (USD10)	328 (USD10)	10,000	100.00%	-	1.00%	-	-	-

Note1: On October 16, 2025, the Chairman approved a cash capital increase amounted of NT$26,000 thousand, resulting in a share capital of 2,700 thousand shares after the capital increase. The record date for the issuance of new shares is set for November 1, 2025, and the change registration with the Department of Commerce, Ministry of Economic Affairs has been completed.

Note2: The above transactions have been fully eliminated when preparing the consolidated financial statements.

(III) Information related to investments in Mainland China:

1. Name, main business activities, and relevant information of Mainland investments:

Unit: NT$ thousand/ US$ thousand

Name of Mainland China investee	Main business activities	Paid-in capital	Method of investment	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment capital contributed or recovered during the current period		Accumulated investment capital invested from Taiwan at the end of the period	Current period profit/loss of the investee	The Company's direct or indirect holding percentage	Highest holding position or capital contribution in the period	Investment gains/losses recognized in the current period	Carrying amount at the end of the period	Investment gains repatriated to date
		(Note 2)(Note 3)	(Note 1)		Invested	Repatriated					(Note 1)		
Shanghai Jenn Feng	Production and sale of power tools, hardware tools, automotive lights, and household lighting equipment	675,289 (USD20,600)	(2)	490,496 (USD15,602)	-	-	490,496 (USD15,602)	(16,541) (USD(527))	100.00%	100.00%	(16,541) (USD(527))	434,068 (USD13,807)	339,424
Kunshan Jenn Fu	Production and sale of power tools and gardening tools	188,628 (USD6,000)	(2)	-	-	-	-	13,606 (USD433)	100.00%	100.00%	13,606 (USD433)	164,181 (USD5,222)	-

2. Approved limit on Mainland China investments:

Unit: NT$/US$ thousand

Closing cumulative balance of investment capital transferred from Taiwan into Mainland China	Investment limit authorized by the Department of Investment Review, Ministry of Economic Affairs	Limits authorized by the Department of Investment Review, Ministry of Economic Affairs for investing into Mainland China (Note 7)
490,496 (USD15,602)	490,496 (USD15,602)	-

Note1: Method of investment is distinguished between the three categories below:

(I) Direct investment in Mainland China.

(II) Indirect investment into Mainland China through a third location.

(III) Others.

Note2: Difference between the paid-in capital of Shanghai Jenn Feng and the cumulative balance of investment capital that the Company had transferred from Taiwan was explained by the capitalization of Shanghai Jenn Feng's earnings.

Note3: Kunshan Jenn Fu's paid-in capital originated from the US$ 6,000 thousand of dividends that JFG International received from Shanghai Jenn Feng between 2004 and 2006, which JFG International decided to invest into Kunshan Jenn Fu.

Note4: Investment gains and losses were recognized according to audited financial statements of the respective investees.

Note5: NT$ to US$ exchange rate as at December 31, 2025 was USD 1: NTD 31.438.

Note6: Average NT$ to US$ exchange rate for 2025 was calculated at USD 1: NTD 31.391.

Note7: A proof of operational headquarters was obtained from Industrial Development Bureau, Ministry of Economic Affairs; therefore no investment limit was applicable.

3. Major transactions with Mainland China investees:

Please refer to "Information relating to significant transactions" for more details on direct and indirect significant transactions between the Group and Mainland China investees in 2025 (which have been eliminated when preparing the consolidated financial statements).

XIV. Segment information

(I) General information

The Group mainly engages in the manufacturing and trading of power tools, hand tools, gardening tools and related parts and components. Its overall manufacturing process and sales model are similar, and its operational decision makers manage and allocate the resources of the Group as a whole; therefore, the Group is a single operating segment.

(II) Basis of measurement and reconciliation of profit and asset information for reportable segments

The Group allocates resources and evaluates performance primarily based on profit before tax (excluding extraordinary gains/losses and gains/losses on exchange) of internal reporting segments that have been verified by key decision makers. Due to the fact that income tax, extraordinary gains/losses, and gains/losses on exchange are managed at the group level, the Group does not allocate income tax expenses (benefits), extraordinary gains/losses, or gains/losses on exchange to reportable segments. Furthermore, not all reportable segments include material non-cash transactions other than depreciation and amortization in their profit or loss figures. The reported amounts are consistent with the amounts used by the management for decision-making.

Disclosure and reconciliation of segment information:

	2025					
		Taiwan Plant	Kunshan Plant	Others	Adjustment and elimination	Total
Revenues:						
Revenues from external customers	$	111,820	3,006	-	-	114,826
Inter-segment revenues		-	47,743	13,579	(61,322)	-
Total revenues	$	111,820	50,749	13,579	(61,322)	114,826
Interest expenses	$	532	615	54	(54)	1,147
Depreciation and amortization		7,782	7,707	-	-	15,489
Share of profit from equity-accounted subsidiaries		(33,931)	-	-	33,931	-
Profit/loss of reportable segment	$	(51,393)	10,128	(59,671)	49,820	(51,116)
Assets:						
Investment accounted using the equity method	$	621,816	-	-	(621,816)	-
Assets of reportable segment	$	790,877	258,257	474,203	(1,265,050)	258,287
Liabilities of reportable segment	$	652,663	107,912	387,425	(1,028,751)	119,249

	2024					
		Taiwan Plant	Kunshan Plant	Others	Adjustment and elimination	Total
Revenues:						
Revenues from external customers	$	109,762	2,922	-	-	112,684
Inter-segment revenues		-	52,718	-	(52,718)	-
Total revenues	$	109,762	55,640	-	(52,718)	112,684
Interest expenses	$	401	194	73	(165)	503
Depreciation and amortization		6,512	6,958	-	-	13,470
Share of profit from equity-accounted subsidiaries		19,309	-	-	(19,309)	-
Profit/loss of reportable segment	$	(54,868)	10,128	10,634	(19,309)	(53,415)
Assets:						
Investment accounted using the equity method	$	612,995	-	-	(612,995)	-
Assets of reportable segment	$	869,200	259,532	400,393	(1,257,221)	271,904
Liabilities of reportable segment	$	680,813	109,599	421,534	(1,128,429)	83,517

(III) Product and service category

Revenues from external customers:

Name of product or service		2025	2024
Lighting equipment	$	18,696	26,150
Power tools		94,893	85,532
Others		1,237	1,002
Total	$	114,826	112,684

(IV) Regional disclosure

Disclosure of regional information is as follows. Income location is determined based on customers' geographic presence, whereas location of non-current assets is determined based on the asset's physical presence.

Name of product or service		2025.12.31	2024.12.31
Non-current assets:			
Taiwan	$	126,794	65,834
Mainland China		6,495	9,315
Total	$	133,289	75,149

Non-current assets include property, plant, equipment, right-of-use assets, intangible asset, and other assets, but exclude financial instruments and assets for post-employment benefits.

(V) Information on major customers (accounting for 10% or more of operating revenue)

		2025	2024
Customer H	$	46,678	-
Customer N		-	30,629
Customer M		10,681	13,693