

Stock Code: 1583

Goodway Machine Corporation and its Subsidiaries

Consolidated Financial Statements for the Years Ended December 31,
2025 and 2024 and Independent Auditors' Report

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Declaration of Consolidated Financial Statements of Associates

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

Very truly yours,

Goodway Machine Corporation

Chairman: Shu-Han Yang

March 10, 2026



Independent Auditors' Report

The Board of Directors and Shareholders

Goodway Machine Corporation:

Audit Opinion

We have audited the financial statements of Goodway Machine Corporation (the “Company”) and its Subsidiaries (the “Group”), which comprise the balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.



Key Audit Matters

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

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

Evaluation of receivables

Net receivables of the Group on December 31, 2025 were NTD 1,091,930 thousand (with deduction of the allowance for loss at NTD 68,938 thousand). Since the provision of amounts of receivables that cannot be recovered involves judgment by the management, therefore, we focus on individual accounts where the balance of receivables is significant and the collection is delayed, to evaluate the reasonableness of their provision for losses. Our audit procedures for this included:

1. Carefully assess the assumptions used by the management to calculate the allowance for loss, and confirm that the calculations are sufficient to support the provision for allowance for loss, including testing the correctness of the aging report used as the basis for the calculation of the allowance for loss. In order to evaluate reasonableness of the balance of allowance for loss, we analyzed and compared with aging classification and provision proportion of receivables in 2025 to prior years, and reviewed the writing-off condition of bad debts in 2025 compared with the prior years, so as to verify the reasonableness of provision for expected credit impairment loss, and then confirmed the possibility of recovery of outstanding funds through collection after the inspection period.
2. Test the effectiveness of the operation of internal controls related to receivables, including approval of credit limits for customer transactions and detailed review of receivables' ledgers.

Revenue recognition

The main revenue of the Group comes from sales of CNC lathes and processing machinery, the sales revenue of which in 2025 was recognized as NTD 1,661,010 thousand and NTD 2,226,103 thousand, respectively. Since the recognition time point and amount have a significant impact on the financial statements, therefore, the revenue recognition test is an important evaluation item by us in auditing the financial statements.



By testing the effectiveness of the design and implementation of the internal control system for revenue, we reviewed the significant new contracts and understood the contract terms and sample sales transactions during the period before and after the end of the test year, so as to evaluate correctness of the revenue recognition period. In addition, we made trend analysis of the top ten sales customers and revenues from products by category, so as to evaluate whether there was significant abnormality or not.

Evaluation of inventories

Accounting inventories of the Group are evaluated in accordance with the inaction evaluation policy formulated by the Group. Since this policy is applicable to extensive scope of products, and various products are of different elimination rates of old ones, and there shall be inaction ratio of different categories if evaluating the products by category, therefore, evaluation test of the allowance for valuation loss of inventories is one of the important evaluation items by us in auditing consolidated financial statements of the Group.

Our main audit procedures for the above key matters included examining the inventory age statement and analyzing the inventory age changes of each period; evaluating whether the evaluation of inventories has been carried out in accordance with the established accounting policies of the Group, so as to audit the reasonableness of the provision for sluggish losses.

Other Matters

In the consolidated financial statements, the financial statements of YAMA SEIKI USA, INC., a subsidiary recognized by the equity method have not been audited by us, but by other CPAs. Therefore, in our opinions on the above consolidated financial statements, the amounts included in the financial statements of that subsidiary are based solely on the statements audited by other CPAs. The total assets of that subsidiary for the years ended December 31, 2025 and 2024 were NTD 1,057,190 thousand and NTD 865,476 thousand, respectively, accounting for 7% and 6% of total consolidated assets; the total liabilities were NTD 573,991 thousand and NTD 403,944 thousand, respectively, accounting for 8% and 6% of total consolidated liabilities, respectively; net amount of operating revenue for the years ended December 31, 2025 and 2024 was NTD 681,350 thousand and NTD 646,341 thousand, respectively, accounting for 18% and 15% of net amount of consolidated operating revenue, respectively.

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



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

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

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



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

EnWise CPAs & Co.

CPA Guei-Duan Chen

CPA Xin-Yu Zhong

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

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

March 10, 2026

Notice to Readers

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

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

Goodway Machine Corporation and its Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NTD thousand

			December 31, 2025		December 31, 2024	
Code	Items	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	Notes 4 and 6 (1)	\$ 2,133,132	15	\$ 1,532,663	10
1110	Financial assets at FVTPL - current	Notes 4 and 6 (2)	1,819,713	13	3,107,012	21
1120	Financial assets at FVOCI - current	Notes 4 and 6 (3)	27,812	-	24,863	-
1136	Financial assets measured at amortized cost - current	Notes 4 and 6 (4)	34,919	-	-	-
1150	Notes receivable, net	Notes 4 and 6 (5)	200,093	2	203,812	1
1160	Notes receivable due from related parties, net	Note 7	2,917	-	330	-
1170	Accounts receivable, net	Notes 4 and 6 (5)	891,837	6	809,206	6
1180	Account receivables due from related parties, net	Note 7	2,675	-	11,437	-
1200	Other receivables		18,591	-	28,994	-
1220	Current income tax assets		34,935	-	32,221	-
130x	Inventories	Notes 4 and 6 (6)	3,474,855	25	3,559,935	24
1410	Prepayments	Note 7	153,101	1	114,434	1
1476	Other financial assets - current	Notes 6 (7) and 8	332,268	2	504,824	4
1479	Other current assets - others		9,697	-	6,772	-
11xx	Total current assets		9,136,545	64	9,936,503	67
	Non-current assets					
1517	Financial assets at FVOCI - non-current	Notes 4 and 6 (3)	421	-	376	-
1535	Financial assets measured at amortized cost - non-current	Notes 4, 6 (4) and 8	10,280	-	10,200	-
1550	Investments accounted for using equity method	Notes 4 and 6 (8)	-	-	-	-
1600	Property, plant and equipment	Notes 4, 6 (9) and 8	3,645,224	26	3,457,793	23
1755	Right-of-use assets	Notes 4, 6 (10) and 8	644,964	5	692,414	5
1760	Investment property	Notes 4 and 6 (11)	284,271	2	284,646	2
1780	Intangible assets	Notes 4 and 6 (12)	34,099	1	41,224	-
1805	Goodwill	Note 4	135,498	-	135,961	1
1840	Deferred income tax assets	Notes 4 and 6 (32)	282,757	2	265,037	2
1915	Prepayments for equipment		1,477	-	5,189	-
1920	Refundable deposits		8,410	-	7,121	-
1937	Overdue receivables	Note 6 (13)	-	-	-	-
1990	Other non-current assets - others	Note 7	8,717	-	14,773	-
15xx	Total non-current assets		5,056,118	36	4,914,734	33
1xxx	Total assets		\$ 14,192,663	100	\$ 14,851,237	100

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

Goodway Machine Corporation and its Subsidiaries
Consolidated Balance Sheets
December 31, 2025 and 2024

Unit: NTD thousand

		December 31, 2025		December 31, 2024		
Code	Items	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	Note 6 (14)	\$ 3,306,536	23	\$ 2,986,248	20
2110	Short-term notes and bills payable	Note 6 (15)	-	-	79,992	1
2130	Current contract liabilities		290,627	2	251,029	2
2150	Notes payable		556,276	4	368,128	2
2160	Notes payable - related parties	Note 7	381	-	563	-
2170	Accounts payable		278,205	2	297,308	2
2180	Accounts payable - related parties	Note 7	58	-	97	-
2200	Other payables	Note 6 (16)	258,763	2	350,212	2
2220	Other payables - related parties	Note 7	11	-	11	-
2230	Current tax liabilities		62,111	1	62,437	-
2250	Current provisions	Notes 4 and 6 (17)	23,593	-	24,726	-
2280	Current lease liabilities	Notes 4 and 6 (10)	33,009	-	32,530	-
2320	Long-term liabilities due within one year or one business cycle	Note 6 (18)	840,500	6	77,450	1
2399	Other current liabilities - others	Note 7	1,763	-	1,264	-
21xx	Total current liabilities		5,651,833	40	4,531,995	30
	Non-current liabilities					
2540	Long-term borrowings	Note 6 (18)	487,000	4	996,063	7
2570	Deferred income tax liabilities	Notes 4 and 6 (32)	344,330	2	348,858	2
2580	Non-current lease liabilities	Notes 4 and 6 (10)	482,911	3	524,045	4
2630	Long-term deferred revenue		15,461	-	17,599	-
2640	Net defined benefit liability - non-current	Notes 4 and 6 (19)	4,053	-	14,075	-
2645	Guarantee deposits received		3,475	-	5,538	-
25xx	Total non-current liabilities		1,337,230	9	1,906,178	13
2xxx	Total Liabilities		6,989,063	49	6,438,173	43
	Equity attributable to owners of the parent					
3100	Share capital	Notes 4 and 6 (20)				
3110	Common stock		1,094,004	8	1,104,004	8
3200	Capital surplus	Notes 4 and 6 (21)				
3211	Share premium		256,121	2	258,462	2
3213	Gains from disposal of assets		1,260	-	1,260	-
3240	Changes in net equity value of associates and joint ventures recognized by equity method		3,090	-	467	-
3272	Employee stock option		202	-	202	-
3280	Others		63,354	-	63,285	-
	Total capital surplus		324,027	2	323,676	2
3300	Retained earnings	Note 6 (22)				
3310	Legal reserve		1,050,737	8	912,730	6
3320	Special reserve		188,846	1	188,846	1
3350	Unappropriated earnings		3,004,494	21	4,045,982	27
	Total retained earnings		4,244,077	30	5,147,558	34
3400	Other equity	Note 6 (23)				
3410	Exchange difference on translation of financial statements of foreign operations		(21,730)	-	(10,067)	-
3420	Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income		14,958	-	12,335	-
	Total other equity		(6,772)	-	2,268	-
3500	Treasury shares	Note 6 (24)	-	-	-	-
31xx	Total equity attributable to owners of the parent		5,655,336	40	6,577,506	44
36xx	Non-controlling interests	Note 6 (25)	1,548,264	11	1,835,558	13
3xxx	Total equity		7,203,600	51	8,413,064	57
	Total liability and equity		\$ 14,192,663	100	\$ 14,851,237	100

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

Goodway Machine Corporation and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand, except earnings per share

Code	Items	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	Notes 4 and 6 (26)	\$ 3,887,113	100	\$ 4,422,922	100
5000	Operating costs	Note 6 (6)	(3,182,094)	(82)	(3,466,086)	(78)
5900	Gross profit		705,019	18	956,836	22
	Operating expenses					
6100	Selling and marketing expenses		(453,364)	(12)	(467,794)	(11)
6200	General and administrative expenses		(252,104)	(6)	(290,800)	(7)
6300	Research and development expenses		(144,644)	(4)	(186,909)	(4)
6450	Expected credit impairment (losses) gains		(4,454)	-	(7,163)	-
6000	Total operating expenses		(854,566)	(22)	(952,666)	(22)
6900	Operating profit (loss)		(149,547)	(4)	4,170	-
	Non-operating income and expenses					
7100	Interest income		31,257	1	42,331	1
7010	Other income	Note 6 (27)	165,717	4	191,077	4
7020	Other gains and losses	Note 6 (28)	(561,721)	(14)	1,402,834	32
7050	Finance costs	Note 6 (29)	(98,299)	(3)	(83,038)	(2)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	Note 6 (8)	-	-	(373)	-
7000	Total non-operating income and expenses		(463,046)	(12)	1,552,831	35
7900	Net profit (loss) before tax		(612,593)	(16)	1,557,001	35
7950	Income tax expense	Note 6 (32)	(42,371)	(1)	(65,907)	(1)
8200	Net profit (loss) for the year		(654,964)	(17)	1,491,094	34
	Other comprehensive income	Note 6 (33)				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit plan		5,926	-	6,364	-
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income		2,599	-	161,314	4
8321	Re-measurement of defined benefit plans of associates and joint ventures		994	-	1,656	-
8326	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income of associates and joint ventures		45	-	3,122	-
8349	Income taxes related to the items not reclassified	Note 6 (32)	(1,384)	-	(1,604)	-
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange difference on translation of financial statements of foreign operations		(12,804)	-	84,709	2
8399	Income tax related to items that may be reclassified to profit or loss	Note 6 (32)	393	-	(7,927)	-
8300	Other comprehensive (loss) income for the year		(4,231)	-	247,634	6
8500	Total comprehensive income		\$ (659,195)	(17)	\$ 1,738,728	40
8600	Net profit attributable to:					
8610	Owners of the parent company (net profit)		\$ (529,787)		\$ 1,255,492	
8620	Non-controlling interests (net profit)		(125,177)		235,602	
	Net profit for the year		\$ (654,964)		\$ 1,491,094	
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company (comprehensive income)		\$ (533,683)		\$ 1,486,071	
8720	Non-controlling interests (comprehensive income)		(125,512)		252,657	
	Total comprehensive income		\$ (659,195)		\$ 1,738,728	
	Earnings per share					
9750	Basic earnings per share	Note 6 (34)	\$ (4.83)		\$ 11.37	
9850	Diluted earnings per share	Note 6 (34)	\$ (4.83)		\$ 11.31	

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

Goodway Machine Corporation and its Subsidiaries

Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Items	Equity attributable to owners of the parent										
	Share capital		Retained earnings			Other equity items					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of financial statements of foreign operations	Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2024	\$ 1,104,004	\$ 323,676	\$ 843,366	\$ 188,846	\$ 3,176,876	\$ (72,033)	\$ (31,699)	\$ -	\$ 5,533,036	\$ 1,631,569	\$ 7,164,605
Appropriation and distribution of retained earnings											
Legal capital reserve	-	-	69,364	-	(69,364)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(441,601)	-	-	-	(441,601)	(72,948)	(514,549)
2024 Net profit	-	-	-	-	1,255,492	-	-	-	1,255,492	235,602	1,491,094
Other comprehensive income for 2024	-	-	-	-	5,749	61,966	162,864	-	230,579	17,055	247,634
Total comprehensive income of 2024	-	-	-	-	1,261,241	61,966	162,864	-	1,486,071	252,657	1,738,728
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	118,881	-	(118,881)	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	(51)	-	51	-	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	24,280	24,280
Balance at December 31, 2024	1,104,004	323,676	912,730	188,846	4,045,982	(10,067)	12,335	-	6,577,506	1,835,558	8,413,064
Appropriation and distribution of retained earnings											
Legal capital reserve	-	-	138,007	-	(138,007)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(331,201)	-	-	-	(331,201)	(71,427)	(402,628)
2025 Net loss	-	-	-	-	(529,787)	-	-	-	(529,787)	(125,177)	(654,964)
Other comprehensive income for 2025	-	-	-	-	5,144	(11,663)	2,623	-	(3,896)	(335)	(4,231)
Total comprehensive income of 2025	-	-	-	-	(524,643)	(11,663)	2,623	-	(533,683)	(125,512)	(659,195)
Repurchase of treasury stock	-	-	-	-	-	-	-	(59,978)	(59,978)	-	(59,978)
Cancellation of treasury stock	(10,000)	(2,341)	-	-	(47,637)	-	-	59,978	-	-	-
Changes in ownership interests in subsidiaries	-	2,623	-	-	-	-	-	-	2,623	(66,315)	(63,692)
Transfer of unclaimed dividends to capital surplus	-	69	-	-	-	-	-	-	69	-	69
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(24,040)	(24,040)
Balance at December 31, 2025	\$ 1,094,004	\$ 324,027	\$ 1,050,737	\$ 188,846	\$ 3,004,494	\$ (21,730)	\$ 14,958	\$ -	\$ 5,655,336	\$ 1,548,264	\$ 7,203,600

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

Goodway Machine Corporation and its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Items	Unit: NTD thousand	
	2025	2024
Cash flows from operating activities		
Net profit (loss) before tax	\$ (612,593)	\$ 1,557,001
Adjustments		
Income/expenses items not influencing cash flow		
Depreciation	191,830	205,572
Amortization	9,111	7,924
Expected credit impairment losses	4,454	7,163
Net loss (gain) on financial assets at FVTPL	505,910	(1,285,464)
Interest expense	98,299	83,038
Interest income	(31,257)	(42,331)
Dividend revenue	(87,883)	(75,345)
Share of profit of associates and joint ventures accounted for using equity method	-	373
Gains on disposal and discard of property, plant and equipment	(124)	(5,130)
Depreciation of investment property	1,147	-
Losses (Gains) on disposals of investments	601	(8,878)
Other items	(2,142)	(2,188)
Lease modification benefit	-	(4)
Presentation (Offset) of provision for liabilities	(2,814)	2,814
Net changes in operating assets and liabilities		
Notes receivable	(3,037)	25,555
Notes receivable - related parties	(2,587)	(146)
Account receivables	(88,788)	142,841
Account receivables - related parties	8,762	(11,370)
Other receivables	9,578	(3,441)
Inventories	85,080	7,523
Prepayments	(38,750)	(15,163)
Other current assets	(2,925)	(220)
Overdue receivables	(73)	(5,289)
Other non-current assets	-	4,769
Contract liabilities	39,598	(43,868)
Notes payable	188,148	(161,383)
Notes payable - related parties	(182)	174
Accounts payable	(19,103)	(23,227)
Accounts payable - related parties	(39)	(4)
Other payables	(73,521)	26,749
Other payables - related parties	-	(5)
Provisions	1,678	(4,184)
Advance receipts	659	(749)
Other current liabilities	8,546	(298)
Net defined benefit liability	(3,102)	(1,168)
Cash generated from operations	184,481	381,641
Interest received	31,740	43,994
Income tax paid	(69,184)	(257,194)
Net cash generated by operating activities	147,037	168,441

(Continued)

Goodway Machine Corporation and its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	Unit: NTD thousand	
Items	2025	2024
(Continued from previous page)		
Cash flows from investing activities		
Acquisitions of financial assets at fair value through other comprehensive income	\$ (351)	\$ (13,114)
Disposal of financial assets at fair value through other comprehensive income	-	269,348
Acquisition of financial assets measured at amortized cost	(34,999)	(63)
Acquisitions of financial assets at fair value through profit or loss	(137,341)	(105,197)
Disposal of financial assets at fair value through profit or loss	918,730	54,782
Net cash outflow from acquisition of subsidiary	-	17,711
Net cash outflow from disposal of subsidiaries	(15,382)	-
Acquisition of property, plant and equipment	(358,306)	(365,526)
Disposal of property, plant and equipment	492	22,024
Decrease (increase) in refundable deposits	(1,289)	2,196
Acquisitions of intangible assets	(2,004)	(23,725)
Acquisitions of Investment property	(623)	(467)
Decrease in other financial assets	172,556	100,618
Increase in other non-current assets	(2,407)	(4,943)
Decrease (Increase) in prepayments for equipment	743	(1,989)
Dividends received	87,883	77,298
Net cash inflow from investing activities	<u>627,702</u>	<u>28,953</u>
Cash flows from financing activities		
Increase in short-term borrowings	320,288	166,389
Decrease in short-term notes and bills payable	(79,992)	(199,872)
Make long-term borrowings	253,987	135,050
Decrease in guarantee deposits received	(2,063)	(23,809)
Repayment of lease principal	(42,447)	(37,865)
Cash dividends paid	(331,201)	(441,601)
Payment of cash dividends to non-controlling interests	(71,427)	(72,948)
Repurchase cost of treasury stock	(59,978)	-
Interest paid	(97,542)	(74,554)
Decrease in non-controlling interests	(63,692)	-
Net cash outflow from financing activities	<u>(174,067)</u>	<u>(549,210)</u>
Effect of changes in foreign exchange rates on cash and cash equivalents	<u>(203)</u>	<u>64,801</u>
Net increase (decrease) in cash and cash equivalents	600,469	(287,015)
Cash and cash equivalents at the beginning of year	1,532,663	1,819,678
Cash and cash equivalents at the end of year	<u>\$ 2,133,132</u>	<u>\$ 1,532,663</u>

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

Goodway Machine Corporation and its Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Amounts are in thousands of NTD, unless stated otherwise)

1. History and Organization

Goodway Machine Corporation (hereinafter referred to as “the Company”) was established in September 1975 upon approval of the Ministry of Economic Affairs. Its registered address is No. 13, Gongyequ 5th Rd., Xitun Dist., Taichung City, and its operating business includes manufacturing, processing and sales of various machine tools, automatic mechanical hardware, woodworking machines, and woodworking lathes, etc. The Company started to manufacture CNC lathes since the end of 1987.

The Company was approved as a public offering company by Document Jin-Guan-Zheng-Yi-Zi No. 0950147150 of the Financial Supervisory Commission, Executive Yuan on October 20, 2006, and an application was made to the Taipei Exchange (TPEX) on December 15, 2006 for over-the-counter (OTC) stock trading, and such application was approved by Document Zheng-Gui-Shen-Zi No. 0950033757 of the Taipei Exchange (TPEX), and OTC trading started since December 27, 2006. In addition, the Company was approved of listing by Document Tai-Zheng-Shang-Zi No. 0961700606 on October 29, 2007, and began to be listed for trading on TWSE Stock Exchange Market since January 24, 2008.

Please refer to Note 4 (4) for main operating activities of the Company and its subsidiaries (hereinafter referred to as “the Group”). In addition, the Company has no final parent company.

2. Approval Date and Procedures of the Financial Statements

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

3. Application of New, Amended and Revised Standards and Interpretations

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

Amendments to IAS 21 “Lack of Exchangeability”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(1) Statement of compliance

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

(2) Basis of preparation

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

- A. Financial assets measured at fair value through profit or loss;
- B. Financial assets measured at fair value through other comprehensive income;

C. Defined benefit liability recognized at the net value of pension fund assets less the present value of defined benefit obligations.

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

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

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

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

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

(4) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (E) When the Group loses control of a subsidiary, the Group re-measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor Company	Name of subsidiaries	Main business activities	Ownership (%)	
			December 31, 2025	December 31, 2024
The Company	AWEA Mechantronic Co., Ltd.	The design, manufacture and sales of special machines, automation equipment and computer-controlled tool machines are its main business	50.70%	49.65%
The Company	TAITEC CAYMANS, INC.	International investment and international trade	100%	100%
The Company	Yih Chuan Machinery Industry Co., Ltd.	Industrial machinery manufacture and trade	100% (Note)	100% (Note)
The Company	Allrich Cnc, Ltd.	Manufacturing of machinery and equipment, and retail of mechanical appliances	100%	100%
The Company	Huahan Leasing Co., Ltd.	Lease of machinery and equipment	0% (Note)	60% (Note)
TAITEC CAYMANS, INC.	YAMASEIKI CAYMANS, INC.	International investment and international trade	100%	100%
TAITEC CAYMANS, INC.	YAMA SEIKI USA, INC.	Machinery sales and installation and international trade	100% (Note)	100% (Note)
YAMASEIKI CAYMANS, INC.	Goodway Machine Corporation (Suzhou) Co., Ltd.	Design and production of CNC machine tools, CNC systems, servo devices and related components with more than three axes linkage, and maintenance and sales of precision CNC machine tools	100%	100%
YAMASEIKI CAYMANS, INC.	Goodway Machine Corporation (Wujiang) Co., Ltd.	Design and production of CNC machine tools, CNC systems, servo devices and related components with more than three axes linkage, and maintenance and sales of precision CNC machine tools	100%	100%
AWEA Mechantronic Co., Ltd.	B-Way (Cayman) Co., Ltd.	International investment and international trade	100%	100%
B-Way (Cayman) Co., Ltd.	Billion-Way (Cayman) Co., Ltd.	International investment and international trade	100%	100%
Billion-Way (Cayman) Co., Ltd.	Best Way Mechantronic Ltd.	Machinery sales, installation and international trade	100%	100%
Billion-Way (Cayman) Co., Ltd.	AWEA Mechantronic (Suzhou) Ltd.	Machinery manufacturing, sales and installation and international trade	100%	100%
Yih Chuan Machinery Industry Co., Ltd.	AXTRON INT'L INVESTMENT CO., LTD.	International investment and international trade	100%	100%
AXTRON INT'L INVESTMENT CO., LTD.	AXTRON INT'L INVESTMENT LIMITED	International investment and international trade	100%	100%
AXTRON INT'L INVESTMENT LIMITED	Extron Machinery Co., Ltd.	Machinery manufacturing, sales and installation and international trade	100%	100%

Note: Including equities on direct investment and indirect investment.

- (A) Although the Company holds less than 50% of equities in AWEA Mechantronic Co., Ltd. prior to April 2025, the Company is entitled to dominate more than a half of voting rights at the Board of Directors, thus being able to control the latter, which is listed as a consolidated individual as a result. In April 2025, AWEA's board of directors resolved to repurchase 2,000 thousand treasury shares in stages, resulting in the Company's shareholding ratio in AWEA reaching 50.70%.
- (B) All of the above financial statements of the subsidiaries having been included in the consolidated financial statements have been audited by CPAs.
- (C) Additions and deletions of consolidated subsidiaries: Since June 2024, the Group acquired 60% of the shares of Huahan Leasing Co., Ltd. and had the control over it, so it was listed as a consolidated individual; Additionally, since July 2025, the Group disposed of all shares in Huahan Leasing Co., Ltd. and lost control over it, so it was excluded from the consolidation.
- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Content of subsidiaries holding securities issued by the parent company: None.
- G. Information on subsidiaries with significant non-controlling interests:

Name of subsidiaries	December 31, 2025	
	Non-shareholding ratio	Non-controlling interests
AWEA Mechantronic Co., Ltd.	49.30%	\$ 1,548,264
Huahan Leasing Co., Ltd.	0.00%	-
		<u>\$ 1,548,264</u>

Name of subsidiaries	December 31, 2024	
	Non-shareholding ratio	Non-controlling interests
AWEA Mechantronic Co., Ltd.	50.35%	\$ 1,811,537
Huahan Leasing Co., Ltd.	40.00%	24,021
		<u>\$ 1,835,558</u>

(A) For information of the principal place of business and registration country of the above subsidiaries, please refer to Table 6 of Note 13.

(B) Summary of the financial information is as follows:

a Balance Sheets:

	AWEA Mechantronic Co., Ltd. and its Subsidiaries	
	December 31, 2025	December 31, 2024
Current assets	\$ 3,189,044	\$ 3,947,304
Non-current assets	2,471,210	2,445,954
Current liabilities	(2,089,391)	(2,365,299)
Non-current liabilities	(289,330)	(302,606)
Equity	<u>\$ 3,281,533</u>	<u>\$ 3,725,353</u>

b Statements of Comprehensive Income:

	AWEA Mechantronic Co., Ltd. and its Subsidiaries	
	2025	2024
Operating revenue	<u>\$ 1,926,469</u>	<u>\$ 1,917,762</u>
Net profit (loss) for the year	(234,502)	\$ 446,497
Other comprehensive loss and income (net amount after tax)	<u>(735)</u>	<u>36,154</u>
Total comprehensive income	<u>\$ (235,237)</u>	<u>\$ 482,651</u>
Net loss attributable to non-controlling interests	<u>\$ (1,299)</u>	<u>\$ (6,004)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (1,018)</u>	<u>\$ (3,725)</u>
Payment of dividends to non-controlling interests	<u>\$ (71,427)</u>	<u>\$ (72,948)</u>

c Statements of Cash Flows

		AWEA Mechantronic Co., Ltd. and its Subsidiaries	
		2025	2024
Net cash generated by			
operating activities	\$	119,294	\$ 140,464
Net cash inflow (outflow)			
from investing			
activities		543,780	(64,276)
Net cash outflow from			
financing activities		(455,382)	(147,365)
Effect of changes in foreign			
exchange rates on cash			
and cash equivalents		2,670	14,778
Effect of cash and cash			
equivalents		210,362	(56,399)
Cash and cash equivalents			
at the beginning of year		809,774	866,173
Cash and cash equivalents			
at the end of year	\$	1,020,136	\$ 809,774

(C) For the financial information on the Group's acquisition and sale of Huahan Leasing Co., Ltd., please refer to Note 6 (35) and (36) for details.

(5) Business merger

The Group adopts the acquisition method for business merger. The merger consideration is calculated on the basis of the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the transferred consideration includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Cost related with acquisition is recognized as expense upon occurrence. Identifiable assets and liabilities acquired in a business merger are measured at their fair value at the date of acquisition. On the basis of individual acquisition transactions, if the non-controlling interest is a current ownership interest and its holder is entitled to net assets of the enterprise by proportion at the time of liquidation, then it shall be measured by fair value at the acquisition date or by the percentage of the non-controlling interest to the net assets of the acquiree; all other components of non-controlling interests are measured by fair value at the acquisition date.

The total fair value of the transfer consideration, non-controlling interests of the acquiree, and previously held interests of the acquiree is recognized as goodwill at the acquisition date if it exceeds the fair value of the acquired identifiable assets and liabilities assumed; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the transfer consideration, non-controlling interests of the acquiree, and previously held interests of the acquiree, then such difference is recognized in the current profit for loss at the acquisition date.

(6) Foreign currency translation difference

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional and the Group's presentation currency. When preparing parent company only financial statements of various consolidated individuals, for those making transaction in currencies (foreign currency) other than such individual's functional currency, recognition shall be made by translation at the exchange rate on the transaction date, and on ending date of the reporting period, the foreign currency items shall be retranslated by the spot rate of that day, and the exchange difference shall be recognized as the profit and loss of the current period. Foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date the fair value is determined, and the exchange difference resulting from the fair value change is included in other comprehensive income for the year, except that the exchange difference resulting from the fair value change is included in other comprehensive income. Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated. Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the year in which they arise.

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

(7) Cash and cash equivalents

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

(8) Financial instruments

Accounts receivable are initially recognized when they are incurred. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. 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 significant financial components are initially measured at transaction price.

A. Financial assets

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

(A) Financial assets measured at amortized cost

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

- a The financial assets are held under the business model with the purpose of collecting contractual cash flows.
- b The contractual terms of the financial asset generate cash flows on a specific date, which are entirely used to pay the principal and the interest on the principal amount outstanding.

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

(B) Financial assets at FVTPL

Financial assets not classified as financial assets at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. The Group may irrevocably designate financial assets that qualify as financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss at the time of initial recognition in order to eliminate or materially reduce accounting mismatch. Such assets shall be measured at fair value subsequently, and their net gains or losses shall be recognized in profit or loss.

(C) Financial assets at FVTOCI

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

Investments in debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses, and impairment

losses calculated using the effective interest method are recognized in profit or loss, and the remaining net gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative amount in other comprehensive income shall be reclassified to profit or loss.

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

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

(D) Impairment of financial assets

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

The loss allowance is measured at 12-month expected credit losses for the following financial assets, and at the lifetime expected credit losses of the other financial assets:

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

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

When determining whether credit risk has increased significantly since initial recognition, the Group shall consider reasonable and provable information (available without excessive cost or input), including qualitative and quantitative information, and analysis based on the Group's historical experience, credit rating and forward-looking information.

The lifetime expected credit loss refers to the expected credit loss arising from all possible defaults during the expected lifetime of the financial instrument.

Twelve-month expected credit loss refers to the expected credit loss arising from possible defaults within twelve months after the reporting date of the financial instrument (or for a shorter period if the expected lifetime of the financial instrument is shorter than twelve months).

The maximum period for measuring expected credit losses is the maximum contractual period for which the Group is exposed to credit risk.

The expected credit loss is the probability-weighted estimate of the credit loss over the expected lifetime of the financial instrument. Credit losses are measured at the present value of all cash deficiencies, which is the difference between the collectible cash flows of the Group under the contracts and the cash flows that the Group expects to collect. Expected credit losses are discounted at the effective interest rate of the financial assets.

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

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

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

When the Group does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is reduced directly. The Group analyzes the timing and amount of offset on a case-by-case basis to determine whether there is a reasonable expectation of recovery. The Group does not expect a significant reversal of the write-off amounts. However, the offset financial assets are still enforceable in order to comply with the Group's procedures for recovering overdue amounts.

(E) Derecognition of financial assets

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

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

(9) Financial liabilities and equity instruments

A. Classification of liabilities and equity

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

B. Equity instruments

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

C. Financial liabilities

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

D. Derecognition of financial liabilities

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

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

E. Mutual offset of financial assets and liabilities

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

(10) Inventories

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

(11) Investments accounted for using equity method - associates

Associates refer to all individuals over whom the Group has a significant impact but does not control, holding more than 20% of the voting rights of the shares directly or indirectly in general. The Group handles treatment of associates by equity method, which is recognized when acquired.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If the Group's share of losses in any associate is equal to or exceeds its equity in such associate (including the carrying amount of the investment in the associate determined by equity method and any long-term interest that substantially forms part of the Group's net investment in the associate), the Group does not recognize any further losses, unless the Group has legal obligations, constructive obligations to the associate or has made payment on behalf of the associate. Unrealized gains and losses arising from transactions between the Group and its associates have been eliminated in proportion to its interest in the associates; unrealized losses are also written off unless there is evidence that the assets transferred by the exchange have been impaired. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

When an associate issues additional new stocks, if the Group does not subscribe or acquire such new stocks in proportion, thus resulting in a change in the investment proportion of the Group in the associate but still having a significant impact on the associate, then the increase or decrease of the change in the net equity value is to adjust the "Capital Surplus" and "Investments Accounted for Using the Equity Method". In the event of decrease in the investment proportion, in addition to the above adjustments, the profit or loss related to the decrease in the ownership interest that was previously recognized in other comprehensive income and would have to be reclassified to profit or loss upon disposal of the related asset or liability, shall be reclassified to profit or loss in accordance with the decreased proportion.

When the Group loses significant impact of an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between the fair value and the carrying amount is recognized in the current profit or loss.

When the Group disposes an associate, in case of losing significant impact on the associate, then all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses influence on an associate, all gains or losses previously recognized in other

comprehensive income in relation to the associate should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. If the Group still has a significant impact on the associate, then only the amount previously recognized in other comprehensive income will be transferred out in proportion as described above.

When the Group disposes of an associate, if the Group loses significant impact on such associate, then capital surplus related with the associate will be carried forward to profit or loss; if the Group still has significant impact on such associate, then capital surplus related with the associate will be carried forward to profit or loss according to the proportion of disposal.

(12) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. Samples produced while the assets (properties, plants and equipment under construction) are being tested for proper functioning before they reach their intended use are measured at the lower of cost or net realizable value, with the sales price and cost recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Other properties, plants and equipment apply cost model, and are depreciated using the straight-line method over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, on each financial year-end date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Property and building	2 - 55 years
Machinery equipment	2 - 16 years
Molding equipment	2 - 6 years
Transportation equipment	2 - 16 years
Other equipment	2 - 15 years

The property, plant and equipment are excluded at the time of disposal or when no future economic benefit is expected from use or disposal. The de-recognition amount of the interest or loss amount arising from property, plant and equipment, is the difference between the net disposal amount and the carrying amount of the asset, and is recognized in the current profit or loss.

(13) Leases

A. Lease judgment

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

B. The Group as lessee

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

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

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

Lease payments included in the measurement of lease liabilities included:

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

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

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

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

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

The 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.

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

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

C. The Group as lessor

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

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

(14) Investment property

Investment property refers to the property held for the purpose of earning rent or capital appreciation or both (including the property under construction for such purposes). Investment property also includes the land held for which the future use has not yet been determined. Investment property also includes tenure assets that meet the definition of investment property.

Self-owned investment property is initially measured at cost (including transaction cost), and subsequently at cost less accumulated depreciation and accumulated impairment losses.

All investment properties are depreciated on a straight-line basis.

Investment property under construction is recognized at cost less accumulated impairment losses, where, the cost includes professional service fees and borrowing costs eligible for capitalization. Such assets begin to be depreciated when they reach their intended state of use.

The de-recognition amount of the interest or loss amount arising from the investment property, is the difference between the net disposal amount and the carrying amount of the asset, and is recognized in profit or loss of the current year.

(15) Goodwill

Goodwill are not amortized, but are tested for impairment on an annual basis. When there is a sign of impairment, it also needs to perform impairment loss. When performing impairment test, goodwill should be amortized among the cash generating units or groups of cash generating units that the Group expects to benefit from the consolidated synergies. If recoverable amount of the cash generating unit is lower than its carrying amount, then in respect of the difference, the amount of goodwill that has been amortized to the cash generating unit shall be reduced first, and then the carrying amount of other assets in the unit shall be amortized to each asset in equal proportion. Any impairment loss shall be recognized as loss of the current year immediately, and shall not be reversed in subsequent periods.

(16) Intangible assets

Separately acquired intangible assets with finite useful lives are shown at cost less accumulated amortization and accumulated impairment losses. Amortization amounts are calculated on a straight-line basis based on the following useful lives: trademark rights, based on the term of validity of the right to use the trademark or the contractual term; computer software design fee, depending on 3 to 10 years; patent rights and others, depending on economic benefits or statutory and contractual term. Estimated useful life and amortization method are reviewed at the end of the reporting period, and the impact of any changes in estimates is deferred.

Goodwill and intangible assets with uncertain service life are not amortized, but are tested for impairment on an annual basis.

Intangible assets are excluded at the time of disposal or when no future economic benefit is expected from use or disposal. The de-recognition amount of the interest or loss amount arising from an intangible asset, is the difference between the net disposal amount and the carrying amount of the asset, and is recognized in the current profit or loss.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When there is no impairment of assets recognized in the previous year, it shall be reversed to the extent of the loss amount specified in the previous year.

For goodwill, intangible assets with uncertain service life and intangible assets not yet available for use, their recoverable amount should be regularly estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The impairment loss of goodwill cannot be reversed in subsequent years.

(18) Provisions

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

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

(19) Revenue recognition

The Group's recognition of revenue from contracts with customers are based on the following steps:

- A. Identify the contracts with customers;
- B. Identify the performance obligation in the contracts;
- C. Determine the transaction price;
- D. Amortize the transaction price to the performance obligation in the contract; and
- E. Recognize the revenue when the performance obligation is satisfied.

The Group allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligation is satisfied after the customer has identified it.

No adjustment is made to the transaction price for significant financial components of contracts where the interval between the transfer of goods or services and the receipt of consideration is less than one year.

Sales revenue

Sales revenue of products comes from sales of CNC lathes, processing machines and their components. Sales revenue is recognized when control of the product is transferred to the customer. Since the clients are mainly eligible for pricing and using the products as well as responsible for reselling, and taking the risk of obsolescence of the products, the Group shall recognize the revenue and accounts receivable upon the sale.

(20) Borrowing costs

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

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

Except for the above, all other borrowing costs at the period are recognized as profit or loss.

(21) Government grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Group. Government grants that are contingent upon the Group purchasing, constructing or otherwise acquiring non-current assets are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets.

The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

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

(22) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plan

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

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

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

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

C. Short-term employee benefits

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

(23) Income tax

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

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

Deferred income taxes are measured and recognized for temporary differences between the carrying amounts of assets and liabilities at the date of financial reporting and their tax bases. Deferred income tax assets are recognized for deductible temporary differences in unused tax losses and unused income tax credits in later period of transfer, to the extent that it is probable that future taxable income will be available. It will be re-evaluated at each reporting date and the related income tax benefit are reduced to the extent that it is not likely to be realized; or the reduced amount is reversed to the extent that it is very likely to generate sufficient taxable income.

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

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

deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(24) Earnings per share

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

(25) Segment Information

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

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

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

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

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

A. Investment property

Some of the properties held by the Group are for rental or capital appreciation purposes, while some of them are for self-use purpose. When the parts cannot be sold separately and cannot be leased separately by finance lease, the property is only

classified under investment property if the part held for self-use purpose is not material to the individual properties.

B. Business model judgment of financial asset classification

The Group assesses the business model to which the financial assets belong on the basis of a hierarchy that reflects the common management of the group of financial assets to achieve a specific business purpose. This assessment shall take into account all relevant evidences, including how asset performance is measured, the risks affecting performance, and the manner in which compensation of relevant managers is determined, and requires the use of judgment. The Group continuously assesses the appropriateness of its business model judgment and, for this purpose, monitors financial assets that are excluded at amortized cost and investments in debt instruments that are measured at fair value through other comprehensive income before the maturity date, to understand the reasons for their disposal, so as to assess whether the disposal is consistent with the objectives of the business model. If it is found that there is a change in the business model, the Group reclassifies the financial assets in accordance with the provisions of IFRS 9, and delays the application from the date of reclassification.

C. Revenue recognition

In accordance with IFRS 15, the Group determines whether it has or has not acquired control of particular goods or services prior to the transfer of such goods or services to the customer, and will be the principal or agent in the transaction, and if it is judged to be the agent in the transaction, the net transaction is recognized as revenue.

The Group is the principal in case of any of the following circumstances:

- (A) The Group obtains control of the products or other assets from the other party prior to the transfer of such products or other assets to the customer; or
- (B) The Group controls the right of the other party to provide services, so as to have the ability to direct that party to provide services for customers on behalf of the Group; or
- (C) The Group obtains control of products or services from another party, to combine with other products or services, so as to provide specific products or services for customers.

Indicators used to help determine whether the Group controls such products or services before transferring them to a customer include (but are not limited to):

- (A) The Group is primarily responsible for fulfilling its commitment to provide specific products or services.
- (B) The Group assumes the inventory risk before and after the transfer of specific products or services to customers.
- (C) The Group has the discretion to fix the price.

D. Lease term

In determining the lease term, the Group takes into account all relevant facts and circumstances that give rise to an economic incentive to exercise (or not exercise) the option, including anticipated changes in all facts and circumstances from the commencement date to the exercise date of the option. Factors taken into account include the terms and conditions of the contract for the period covered by the option, material improvements to the lease interest made (or expected to be made) during the term of the contract, and the importance of the underlying asset to the Group's operations, etc. In case of significant matters or significant changes in circumstances within control scope of the Group, the lease term shall be re-assessed.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

Sales revenue is recognized when control of products or services is transferred to the customer to satisfy performance obligations, and the estimated related sales returns, discounts and other similar allowances shall be deducted. Such sales returns and discounts are estimated based on historical experience and other known reasons, and the Group periodically reviews the reasonableness of such estimates.

B. Estimated impairment of financial assets

The estimated impairment of accounts receivable, investments in debt instruments and financial guarantee contracts is based on the Group's assumptions regarding default rate and expected loss rate. The Group takes into account historical experience, current market conditions and prospective information, to make assumptions and select inputs for impairment assessment. If the actual cash flow is less than the expected ones in the future, it is likely to generate significant impairment loss.

C. Measurement and assessment procedure at fair value

When the assets and liabilities measured by fair value are not quoted in active markets, the Group decides whether to outsource the valuation or not, and determines the appropriate fair value evaluation technique in accordance with relevant laws or in accordance with its judgment. If the level 1 input value is not available when estimating the fair value, the Group determines the input value with reference to its analysis of the investee's financial position and results of operations, recent transaction prices, quotations of identical equity instruments in non-active markets, quotations of similar instruments in active markets and comparable company valuation multipliers and other information. In case the actual change in future input value is different from expectation, there might be changes in fair value. The Group periodically updates various input values based on the market condition, so as to monitor whether it is appropriate to measure by fair value.

D. Impairment evaluation of tangible assets and intangible assets

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

E. Impairment evaluation of investments accounted for using equity method

When there is an indication that the carrying amount of an investment by equity method may not be recovered as a result of impairment, the Group will evaluate such impairment immediately. The Group evaluates the recoverable amount and analyzes the reasonableness of its assumptions based on the discounted value of the expected future cash flows of the investee company or the discounted value of the future cash flows from cash dividends expected to be received and from disposal of investments.

F. Realizability of deferred income tax assets

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

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

G. Evaluation of inventories

As inventories are evaluated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

H. Calculation of net defined benefit liabilities

When calculating the present value of the defined benefit obligation, the Group must use its judgments and estimates to determine the relevant actuarial assumptions at the balance sheet date, including discount rates and future wage growth rates, etc. Any change in actuarial assumptions may have significant impact on the amount of the Group's defined benefit obligation.

I. Incremental borrowing rate for lessee

The risk-free interest rate for the same currency and relevant period is used as the reference rate in determining the incremental borrowing rate for lessee used for the discount of lease payments, taking into account the estimated lessee's credit risk premium and lease-specific adjustments (e.g. asset-specific and guaranteed factors, etc.)

J. Evaluation of goodwill impairment

When deciding whether there is goodwill impairment or not, it needs to estimate the use value of the cash generating unit amortized to goodwill. To calculate the use value, the management should estimate the expected future cash flows from the cash generating units, and determine the appropriate discount rate to use in calculating the present value. If the actual cash flow is less than the expected ones, it is likely to generate significant impairment loss. As of December 31, 2025 and 2024, carrying amount of goodwill was all NTD 135,498 thousand and NTD 135,961 thousand, respectively.

6. Summary of Significant Accounting Titles

(1) Cash and cash equivalents

Items	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$ 3,479	\$ 3,680
Bank deposits	1,710,123	1,528,983
Cash equivalents		
Time deposits with an initial maturity within three months	419,530	-
Total	<u>\$ 2,133,132</u>	<u>\$ 1,532,663</u>

A. The Group transacts with a variety of financial institutions all with good credit to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at FVTPL

Current items:

Items	December 31, 2025	December 31, 2024
Financial assets mandatorily measured at FVTPL		
Domestic listed (OTC) stocks	\$ 1,819,713	\$ 3,106,939
Domestic unlisted stocks	-	73
Total	<u>\$ 1,819,713</u>	<u>\$ 3,107,012</u>

Non-current items:

Items	December 31, 2025	December 31, 2024
Financial assets mandatorily measured at FVTPL		
Overseas non-listed (non-OTC) stocks	\$ 27	\$ 27
Adjustments	(27)	(27)
Total	<u>\$ -</u>	<u>\$ -</u>

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

Items	2025	2024
Financial assets mandatorily measured at FVTPL		
Gains (losses) from evaluation	\$ (505,910)	\$ 1,285,464
Dividend revenue	\$ 87,865	\$ 75,327

- B. The Group has no financial assets at fair value through profit or loss pledged to others.
- C. Please refer to Note 12 for management and evaluation modes of relevant credit risks in details.
- D. The Group invested in AUTECH EUROPE, a French agency, at an amount of FRF 5,000 (equaling to NTD 27 thousand) in 1990, and the total capital amount of AUTECH EUROPE was FRF 100,000. In 1996, due to value impairment and little hope of recovery of the investee companies, all were recognized as losses.

(3) Financial assets at FVTOCI

Current items:

Items	December 31, 2025	December 31, 2024
Financial assets at FVTOCI		
Domestic listed (OTC) stocks	\$ 9,493	\$ 9,143
Domestic unlisted stocks	3,276	3,276
Adjustments	15,043	12,444
Total	\$ 27,812	\$ 24,863

Non-current items:

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

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

Items	2025	2024
Financial assets at FVTOCI		
Changes in fair value recognized in other comprehensive income	<u>\$ 2,644</u>	<u>\$ 164,436</u>
Accumulated gains (losses) transferred to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ 118,881</u>
Dividend revenue	<u>\$ 18</u>	<u>\$ 18</u>

- B. The above financial assets measured at fair value through other comprehensive income are the ordinary shares of Taichung International Entertainment Corporation, FitTech Co., Ltd., and WiAdvance Technology Corporation which the Group invests in for medium-and-long-term strategic purposes, and expects to earn profits through long-term investments. The management of the Group deems if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.
- C. Please refer to Note 12 for management and evaluation modes of relevant credit risks in details.

(4) Financial assets measured at amortized cost

Current items:	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits with an initial maturity of more than three months	<u>\$ 34,919</u>	<u>\$ -</u>
Time deposit interest rate range	1.35%	-
Non-current items:		
Pledged time deposits	<u>\$ 10,280</u>	<u>\$ 10,200</u>
Time deposit interest rate range	0.88%	0.88%

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

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

(5) Notes and accounts receivable

A. Notes receivable, net

Items	December 31, 2025	December 31, 2024
Notes receivable	\$ 200,668	\$ 204,888
Less: Loss allowance	(575)	(1,076)
Net	<u>\$ 200,093</u>	<u>\$ 203,812</u>

B. Accounts receivable, net

Items	December 31, 2025	December 31, 2024
Account receivables	\$ 960,200	\$ 872,198
Less: Loss allowance	(68,363)	(62,992)
Net	<u>\$ 891,837</u>	<u>\$ 809,206</u>

(A) The average payment term of the Group for accounts receivable arising from the sale of products is 30 to 180 days, depending on the payment standard formulated in accordance with the industry characteristics, business size and profitability of the counter-party.

(B) The Group has no notes and accounts receivable pledged to others.

C. The Group has enhanced protection of such receivables with L/C issued by Mega International Commercial Bank and O/A insurance from Export-Import Bank of the Republic of China.

D. The loss allowance for notes and accounts receivable of the Group is recognized by simplified method according to expected credit losses over the duration. The expected credit loss during the period of existence takes past breach records of the customer, the current financial and industrial economic trend, etc. into account. Since the Group's historical experience of credit losses shows that there is no significant difference in the pattern of losses among different customer groups, therefore, the reserve matrix does not further distinguish between the customer groups, but only determines the expected credit loss rate based on the number of days overdue on notes and accounts receivable.

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

The aging analysis of notes and accounts receivable is as follows:

Items	December 31, 2025	December 31, 2024
Not past due	\$ 1,009,273	\$ 955,819
1~30 days past due	35,173	39,302
31~180 days past due	58,370	34,907
181 - 365 days past due	35,697	9,182
Over 365 days past due	22,355	37,876
Total	<u>\$ 1,160,868</u>	<u>\$ 1,077,086</u>

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

Changes in allowance for losses

Items	2025	2024
Opening balance	\$ 64,068	\$ 65,645
Presentation in the current period	8,376	2,857
Reversal in current period	(3,825)	(5,974)
Write-offs in the current period	(69)	-
Impacts of exchange rate	388	1,540
Ending balance	<u>\$ 68,938</u>	<u>\$ 64,068</u>

(6) Inventories

Items	December 31, 2025	December 31, 2024
Raw materials	\$ 1,081,330	\$ 1,018,638
Work in process	1,698,689	1,926,532
Finished goods	171,892	206,379
Products	401,774	291,250
Inventories in transit	121,170	117,136
Total	<u>\$ 3,474,855</u>	<u>\$ 3,559,935</u>

- A. Inventory-related gains (losses) recognized as operating costs for the current period are as follows:

Items	2025	2024
Cost of goods sold	\$ 3,030,801	\$ 3,321,832
Losses on inventory valuation	80,261	61,570
Loss on inventory obsolescence	8,881	22,457
Inventory loss	13,664	15,278
Income from sale of scraps	(1,300)	(2,737)
Idle capacity related costs	49,787	47,686
Total	<u>\$ 3,182,094</u>	<u>\$ 3,466,086</u>

- B. The Group has no inventories pledged to others.

(7) Other financial assets - current

Items	December 31, 2025	December 31, 2024
Special funds for repatriation of overseas funds	\$ 310,183	\$ 480,234
Application plan accounts	1,285	19,651
Loan guarantee accounts	-	4,939
Pledged time deposits	20,800	-
Total	<u>\$ 332,268</u>	<u>\$ 504,824</u>

- A. Regarding the special funds to be repatriated upon approval of the National Taxation Bureau, Ministry of Finance in accordance with the “Regulations of Repatriated Offshore Funds”, the Group has submitted an investment plan to the Ministry of Economic Affairs in accordance with Article 8 of the Regulations and has been approved. According to the regulations, the above funds are limited to the approved plans and shall not be diverted for other purposes.
- B. Regarding the special funds to be repatriated upon approval of the National Taxation Bureau, Ministry of Finance in accordance with the “Regulations of Repatriated Offshore Funds”, AWEA Company intends to submit an investment plan to the Ministry of Economic Affairs within one year from the date on which the funds are deposited in a special account for foreign exchange deposits in accordance with Article 8 of the Regulations. Pursuant to the Regulations, the said plan was approved by the Ministry of Economic Affairs through the approval document No. 11020433960 on September 23, 2021.

- C. The disbursement status, expenditure amounts, and related items of the offshore fund special account for AWEA Company's aforementioned investment plan had been audited by CPAs on September 24, 2025, with an audit report issued. This report, together with AWEA Company's "Application for Certificate of Completion of Investment Plan for Offshore Fund Repatriation Investment Industries," was submitted to the Industrial Development Administration, MOEA on December 31, 2025.
- D. Please refer to Note 8 for details of the other financial assets - current provided as collateral.

(8) Investments accounted for using equity method

The Group's associates are listed below:

Investee company	Place of establishment and operation	Book value	
		December 31, 2025	December 31, 2024
Huahan Leasing Co., Ltd.	Taiwan	\$ -	\$ -

The Group's percentage of ownership interest and voting rights in the associates at the balance sheet date are as follows:

Investee company	December 31, 2025	December 31, 2024
Huahan Leasing Co., Ltd.	0.00%	60.00%

- A. The shares of the Group's individual non-significant associates are summarized as follows:

	2025	2024
Shares enjoyed		
Net profit for the year	\$ -	\$ (373)
Other comprehensive loss and income (net amount after tax)	-	-
Total comprehensive income	\$ -	\$ (373)

- B. Among the investments accounted for using the equity method of the Group in 2025 and 2024, YAMA SEIKI USA, INC. was recognized on the basis of financial statements audited by other CPAs.

- C. The Group acquired 1,667 thousand shares of Huahan Leasing Co., Ltd. in June 2024, which increased its shareholding ratio to 60%, making the Group have the control over it. Therefore, it is listed as a consolidated individual from June 2024 onwards. In July 2025, the Group disposed of all shares of Huahan Leasing Co., Ltd., resulting in a shareholding ratio of 0%. Therefore, it was excluded from the consolidation from July 2025.
- D. The above investments accounted for using equity method were not guaranteed for others or pledged to others.

(9) Property, plant and equipment

Items	December 31, 2025	December 31, 2024
Land	\$ 988,821	\$ 985,528
Property and building	2,942,453	2,939,377
Machinery equipment	786,568	750,534
Molding equipment	171,044	168,810
Transportation equipment	151,279	151,753
Other equipment	394,524	398,526
Unfinished construction and equipments pending acceptance	693,822	411,315
Total cost	6,128,511	5,805,843
Less: Accumulated depreciation	(2,483,287)	(2,348,050)
Accumulated impairment	-	-
Net	\$ 3,645,224	\$ 3,457,793

	January 1, 2025	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Cost</u>						
Land	\$ 985,528	\$ 3,293	\$ -	\$ -	\$ -	\$ 988,821
Property and building	2,939,377	528	-	-	2,548	2,942,453
Machinery equipment	750,534	35,953	(655)	-	736	786,568
Molding equipment	168,810	3,509	(1,307)	-	32	171,044
Transportation equipment	151,753	7,302	(7,120)	-	(656)	151,279
Other equipment	398,526	9,482	(6,207)	-	(7,277)	394,524
Unfinished construction and equipments pending acceptance	411,315	282,656	-	(149)	-	693,822
	<u>\$ 5,805,843</u>	<u>\$ 342,723</u>	<u>\$ (15,289)</u>	<u>\$ (149)</u>	<u>\$ (4,617)</u>	<u>\$ 6,128,511</u>
	January 1, 2025	Depreciation	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Accumulated depreciation</u>						
Property and building	\$ 1,231,115	\$ 83,051	\$ -	\$ -	\$ 1,936	\$ 1,316,102
Machinery equipment	534,782	38,815	(615)	-	851	573,833
Molding equipment	157,310	4,908	(1,176)	-	9	161,051
Transportation equipment	124,198	8,280	(6,957)	-	(641)	124,880
Other equipment	300,645	17,801	(6,173)	-	(4,852)	307,421
	<u>\$ 2,348,050</u>	<u>\$ 152,855</u>	<u>\$ (14,921)</u>	<u>\$ -</u>	<u>\$ (2,697)</u>	<u>\$ 2,483,287</u>
Net	<u>\$ 3,457,793</u>					<u>\$ 3,645,224</u>

	January 1, 2024	Additions	Disposals	Business merger and acquisition	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>							
Land	\$ 985,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 985,528
Property and building	2,915,300	2,907	(215)	-	-	21,385	2,939,377
Machinery equipment	739,929	32,074	(28,367)	-	-	6,898	750,534
Molding equipment	163,765	4,965	(165)	-	-	245	168,810
Transportation equipment	142,769	9,064	(2,326)	-	-	2,246	151,753
Other equipment	369,899	18,348	(10,437)	6,620	-	14,096	398,526
Unfinished construction and equipments pending acceptance	87,912	323,403	-	-	-	-	411,315
	<u>\$ 5,405,102</u>	<u>\$ 390,761</u>	<u>\$ (41,510)</u>	<u>\$ 6,620</u>	<u>\$ -</u>	<u>\$ 44,870</u>	<u>\$ 5,805,843</u>
	January 1, 2024	Depreciation	Disposals	Business merger and acquisition	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated depreciation</u>							
Property and building	\$ 1,137,408	\$ 85,276	\$ (89)	\$ -	\$ -	\$ 8,520	\$ 1,231,115
Machinery equipment	506,913	40,560	(17,183)	-	-	4,492	534,782
Molding equipment	151,569	5,711	(103)	-	-	133	157,310
Transportation equipment	115,045	9,256	(2,033)	-	-	1,930	124,198
Other equipment	272,850	21,421	(5,208)	1,958	-	9,624	300,645
	<u>\$ 2,183,785</u>	<u>\$ 162,224</u>	<u>\$ (24,616)</u>	<u>\$ 1,958</u>	<u>\$ -</u>	<u>\$ 24,699</u>	<u>\$ 2,348,050</u>
Net	<u>\$ 3,221,317</u>						<u>\$ 3,457,793</u>

A. Information related to interest capitalization is as follows:

Items	2025	2024
Capitalization amount	\$ 11,782	\$ 4,102
Capitalized interest rate range (monthly)	0.16%-0.18%	0.15%-0.17%

- B. The land accounted for by the Group in 2025 and 2024 was partly agricultural land with title temporarily registered in the name of another person for an amount of NTD 91,822 thousand and NTD 88,529 thousand, respectively, in respect of which the Group has obtained a certificate of creation of other rights.
- C. The Group's property, plant and equipment for years 2025 and 2024 were free of impairment losses and subsequent reversals.
- D. For properties, plants and equipment provided by the Group as the guarantee for borrowings, please refer to Note 8 for details.

(10) Lease arrangements

A. Right-of-use assets

Items	December 31, 2025	December 31, 2024
Land-use right	\$ 552,765	\$ 551,983
Property and building	208,947	217,946
Total cost	761,712	769,929
Less: Accumulated depreciation	(116,748)	(77,515)
Accumulated impairment	-	-
Net	\$ 644,964	\$ 692,414

	January 1, 2025	Additions	Decreases	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Cost</u>						
Land-use right	\$ 551,983	\$ -	\$ -	\$ -	\$ 782	\$ 552,765
Property and building	217,946	-	-	-	(8,999)	208,947
	<u>\$ 769,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,217)</u>	<u>\$ 761,712</u>
	January 1, 2025	Depreciation	Decreases	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Accumulated depreciation</u>						
Land-use right	\$ 73,014	\$ 22,659	\$ -	\$ -	\$ 371	\$ 96,044
Property and building	4,501	16,316	-	-	(113)	20,704
	<u>\$ 77,515</u>	<u>\$ 38,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 116,748</u>
Net	<u>\$ 692,414</u>					<u>\$ 644,964</u>
	January 1, 2024	Additions	Decreases	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>						
Land-use right	\$ 236,541	\$ 358,326	\$ (49,451)	\$ -	\$ 6,567	\$ 551,983
Property and building	96,231	212,552	(99,900)	-	9,063	217,946
	<u>\$ 332,772</u>	<u>\$ 570,878</u>	<u>\$ (149,351)</u>	<u>\$ -</u>	<u>\$ 15,630</u>	<u>\$ 769,929</u>
	January 1, 2024	Depreciation	Decreases	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated depreciation</u>						
Land-use right	\$ 97,974	\$ 22,761	\$ (49,451)	\$ -	\$ 1,730	\$ 73,014
Property and building	80,873	19,491	(99,499)	-	3,636	4,501
	<u>\$ 178,847</u>	<u>\$ 42,252</u>	<u>\$ (148,950)</u>	<u>\$ -</u>	<u>\$ 5,366</u>	<u>\$ 77,515</u>
Net	<u>\$ 153,925</u>					<u>\$ 692,414</u>

B. Lease liabilities

Items	December 31, 2025	December 31, 2024
Current	\$ 33,009	\$ 32,530
Non-current	482,911	524,045
Total	<u>\$ 515,920</u>	<u>\$ 556,575</u>

C. Important renting activities and terms

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

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

The Group's right-of-use assets for years 2025 and 2024 were free of impairment losses and subsequent reversals.

D. Other lease information

Items	2025	2024
Short-term lease and lease expenses of low-value assets	\$ 7,344	\$ 8,487
Total cash outflow from leases	\$ 66,103	\$ 55,420

E. Ranges of discount rates for lease liabilities are as follow:

Items	2025	2024
Land-use right	1.68%~1.69%	1.68%~1.69%
Property and building	0.60%~5.50%	0.60%~5.50%

F. Please refer to Note 8 for details of the right-of-use assets provided as collateral.

(11) Investment property

Items	December 31, 2025	December 31, 2024
Land	\$ 278,212	\$ 278,212
Property and building	39,350	38,578
Total cost	317,562	316,790
Less: Accumulated depreciation	(33,291)	(32,144)
Accumulated impairment	-	-
Net	\$ 284,271	\$ 284,646

	January 1, 2025	Additions	Decreases	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Cost</u>						
Land	\$ 278,212	\$ -	\$ -	\$ -	\$ -	\$ 278,212
Property and building	38,578	623	-	149	-	39,350
	<u>\$ 316,790</u>	<u>\$ 623</u>	<u>\$ -</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 317,562</u>
	January 1, 2025	Depreciation	Decreases	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Accumulated depreciation</u>						
Property and building	\$ 32,144	\$ 1,147	\$ -	\$ -	\$ -	\$ 33,291
Net	<u>\$ 284,646</u>					<u>\$ 284,271</u>
	January 1, 2024	Additions	Decreases	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>						
Land	\$ 278,212	\$ -	\$ -	\$ -	\$ -	\$ 278,212
Property and building	38,111	467	-	-	-	38,578
	<u>\$ 316,323</u>	<u>\$ 467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,790</u>
	January 1, 2024	Depreciation	Decreases	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated depreciation</u>						
Property and building	\$ 31,049	\$ 1,095	\$ -	\$ -	\$ -	\$ 32,144
Net	<u>\$ 285,274</u>					<u>\$ 284,646</u>

A. Rental income from investment properties and direct operating expenses

Items	2025	2024
Rental income from investment properties	\$ 3,775	\$ 15,430
Direct operating expenses of the investment properties generating rental income for the current period	\$ 279	\$ 1,095
Direct operating expenses of the investment properties not generating rental income for the current period	\$ 868	\$ -

B. The fair value of investment property was not measured by an independent appraiser but was only based on valuation methods commonly used by market participants. This valuation was derived from market evidence of transaction prices of similar properties in neighboring areas. As of December 31, 2025 and 2024, the fair value was both NTD 1,098,135 thousand.

C. The Group has no investment properties guaranteed for others.

(12) Intangible assets

Items	December 31, 2025	December 31, 2024
Trademark rights	\$ 1,605	\$ 1,605
Patent rights	402	402
Computer software	86,020	84,039
Total cost	88,027	86,046
Less: Accumulated amortization	(53,928)	(44,822)
Accumulated impairment	-	-
Net	\$ 34,099	\$ 41,224

	January 1, 2025	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Cost</u>						
Trademark rights	\$ 1,605	\$ -	\$ -	\$ -	\$ -	\$ 1,605
Patent rights	402	-	-	-	-	402
Computer software	84,039	2,214	-	(210)	(23)	86,020
	<u>\$ 86,046</u>	<u>\$ 2,214</u>	<u>\$ -</u>	<u>\$ (210)</u>	<u>\$ (23)</u>	<u>\$ 88,027</u>
			-	-		

	January 1, 2025	Amortization in current period	Disposals	Reclassification	Impacts of exchange rate	December 31, 2025
<u>Accumulated amortization</u>						
Trademark rights	\$ 1,290	\$ 88	\$ -	\$ -	\$ -	\$ 1,378
Patent rights	402	-	-	-	-	402
Computer software	43,130	9,023	-	-	(5)	52,148
	<u>\$ 44,822</u>	<u>\$ 9,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ 53,928</u>
Net	<u>\$ 41,224</u>					<u>\$ 34,099</u>

	January 1, 2024	Additions	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Cost</u>						
Trademark rights	\$ 1,580	\$ 25	\$ -	\$ -	\$ -	\$ 1,605
Patent rights	402	-	-	-	-	402
Computer software	61,805	23,700	(2,306)	-	840	84,039
	<u>\$ 63,787</u>	<u>\$ 23,725</u>	<u>\$ (2,306)</u>	<u>\$ -</u>	<u>\$ 840</u>	<u>\$ 86,046</u>

	January 1, 2024	Amortization in current period	Disposals	Reclassification	Impacts of exchange rate	December 31, 2024
<u>Accumulated amortization</u>						
Trademark rights	\$ 1,203	\$ 87	\$ -	\$ -	\$ -	\$ 1,290
Patent rights	402	-	-	-	-	402
Computer software	37,178	7,837	(2,306)	-	421	43,130
	<u>\$ 38,783</u>	<u>\$ 7,924</u>	<u>\$ (2,306)</u>	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ 44,822</u>
Net	<u>\$ 25,004</u>					<u>\$ 41,224</u>

(13) Net overdue receivables

Items	December 31, 2025	December 31, 2024
Overdue receivables	\$ 6,222	\$ 6,149
Less: allowance for uncollectible accounts	(6,222)	(6,149)
Total	\$ -	\$ -

(14) Short-term borrowings

Items	December 31, 2025	December 31, 2024
Secured loans	\$ 736,536	\$ 586,248
Credit loans	2,570,000	2,400,000
Total	\$ 3,306,536	\$ 2,986,248
Interest rate	0.88%~2.90%	1.81%~3.10%

Please refer to Note 8 for the guarantees provided.

(15) Short-term notes and bills payable

Items	December 31, 2025	December 31, 2024
Short-term notes and bills payable	\$ -	\$ 80,000
Less: Discount on short-term notes and bills payable	-	(8)
Total	\$ -	\$ 79,992
Interest rate	-	1.83%

(16) Other payables

Items	December 31, 2025	December 31, 2024
Other expenses payable	\$ 257,765	\$ 255,497
Remuneration payable to employee	195	56,868
Remuneration payable to directors	-	5,250
Dividends payable	486	486
Construction and equipment payable	317	32,111
Total	\$ 258,763	\$ 350,212

(17) Current provisions

Items	December 31, 2025	December 31, 2024
Warranty	\$ 6,826	\$ 7,520
Employee benefits	16,767	14,392
Provisions for litigation liabilities	-	2,814
Total	\$ 23,593	\$ 24,726

	January 1, 2025	Addition in current period	Reversal/ write-offs in current period	Impacts of exchange rate	December 31, 2025
Warranty	\$ 7,520	\$ 6,705	\$ (7,395)	\$ (4)	\$ 6,826
Employee benefits	14,392	8,735	(6,367)	7	16,767
Lawsuit compensation	2,814	-	(2,814)	-	-
	<u>\$ 24,726</u>	<u>\$ 15,440</u>	<u>\$ (16,576)</u>	<u>\$ 3</u>	<u>\$ 23,593</u>
	January 1, 2024	Addition in current period	Reversal/ write-offs in current period	Impacts of exchange rate	December 31, 2024
Warranty	\$ 10,693	\$ 10,035	\$ (13,286)	\$ 78	\$ 7,520
Employee benefits	15,262	6,288	(7,221)	63	14,392
Lawsuit compensation	-	2,814	-	-	2,814
	<u>\$ 25,955</u>	<u>\$ 19,137</u>	<u>\$ (20,507)</u>	<u>\$ 141</u>	<u>\$ 24,726</u>

A. Warranty

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

B. Employee benefits

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

C. Litigation liabilities

The litigation liabilities pertain to case No. 41205 of the 2024 Annual Investigation of the Taiwan Taichung District Prosecutors Office. The Group does not involve relevant criminal liability. However, it has obtained illegal gains of approximately NTD 2,814 thousand, which are confiscated by the court and require repayment. This litigation liability had been resolved in 2025.

(18) Long-term borrowings and long-term liabilities due within one year or one business cycle

Items	December 31, 2025	December 31, 2024
Secured loans	\$ 477,500	\$ 373,513
Credit loans	850,000	700,000
Subtotal	1,327,500	1,073,513
Less: due within one year or one business cycle	(840,500)	(77,450)
Total	\$ 487,000	\$ 996,063
Interest rate	1.88%~2.00%	0.68%~1.94%

The Group provided some properties, plants and equipment as the guarantee for long-term borrowings, please refer to Note 8 for details.

(19) Post-employment benefit plans

A. Defined contribution plans

(A) The Company and its domestic subsidiary have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”) covering all regular employees with R.O.C. nationality. For employees electing to apply the part of the labor pension system under the “Labor Pension Ordinance”, the Company and its domestic subsidiary contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs recognized by the Group in accordance with the above pension measures for the years ended December 31, 2025 and 2024 were NTD 37,942 thousand and NTD 38,376 thousand, respectively.

B. Defined benefit plan

- (A) The pension system under the “Labor Standards Act” of R.O.C, which applies to the Company and its domestic subsidiaries, is a defined benefit retirement plan administered by the government. The payment of the employee pension is made based on an employee’s length of service and average monthly salary for the six-month period prior to retirement approved. Such companies contribute an amount equal to 2% of their employees’ salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the balance in the Funds is assessed. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees qualified with retirement requirements in the next year, the Company is required to make up the difference all at once with one appropriation, which is required to be made before the end of March of next year. The Funds are operated and managed by the government’s designated authorities. Accordingly, the Group does not have any right to intervene in the investments of the Funds.
- (B) The Group’s obligation amount from defined benefit plans recognized in the parent company only balance sheets is as follows:

Items	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 51,853	\$ 60,118
Fair value of plan assets	(47,800)	(46,043)
Net defined benefit liability	<u>\$ 4,053</u>	<u>\$ 14,075</u>

(C) Changes in the net defined benefit liabilities are as follows:

Items	2025		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Opening balance	\$ 60,118	\$ (46,043)	\$ 14,075
Service cost			
Current service cost	92	-	92
Interest cost (income)	919	(714)	205
Recognized in profit or loss	1,011	(714)	297
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(3,551)	(3,551)
Actuarial (gains) losses			
Impacts of changes in financial assumptions	325	-	325
Experience adjustments	(3,694)	-	(3,694)
Recognized in other comprehensive income	(3,369)	(3,551)	(6,920)
Contributions from employer	-	(1,263)	(1,263)
Benefits paid	(5,907)	3,771	(2,136)
Ending balance	\$ 51,853	\$ (47,800)	\$ 4,053

Items	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Opening balance	\$ 77,653	\$ (54,391)	\$ 23,262
Service cost			
Current service cost	161	-	161
Interest cost (income)	985	(698)	287
Recognized in profit or loss	1,146	(698)	448
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(4,796)	(4,796)
Actuarial (gains) losses			
Impacts of changes in financial assumptions	(514)	-	(514)
Experience adjustments	(2,710)	-	(2,710)
Recognized in other comprehensive income	(3,224)	(4,796)	(8,020)
Contributions from employer	-	(1,615)	(1,615)
Benefits paid	(15,457)	15,457	-
Ending balance	\$ 60,118	\$ (46,043)	\$ 14,075

(D) Due to the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

a Investment risk

The pension funds are invested in domestic and foreign equity securities, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds' designated authorities or under the mandated management. However, the distributable amount of plan assets of the Group shall not be less than the return calculated by the average interest rate on a two-year time deposit published by the local banks.

b Interest rate risk

A decrease in the interest rates on government bonds will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will increase as well. The two will be partially offset on net defined benefit liabilities.

c Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(E) The actuarial valuations of the present value of the defined benefit obligation of the Group are carried out by qualified actuaries. The principal assumptions are as follows:

Items	December 31, 2025	December 31, 2024
Discount rate	1.30%~1.40%	1.50%-1.60%
Expected salary increase rate	2.00%~2.50%	2.00%-2.50%
Average maturity of defined benefit obligation	7.5 - 12 years	8.4 - 13 years

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

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

Items	December 31, 2025	December 31, 2024
Discount rate		
Increase by 0.25%	\$ (776)	\$ (912)
Decrease by 0.25%	\$ 801	\$ 941
Items	December 31, 2025	December 31, 2024
Expected salary increase rate		
Increase by 0.25% - 1.00%	\$ 1,964	\$ 2,476
Decrease by 0.25% - 1.00%	\$ (1,834)	\$ (2,299)

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

- (F) It is estimated that the Group will make a contribution of NTD 1,263 thousand to the retirement plan in 2026.

(20) Share capital

As of December 31, 2025, the Company's authorized common stock amounted to NTD 1,500,000 thousand, with paid-in capital of NTD 1,094,004 thousand, par value of NTD 10 per share, divided into 109,400 thousand shares.

A holder of issued common shares with par value of NTD 10 per share is entitled to vote and to receive dividends. The number of shares reserved for the issuance of employee stock warrants out of the authorized shares is 4,000 thousand shares.

(21) Capital surplus

Items	December 31, 2025	December 31, 2024
Additional paid-in capital	\$ 256,121	\$ 258,462
Gains from disposal of assets	1,260	1,260
Changes in net equity value of associates and joint ventures recognized by equity method	3,090	467
Employee stock option	202	202
Reversal of unclaimed dividends	69	-
Others	63,285	63,285
Total	<u>\$ 324,027</u>	<u>\$ 323,676</u>

- A. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. The capital surplus from investment accounted for using the equity method, shall not be used for any purpose.

(22) Retained earnings and dividend policy

- A. In accordance with the earnings distribution policy stipulated in the Articles of Incorporation of the Company, the earnings from each final account shall be distributed in accordance with the following principles:
- (A) If there is any surplus in the annual final accounts, after paying all taxes and making up accumulated deficits, 10% shall be set aside as legal reserve, but if the legal reserve has reached the amount of the Company's paid-in capital, no further provision shall be made, and the remainder shall be provided for by law or reversed to special reserve; if there is still a balance, together with the accumulated undistributed surplus of the prior years, the Board of Directors shall, after retaining some surplus in accordance with the business condition,

prepare a proposal for the distribution of surplus to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

(B) The Company's dividend policy is in line with the expansion of business scale, taking into account the Company's capital expenditure and operating turnover requirements. Dividends to shareholders may be paid in cash or in stock, but at least 10% of the dividends distributed for the year shall be paid in cash.

B. In accordance with stipulations in the Company Act, except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. Special reserve

Items	December 31, 2025	December 31, 2024
Provision amount for first application of the International Financial Reporting Standards (IFRSs)	\$ 188,846	\$ 188,846

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

When making first application of IFRSs, for the special reserve set aside in accordance with Document Jin-Guan-Zheng-Fa-Zi No. 1010012865 on April 6, 2012, it shall be reversed to distributable retained earnings in the proportion originally set aside in the special reserve in the case of subsequent use, disposal or reclassification of the related assets by the Company.

- D. At the shareholders' meetings of the Company held on May 29, 2025 and June 19, 2024, respectively, the Company resolved to approve the earning distribution plan and the dividends per share for the years 2024 and 2023, respectively, as follows:

	Earning distribution plan		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$ 138,007	\$ 69,364		
The distribution items are as follows:				
Cash dividends	\$ 331,201	\$ 441,601	\$ 3.0	\$ 4.0

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

	Earning distribution plan	Dividends per share
	2025	(NTD) 2025
Legal reserve	\$ -	
The distribution items are as follows:		
Stock dividends	\$ 98,460	\$ 0.9
Cash dividends	\$ 10,940	\$ 0.1

The distribution of earnings for 2025 is to be resolved by the shareholders' meeting to be held on May 29, 2026.

- F. Information on the earning distribution condition resolved by the Board of Directors and Shareholders' Meeting, is available on the "Market Observation Post System" website of the Taiwan Stock Exchange.

(23) Other equity

Changes in items of other equity are as follows:

Items	Exchange difference on translation of financial statements of foreign operations	Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2025	\$ (10,067)	\$ 12,335	\$ 2,268
Exchange difference on translation of financial statements of foreign operations	(11,663)	-	(11,663)
Share recognized of subsidiaries, associates and joint ventures accounted for using equity method	-	24	24
Unrealized gains on valuation measured at fair value through other comprehensive income	-	2,599	2,599
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-
Balance at December 31, 2025	<u>\$ (21,730)</u>	<u>\$ 14,958</u>	<u>\$ (6,772)</u>

Items	Exchange difference on translation of financial statements of foreign operations	Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (72,033)	\$ (31,699)	\$ (103,732)
Exchange difference on translation of financial statements of foreign operations	61,966	-	61,966
Share recognized of subsidiaries, associates and joint ventures accounted for using equity method	-	1,601	1,601
Unrealized gains on valuation measured at fair value through other comprehensive income	-	161,314	161,314
Disposal of investments in equity instruments at fair value through other comprehensive income	-	(118,881)	(118,881)
Balance at December 31, 2024	<u>\$ (10,067)</u>	<u>\$ 12,335</u>	<u>\$ 2,268</u>

The above other equity items include changes in other equities of the Company and its subsidiaries recognized according to their shareholding proportion.

(24) Treasury shares

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

Reason of repatriation	Number of shares at the beginning of the period (in thousands)	Increases	Decreases	Number of shares at the end of the period (in thousands)
<u>2025</u>				
Safeguard the corporate credit and shareholders’ interests	-	1,000	(1,000)	-

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

As of December 31, 2025, a total of NTD 59,978 thousand of treasury shares had been repurchased and payment had been made. In addition, in August 2025, the Company canceled treasury shares according to law, with a par value of NTD 10,000 thousand, and offset NTD 47,637 thousand of retained earnings.

(25) Non-controlling interests

Items	2025	2024
Opening balance	\$ 1,835,558	\$ 1,631,569
Shares attributable to non-controlling interests		
Net profit (loss) for the year	(125,177)	235,602
Other comprehensive income for the year	(335)	17,055
Cash dividends paid	(71,427)	(72,948)
Changes in ownership interests	(66,315)	-
Increase (decrease) in non-controlling interests	(24,040)	24,280
Ending balance	<u>\$ 1,548,264</u>	<u>\$ 1,835,558</u>

(26) Operating revenue

Items	2025	2024
Total operating revenue	\$ 3,910,585	\$ 4,470,227
Less: Sales returns and discounts	(23,472)	(47,305)
Total	<u>\$ 3,887,113</u>	<u>\$ 4,422,922</u>

Revenue of the Group can be broken down into the following major product categories and the sales regions and markets:

A. Major product categories:

Items	2025	2024
Major product categories:		
Manufacturing of CNC lathes	\$ 1,661,010	\$ 2,186,802
Manufacturing of processing machines	2,226,103	2,236,120
Total	<u>\$ 3,887,113</u>	<u>\$ 4,422,922</u>

B. Major sales market by geography:

Items	2025	2024
Domestic sales	\$ 406,677	\$ 444,446
Export		
Asia	1,674,744	2,107,450
America	878,815	755,700
Europe	908,158	1,047,106
Other countries	18,719	68,220
Total	<u>\$ 3,887,113</u>	<u>\$ 4,422,922</u>

(27) Other income

Items	2025	2024
Rental income	\$ 29,595	\$ 44,712
Dividend revenue	87,883	75,345
Other income	48,239	71,020
Total	<u>\$ 165,717</u>	<u>\$ 191,077</u>

(28) Other gains and losses

Items	2025	2024
Foreign currency exchange gain (loss)	\$ (43,663)	\$ 115,404
Net gain on disposal of property, plant and equipment	124	5,130
Gains (losses) from disposal of financial assets	(601)	8,878
Gains (losses) on financial valuation at fair value through profit or loss	(505,910)	1,285,464
Others	(11,671)	(12,042)
Total	<u>\$ (561,721)</u>	<u>\$ 1,402,834</u>

(29) Finance costs

Items	2025	2024
Interest on bank loans	\$ 93,643	\$ 77,981
Interest on lease liabilities	16,312	9,068
Other interest expenses	126	91
Less: Eligible capitalization amount	(11,782)	(4,102)
Total	<u>\$ 98,299</u>	<u>\$ 83,038</u>

(30) Employee benefits, depreciation and amortization expense

Classification	2025		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense			
Salary expense	\$ 328,578	\$ 318,836	\$ 647,414
Labor and health insurance expense	38,265	41,376	79,641
Pension expense	20,697	17,542	38,239
Remuneration of directors	-	4,560	4,560
Other employee benefit expenses	24,926	21,655	46,581
Depreciation	122,226	69,604	191,830
Amortization	687	8,424	9,111

Classification	2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense			
Salary expense	\$ 384,133	\$ 356,050	\$ 740,183
Labor and health insurance expense	37,157	42,612	79,769
Pension expense	19,408	21,082	40,490
Remuneration of directors	-	10,366	10,366
Other employee benefit expenses	18,443	13,863	32,306
Depreciation	131,375	74,197	205,572
Amortization	778	7,146	7,924

(31) Employees' and directors' remuneration

- A. In accordance with the Articles of Incorporation, the remuneration of the employees and directors of the Company is set aside at 3% - 8% and not more than 2% of the pre-tax profits before deducting the remuneration to the employees and remuneration of the directors for the current year, respectively. The estimated remuneration to the employees for 2025 was NTD 0, and the remuneration of the directors was NTD 0, which were both estimated by 0% of the above pre-tax profits; The estimated remuneration to the employees for 2024 was NTD 40,000 thousand, and the remuneration of the directors was NTD 2,500 thousand, which were estimated by 3.00% and 0.19% of the above pre-tax profits, respectively. If the amount still changes after the release date of the annual financial statements, then the changes shall be treated as changes in accounting estimates, and shall be adjusted in the following year.
- B. At the Board of Directors' Meetings held on March 10, 2026 and February 27, 2025, the Company resolved to approve the remuneration to the employees and directors for the years 2025 and 2024, as well as relevant amount recognized in the financial statements, respectively, as follows:

Items	2025		2024	
	Remuneration of employees	Remuneration of directors	Remuneration of employees	Remuneration of directors
Resolved distribution amount	\$ -	\$ -	\$ 40,000	\$ 2,500
Amount recognized in annual financial statements	-	-	40,000	2,500
Difference amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The above remuneration to the employees are distributed in cash.

- C. Information on compensation to the employees and remuneration of the directors resolved by the Board of Directors is available on the "Market Observation Post System" website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense (benefit)

(A) Income tax recognized in profit or loss

Items	2025	2024
Current income tax:		
Income tax generated in current year	\$ 16,618	\$ 58,325
Tax levied on unappropriated earnings	15,221	7,204
Adjustment on income tax of prior years	8,987	14,087
Difference in basic tax payable	25,443	-
Deferred income tax:		
Deferred income tax expense (benefit) related to the generation and reversal of temporary differences	(23,898)	(13,709)
Income tax expense	<u>\$ 42,371</u>	<u>\$ 65,907</u>

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

Items	2025	2024
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	\$ 1,384	\$ 1,604
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of financial statements of foreign operations	<u>\$ (393)</u>	<u>\$ 7,927</u>

(C) The adjustment between accounting income and income tax expenses recognized in profit or loss for the year is as follows:

Items	2025	2024
Net profit (loss) before tax	\$ (612,593)	\$ 1,557,001
Tax amount calculated by applying statutory rate to net profit (loss) before tax	\$ (122,519)	\$ 311,400
Influenced tax amount of adjusted items		
Impacts of items not included for calculation of taxable income	249,736	(263,240)
Tax-free income	(114,125)	(15,069)
Adjustment on income tax of prior years	8,987	14,087
Tax levied on unappropriated earnings	18,178	7,204
Impact of different tax rates applied to parent-subsidiary companies	3,526	25,234
Investment tax credit	(2,957)	-
Difference in basic tax payable	25,443	-
Net change in deferred income tax		
Temporary differences	(23,898)	(13,709)
Income tax expense recognized in profit or loss	\$ 42,371	\$ 65,907

The Group is subject to the Income Tax Act of the Republic of China at an income tax return rate of 20% and unappropriated earnings at a tax rate of 5%; taxes arising in other jurisdictions are calculated based on the tax rate applicable in the respective jurisdictions.

(D) Deferred tax assets or liabilities as a result of temporary differences are as follows:

2025	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Disposal of subsidiaries	Impacts of exchange rate	Ending balance
Deferred income tax assets						
Temporary differences						
Exceeding amount of allowance for uncollectible accounts	\$ 4,120	\$ (418)	\$ -	\$ -	\$ 3	\$ 3,705
Lease liabilities	63,650	-	-	-	(2,635)	61,015
Unrealized warranty expense	1,197	(212)	-	-	-	985
Unrealized sales profit	13,707	(1,186)	-	-	-	12,521
Unrealized exchange losses	-	-	-	-	-	-
Unrealized loss on market value decline and obsolete and slow- moving inventories	131,108	15,968	-	-	(79)	146,997
Unrealized attendance bonus	2,671	469	-	-	1	3,141
Net defined benefit liability	2,815	(620)	(1,384)	-	-	811
Difference in financial tax on depreciation	1,803	(1,028)	-	-	(79)	696
Others	49	(11)	-	-	-	38
Exchange difference on translation of financial statements of foreign operations	5,939	-	(176)	-	-	5,763
Loss deduction	37,978	9,610	-	(503)	-	47,085
Subtotal	<u>\$ 265,037</u>	<u>\$ 22,572</u>	<u>\$ (1,560)</u>	<u>\$ (503)</u>	<u>\$ (2,789)</u>	<u>\$ 282,757</u>
Deferred income tax liabilities						
Temporary differences						
Income from foreign investments accounted for using equity method	\$ (230,384)	\$ (6,389)	\$ -	\$ -	\$ -	\$ (236,773)
Unrealized exchange income or loss	(16,633)	8,372	-	-	-	(8,261)
Right-of-use assets	(63,649)	-	-	-	2,635	(61,014)
Exchange difference on translation of financial statements of foreign operations	(2,917)	-	569	-	-	(2,348)
Difference in financial tax on depreciation	-	(657)	-	-	(2)	(659)
Land value increment tax	(35,275)	-	-	-	-	(35,275)
Subtotal	<u>\$ (348,858)</u>	<u>\$ 1,326</u>	<u>\$ 569</u>	<u>\$ -</u>	<u>\$ 2,633</u>	<u>\$ (344,330)</u>
Total	<u>\$ (83,821)</u>	<u>\$ 23,898</u>	<u>\$ (991)</u>	<u>\$ (503)</u>	<u>\$ (156)</u>	<u>\$ (61,573)</u>

2024	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Impacts of exchange rate	Ending balance
Deferred income tax assets					
Temporary differences					
Exceeding amount of allowance for uncollectible accounts	\$ 3,131	\$ 1,010	\$ -	\$ (21)	\$ 4,120
Lease liabilities	4,460	57,571	-	1,619	63,650
Unrealized warranty expense	1,666	(469)	-	-	1,197
Unrealized sales profit	18,148	(2,444)	-	(1,997)	13,707
Unrealized exchange losses	3,430	(3,430)	-	-	-
Unrealized loss on market value decline and obsolete and slow-moving inventories	129,797	397	-	914	131,108
Unrealized attendance bonus	2,819	(153)	-	5	2,671
Net defined benefit liability	4,640	(221)	(1,604)	-	2,815
Difference in financial tax on depreciation	1,756	-	-	47	1,803
Others	59	(10)	-	-	49
Exchange difference on translation of financial statements of foreign operations	10,949	-	(5,010)	-	5,939
Loss deduction	19,350	18,628	-	-	37,978
Subtotal	<u>\$ 200,205</u>	<u>\$ 70,879</u>	<u>\$ (6,614)</u>	<u>\$ 567</u>	<u>\$ 265,037</u>
Deferred income tax liabilities					
Temporary differences					
Income from foreign investments accounted for using equity method	\$ (243,252)	\$ 12,868	\$ -	\$ -	\$ (230,384)
Unrealized exchange income or loss	(4,165)	(12,468)	-	-	(16,633)
Right-of-use assets	(4,460)	(57,570)	-	(1,619)	(63,649)
Exchange difference on translation of financial statements of foreign operations	-	-	(2,917)	-	(2,917)
Land value increment tax	(35,275)	-	-	-	(35,275)
Subtotal	<u>\$ (287,152)</u>	<u>\$ (57,170)</u>	<u>\$ (2,917)</u>	<u>\$ (1,619)</u>	<u>\$ (348,858)</u>
Total	<u>\$ (86,947)</u>	<u>\$ 13,709</u>	<u>\$ (9,531)</u>	<u>\$ (1,052)</u>	<u>\$ (83,921)</u>

B. The Company's profit-seeking enterprise income tax through 2023 have been assessed and approved by the Tax Authority.

C. AWEA Company's profit-seeking enterprise income tax through 2023 have been assessed and approved by the Tax Authority.

(33) Other comprehensive income

Items	2025		
	Amount before tax	Income tax (expense) benefit	Net amount after tax
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan	\$ 5,926	\$ (1,185)	\$ 4,741
Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	2,599	-	2,599
Re-measurements of defined benefit plans of the associates and joint ventures accounted for using equity method	994	(199)	795
Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income of the subsidiaries, associates and joint ventures accounted for using equity method	45	-	45
Subtotal	9,564	(1,384)	8,180
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of financial statements of foreign operations	(10,837)	-	(10,837)
Share of associates and joint ventures accounted for using equity method, and exchange difference on translation of financial statements of foreign operations	(1,967)	393	(1,574)
Subtotal	(12,804)	393	(12,411)
Total	<u>\$ (3,240)</u>	<u>\$ (991)</u>	<u>\$ (4,231)</u>
Items	2024		
	Amount before tax	Income tax (expense) benefit	Net amount after tax
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan	\$ 6,364	\$ (1,272)	\$ 5,092
Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	161,314	-	161,314
Re-measurements of defined benefit plans of the associates and joint ventures accounted for using equity method	1,656	(332)	1,324
Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income of the subsidiaries, associates and joint ventures accounted for using equity method	3,122	-	3,122
Subtotal	172,456	(1,604)	170,852
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of financial statements of foreign operations	45,075	-	45,075
Share of associates and joint ventures accounted for using equity method, and exchange difference on translation of financial statements of foreign operations	39,634	(7,927)	31,707
Subtotal	84,709	(7,927)	76,782
Total	<u>\$ 257,165</u>	<u>\$ (9,531)</u>	<u>\$ 247,634</u>

(34) Earnings per share

	2025		
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
	Amount		
<u>Basic earnings per share</u>			
Net loss attributable to ordinary shareholders of the parent company	\$ (529,787)	109,722	\$ (4.83)
<u>Diluted earnings per share</u>			
Net loss attributable to ordinary shareholders of the parent company	\$ (529,787)	109,722	
Effect of potential dilutive common shares - Employees' compensation	-	-	
Net loss attributable to ordinary shareholders of the parent company plus effect of potential ordinary shares	\$ (529,787)	109,722	\$ (4.83)

	2024		
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
	Amount		
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent company	\$ 1,255,492	110,400	\$ 11.37
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent company	\$ 1,255,492	110,400	
Effect of potential dilutive common shares - Employees' compensation	-	588	
Net profit attributable to ordinary shareholders of the parent company plus effect of potential ordinary shares	\$ 1,255,492	110,988	\$ 11.31

(35) Acquisition of subsidiaries

In June 2024, the Group acquired a 33.34% equity interest in Huahan Leasing Co., Ltd. for a consideration of NTD 20,701 thousand. Combined with the Group's existing 26.66% equity interest in Huahan Leasing Co., Ltd., the Group's total consolidated ownership interest in Huahan Leasing Co., Ltd. reached 60%. The aforementioned equity acquisition transaction was determined not to constitute a business under IFRS 3 "Business Combinations" and should be accounted for as an acquisition of assets.

A. Assets acquired and liabilities assumed at acquisition date

	Huahan Leasing Co., Ltd.	
Current assets		
Cash and cash equivalents	\$	38,412
Notes receivable		19,862
Account receivables		4,464
Current income tax assets		56
Prepayments		63
Non-current assets		
Property, plant and equipment		4,570
Other non-current assets		1,653
Current liabilities		
Short-term borrowings		(6,370)
Advance sales receipts		(535)
Other payables		(195)
Other current liabilities		(327)
Non-current liabilities		
Other non-current liabilities		(1,653)
	\$	60,000

B. Goodwill arising on acquisition

	Huahan Leasing Co., Ltd.	
Transfer consideration	\$	20,701
Add: Fair value of interest held prior to the acquisition date		15,482
Add: Interests of non-controlling interests		24,280
Less: fair value of identifiable net assets acquired		(60,000)
Goodwill arising on acquisition	\$	463

The Group held 26.66% of stock equity in Huahan Leasing Co., Ltd. with a fair value of NTD 15,482 prior to the acquisition date.

The goodwill arising from the acquisition of Huahan Leasing Co., Ltd. was mainly attributable to the control premium. In addition, the consideration paid for the merger included the expected merger synergies, cost of revenues, future market development and employee value. However, these revenues do not meet the recognition criteria for identifiable intangible assets and are not separately recognized.

C. Net cash outflow from acquisition of subsidiary

	Huahan Leasing Co., Ltd.
Cash balance acquired	\$ 38,412
Consideration paid in cash	(20,701)
Net cash outflow from acquisition of subsidiary	\$ 17,711

D. Effect of business merger on operating results

The operating results from the acquired company from the acquisition date to December 31, 2024 are as follows:

	Huahan Leasing Co., Ltd.
Operating revenue	\$ 485
Net value in the current year	\$ (1,449)

(36) Disposal of subsidiaries

In July 2025, the Group disposed of its 60% equity interest in its subsidiary, Huahan Leasing Co., Ltd., resulting in a decrease in shareholding ratio from 60% to 0%. The aforementioned transaction has altered the Group's control over that subsidiary.

A. Analysis of assets and liabilities over which the control is lost

	Huahan Leasing Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 51,304
Account receivables	820
Other receivables	342
Current income tax assets	31
Prepayments	83
Non-current assets	
Other non-current assets	16,289
Current liabilities	
Advance sales receipts	(815)
Other payables	(63)
Other current liabilities	(7,891)
Net assets disposed of	\$ 60,100

B. Loss on disposal of subsidiaries

	Huahan Leasing Co., Ltd.
Fair value of equity held	\$ (35,922)
Net assets disposed of	60,100
Non-controlling interests	(24,040)
Decrease in goodwill	463
Loss on disposal	<u>\$ 601</u>

C. Net cash outflow from disposal of subsidiaries

	Huahan Leasing Co., Ltd.
Consideration received in cash and cash equivalents	\$ 35,922
Less: Balance of cash and cash equivalents after disposal	(51,304)
Net cash outflow from disposal of subsidiaries	<u>\$ (15,382)</u>

(37) Transaction with non-controlling interests

Acquisition of additional benefits in subsidiaries

In June 2024, the Group purchased 1,667 thousand shares of Huahan Leasing Co., Ltd. for a consideration of NTD 20,701 thousand, increasing its shareholding ratio from 26.66% to 60%. Since the above transaction enabled the Group to have control over this subsidiary, it was listed as a consolidated individual from June 2024 onwards:

Items	2024
Increase in non-controlling interests from the acquisition of Huahan Leasing Co., Ltd.	<u>\$ 24,280</u>

Extra loss on disposal of subsidiaries

In July 2025, the Group resolved to dispose of all shares in Huahan Leasing Co., Ltd. for NTD 35,922 thousand, resulting in a decrease in shareholding ratio from 60% to 0%. As the aforementioned transaction resulted in the Group losing control over the subsidiary, it was excluded from the consolidation from July 2025:

Items	2025
Decrease in non-controlling interests from the disposal of Huahan Leasing Co., Ltd.	<u>\$ 24,040</u>

7. Related Party Transactions

(1) Parent Company and the ultimate controlling party

The Company is the ultimate controller of the Group.

(2) Names of related parties and relationship

Related party name	Relationship with the Group
Huahan Leasing Co., Ltd.	Other related parties (Note 1)
INCREGRO CO., LTD	Other related parties
Hung Jiu Machine Co., Ltd.	Other related parties
Turvo International Co., Ltd.	Other related parties
JiaJin Investment Co., Ltd.	Other related parties
Hong Hua Investment Co., Ltd.	Other related parties
Zong Han Investment Ltd.	Other related parties
Jin Cheng Investment Co., Ltd.	Other related parties
Yu En Investment Co., Ltd.	Other related parties
Boldwin Bio Co., Ltd.	Other related parties
Yang Wenxu Charity Foundation	Other related parties

Note 1: Huahan Leasing Co., Ltd. was reclassified from an associate to a subsidiary and listed as a consolidated individual effective June 2024, and subsequently reclassified from a consolidated individual to other related party effective July 2025. The amounts disclosed in this note are based on the relations between the Company and subsidiaries at the time of the transaction.

(3) Significant transactions with the related parties

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

A. Total net operating revenue

Related party name	2025	2024
Other related parties		
Turvo	\$ 2,351	\$ 19,433

The Group sells products of different specifications to related parties, and has no other customers to compare with. The Group's sales to related parties are conducted at the same transaction prices and terms as those for general customers, while the collection terms are based on the contracts.

B. Purchases

Related party name	2025	2024
Associates		
Huahan	\$ -	\$ 11,711
Other related parties		
Turvo	1,843	1,289
Total	<u>\$ 1,843</u>	<u>\$ 13,000</u>

The transaction prices and payment terms of the Group's purchases from related parties are similar to those of general transactions.

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

Items	Related party name	December 31, 2025	December 31, 2024
Notes receivable	Other related parties		
	Turvo	\$ 2,917	\$ 331
	Less: Loss allowance	-	-
	Net	<u>\$ 2,917</u>	<u>\$ 331</u>
Items	Related party name	December 31, 2025	December 31, 2024
Account receivables	Other related parties		
	Turvo	\$ 2,675	\$ 11,437
	Less: Loss allowance	-	-
	Net	<u>\$ 2,675</u>	<u>\$ 11,437</u>

D. Payables to related parties (excluding borrowings from related parties)

Items	Related party name	December 31, 2025	December 31, 2024
Notes payable	Other related parties		
	Turvo	\$ 381	\$ 374
	Hung Jiu	-	189
	Total	<u>\$ 381</u>	<u>\$ 563</u>

Items	Related party name	December 31, 2025	December 31, 2024
Accounts payable	Other related parties		
	Turvo	<u>\$ 58</u>	<u>\$ 97</u>
Other payables	Other related parties		
	Boldwin	<u>\$ 11</u>	<u>\$ 11</u>

E. Other non-current assets

Items	Related party name	December 31, 2025	December 31, 2024
Long-term notes receivable	Other related parties		
	Turvo	\$ 2,652	\$ -
	Less: Loss allowance	-	-
	Net	<u>\$ 2,652</u>	<u>\$ -</u>

F. Other current liabilities

Items	Related party name	December 31, 2025	December 31, 2024
Other advance receipts	Other related parties		
	Others	<u>\$ 24</u>	<u>\$ 15</u>

G. Major rent agreement

Items	Related party name	December 31, 2025	December 31, 2024
Lease liabilities -	Other related parties		
Current	INCREGRO	<u>\$ 17,222</u>	<u>\$ 17,007</u>
Lease liabilities -	Other related parties		
Non-current	INCREGRO	<u>\$ 170,951</u>	<u>\$ 196,298</u>

H. Others

(1) Revenues

Related party name	2025	2024	Nature of transaction
Associates	\$ -	\$ 5	Rental income
Other related parties	118	117	Rental income
Associates	-	50	Other income
Other related parties	300	240	Other income
Total	<u>\$ 418</u>	<u>\$ 412</u>	

(2) Expenses

Related party name	2025	2024	Nature of transaction
Other related parties	\$ 5,400	\$ 27,554	Rent expense
Other related parties	185	903	Operating expenses
Other related parties	40	-	Manufacturing expenses
Total	<u>\$ 5,625</u>	<u>\$ 28,457</u>	

(4) Information on main management rewards

Items	2025	2024
Salaries and other short-term employee benefits	\$ 12,078	\$ 14,863
Post-employment benefits	378	403
Total	<u>\$ 12,456</u>	<u>\$ 15,266</u>

8. Pledged Assets

The following assets have been provided as collateral for various borrowings and performance guarantees:

Items	December 31, 2025	December 31, 2024
Other financial assets - pledged time deposits	\$ 20,800	\$ -
Other financial assets - loan guarantee accounts	-	4,939
Financial assets measured at amortized cost -		
pledged time deposits	10,280	10,200
Property, plant and equipment - land	772,572	772,572
Property, plant and equipment - property and		
buildings (net amount)	1,031,174	810,899
Right-of -use asset - land-use right	85,766	88,792
Total	<u>\$ 1,920,592</u>	<u>\$ 1,687,402</u>

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (1) As of December 31, 2025 and 2024, the guaranteed bills issued by the Group for financing guarantee and purchase of products were as follows:

	December 31, 2025		December 31, 2024
NTD	3,487,786 thousand	NTD	4,357,786 thousand

- (2) As of December 31, 2025 and 2024, the amount of guaranteed bills issued by the Group to the customers was all NTD 24,030 thousand.
- (3) As of December 31, 2025 and 2024, the amount of guaranteed bills collected by the Group from the customers was NTD 46,772 thousand and NTD 49,272 thousand, respectively.
- (4) As of December 31, 2025 and 2024, in order to facilitate the release of imported goods before paying tax to the Customs Administration, the Group has entrusted Mega Bank - Taichung Branch with issuing a guarantee letter all at the amount of NTD 1,000 thousand.
- (5) As of December 31, 2025 and 2024, the amount of guaranteed bills collected by the Group from the manufacturers for Dapumei factory construction project was NTD 60,552 thousand and NTD 65,317 thousand, respectively.

- (6) As of December 31, 2025 and 2024, the amount of guaranteed bills collected by the Group from the manufacturers due to solar photovoltaic lease was NTD 18,507 thousand and NTD 21,180 thousand, respectively.
- (7) As of December 31, 2025 and 2024, the amount of water-electricity guaranteed bills collected by the Group for leasing factory plants was NTD 3,300 thousand and NTD 5,553 thousand, respectively.
- (8) As of December 31, 2025 and 2024, in order to guarantee the release of imported goods before paying tax to the Customs Administration, the Group has entrusted First Commercial Bank to issue a guarantee letter all at the amount of NTD 2,000 thousand.
- (9) As of December 31, 2025 and 2024, the amount of the loan guarantee notes collected by Group from the subsidiary - Yih Chuan Company were NTD 130,000 thousand and NTD 70,000 thousand, respectively.
- (10) As of December 31, 2025 and 2024, in order to apply for the Ministry of Economic Affairs' Taiwan Industry Innovation Platform Program, the Group has entrusted the First Commercial Bank to issue a guarantee letter all at the amount of NTD 22,500 thousand.
- (11) As of December 31, 2025 and 2024, in order to apply for the subsidy for "big leading small" low-carbon and intelligent upgrading and transformation of the manufacturing industry from the Ministry of Economic Affairs, the Group has entrusted the Mega Bank - Taichung Branch to issue a guarantee letter at the amount of NTD 3,800 thousand and NTD 12,200 thousand, respectively.
- (12) As of December 31, 2025 and 2024, the amount of guaranteed bills collected by the Group from the weak current and other projects was NTD 15,516 thousand and NTD 6,889 thousand, respectively.
- (13) As of December 31, 2025 and 2024, the amount of guaranteed letters applied for by the Group for participating in the Industry Innovation Program - Automotive Industry Chain was NTD 9,880 thousand and NTD 13,000 thousand, respectively.
- (14) As of December 31, 2025 and 2024, the amount of performance guarantee issued by financial institutions as entrusted by the Group for export of goods was USD 40 thousand and USD 110 thousand, respectively.
- (15) As of December 31, 2025 and 2024, the amount of guaranteed letters applied for by the Group for participating in the project of "Intelligent Upgrading Project" of the CTSP was NTD 1,700 thousand and NTD 0 thousand, respectively.

(16) As of December 31, 2025 and 2024, the amount of bills currently not collected by the Group from the customers was NTD 5,349 thousand and NTD 0 thousand, respectively.

10. Significant Disaster Loss: None.

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

12. Others

(1) Financial instruments

A. Information on fair value of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value, including cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings, and guarantee deposits received, are the reasonable approximates of their fair values. The interest rates of long-term loans (including those due within one year) approximate market interest rates; therefore, the carrying amounts should be a reasonable basis for approximation of fair values. For information on the fair value of financial instruments measured at fair value, please refer to Note 12 (1) F. for details.

B. Financial risk management objectives

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

C. Market risks

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

(A) Foreign currency exchange rate risk

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

The exchange rate risk management strategy is to periodically review net parts of the assets and liabilities in various currencies, and make risk management of such parts.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are summarized below:

		Unit: Foreign currency/ NTD thousand					
		December 31, 2025					
		Foreign currencies	Exchange rate (Note)	NTD	Sensitivity analysis		
					Rate of change	Profit and loss impact	Equity impact
Financial assets							
Monetary items							
USD	\$	40,895	31.38	\$ 1,283,285	5%	\$ 64,164	\$ -
EUR		7,214	36.70	264,754	5%	13,238	-

		Unit: Foreign currency/ NTD thousand					
		December 31, 2024					
		Foreign currencies	Exchange rate (Note)	NTD	Sensitivity analysis		
					Rate of change	Profit and loss impact	Equity impact
Financial assets							
Monetary items							
USD	\$	45,556	32.735	\$ 1,491,276	5%	\$ 74,564	\$ -
EUR		3,940	33.94	133,724	5%	6,686	-

(Note) Based on the exchange rate on the balance sheet date.

(B) Interest rate risk

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

If the borrowings at floating rate at the end of the reporting period are held for the entire reporting period, a 1% increase in interest rates would result in a decrease in net income of NTD 46,340 thousand and NTD 40,598 thousand in 2025 and 2024, respectively.

(C) Other price risk

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

If the price of equity instruments at the end of the reporting period decreases by 1%, the Group's income would decrease by NTD 18,479 thousand and NTD 31,322 thousand in 2025 and 2024, respectively.

D. Credit risk management

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

(A) Operation-related credit risks

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

The risk assessment of individual customers takes into account many factors that may affect the customers' ability to pay, including the customers' financial position, ratings of credit rating agency, the Group's internal credit rating, historical transaction records and current economic conditions, etc. The Group also utilizes certain credit enhancement tools, such as credit insurance, when appropriate, to minimize the credit risk of specific customers.

As of December 31, 2025 and 2024, the balance of accounts receivable of the top ten customers accounted for 68% and 60% of the Group's balance of accounts receivable respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

(B) Financial credit risk

The credit risks of bank deposits and other financial assets are measured and monitored by the financial departments of the Group. As the Group's trading partners and performing parties are banks with good credit and financial institutions, corporate organizations and government agencies with investment grade or above, without significant concern about performance of the contract, therefore, there is no significant credit risk. In addition, the Group has no debt instrument investments classified as measured by amortization cost and classified as measured at fair value through other comprehensive income.

E. Liquidity risk management

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

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

Items	December 31, 2025					Total
	Within 6 months	7 to 12 months	1 - 2 years	Over 2 years		
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 2,992,355	\$ 314,181	\$ -	\$ -	\$ 3,306,536	
Short-term notes and bills payable	-	-	-	-	-	
Notes payable (including related parties)	556,657	-	-	-	556,657	
Accounts payable (including related parties)	278,088	48	127	-	278,263	
Other payables (including related parties)	258,774	-	-	-	258,774	
Long-term borrowings (including those due within one year)	55,000	785,500	202,000	285,000	1,327,500	
Lease liabilities (including related parties)	16,353	16,656	35,383	447,528	515,920	
Other current liabilities	1,534	229	-	-	1,763	
Guarantee deposits received	3,475	-	-	-	3,475	
Total	\$ 4,162,236	\$ 1,116,614	\$ 237,510	\$ 732,528	\$ 6,248,888	

Further information on maturity analysis of lease liabilities is as follows:

	December 31, 2025					Total
	Within 1 year	1 - 5 years	5 - 10 years	10 - 15 years	Over 15 years	
Lease liabilities	\$ 33,009	\$ 146,169	\$ 178,800	\$ 96,207	\$ 61,735	\$ 515,920

Items	December 31, 2024					Total
	Within 6 months	7 to 12 months	1 - 2 years	Over 2 years		
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 2,871,248	\$ 115,000	\$ -	\$ -	\$ 2,986,248	
Short-term notes and bills payable	79,992	-	-	-	79,992	
Notes payable (including related parties)	368,691	-	-	-	368,691	
Accounts payable (including related parties)	297,316	-	89	-	297,405	
Other payables (including related parties)	350,223	-	-	-	350,223	
Long-term borrowings (including those due within one year)	32,475	44,975	814,950	181,113	1,073,513	
Lease liabilities (including related parties)	16,116	16,414	41,474	482,571	556,575	
Other current liabilities	1,264	-	-	-	1,264	
Guarantee deposits received	3,165	-	-	2,373	5,538	
Total	\$ 4,020,490	\$ 176,389	\$ 856,513	\$ 666,057	\$ 5,719,449	

Further information on maturity analysis of lease liabilities is as follows:

	December 31, 2024					Total
	Within 1 year	1 - 5 years	5 - 10 years	10 - 15 years	Over 15 years	
Lease liabilities	\$ 32,530	\$ 150,852	\$ 205,794	\$ 95,374	\$ 72,025	\$ 556,575

F. Fair value

- (A) For information on fair value of the financial assets and financial liabilities not measured at fair value of the Group, please refer to Note 12 (1) A. for details.
- (B) The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:
 - Level 1: The inputs to this level are publicly quoted prices (unadjusted) in active markets for identical assets or liabilities. Active market means a market that meets all of the following conditions: the products traded in the market are homogeneous; willing buyers and sellers are readily available in the market, and the price information is readily available to the public.
 - Level 2: The input values of this level are observable prices other than publicly quoted prices in Level 1, including direct (such as prices) or indirect (such as derived from prices) observable input values obtained from the active market.
 - Level 3: The input values of this level are not inputs for assets or liabilities that are based on observable market data.
- (C) The methods and assumptions the Group used to measure fair value are as follows:
 - a The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined by reference to quoted market prices.
 - b The fair values of other financial liabilities are determined using generally accepted valuation models based on discounted cash flow analysis.

(D) Fair value hierarchy

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

December 31, 2025				
Items	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed (OTC) stocks	\$ 1,819,713	\$ -	\$ -	\$ 1,819,713
Domestic unlisted stocks	-	-	-	-
Subtotal	\$ 1,819,713	\$ -	\$ -	\$ 1,819,713
<u>Financial assets at FVTOCI</u>				
Domestic listed (OTC) stocks	\$ 12,327	\$ -	\$ -	\$ 12,327
Domestic unlisted stocks	-	-	15,906	15,906
Subtotal	\$ 12,327	\$ -	\$ 15,906	\$ 28,233
Total	\$ 1,832,040	\$ -	\$ 15,906	\$ 1,847,946
December 31, 2024				
Items	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed (OTC) stocks	\$ 3,106,939	\$ -	\$ -	\$ 3,106,939
Domestic unlisted stocks	-	-	73	73
Subtotal	\$ 3,106,939	\$ -	\$ 73	\$ 3,107,012
<u>Financial assets at FVTOCI</u>				
Domestic listed (OTC) stocks	\$ 10,383	\$ -	\$ -	\$ 10,383
Domestic unlisted stocks	-	-	14,856	14,856
Subtotal	\$ 10,383	\$ -	\$ 14,856	\$ 25,239
Total	\$ 3,117,322	\$ -	\$ 14,929	\$ 3,132,251

(E) The transfer between Level 1 and Level 2: None.

(F) Reconciliation of financial instruments measured at Level 3 fair value:

The Group's financial assets measured at level 3 fair value are financial assets measured at fair value through profit or loss and equity instrument investments measured at fair value through other comprehensive income. The reconciliations in 2025 and 2024 were as follows:

	Measured at FVTPL	Measured at FVTOCI	
Financial assets	Equity instruments	Equity instruments	Total
Balance at January 1, 2025	\$ 73	\$ 14,856	\$ 14,929
Recognized in profit or loss	(30)	-	(30)
Recognized in other comprehensive income	-	1,050	1,050
Transfer-out of Level 3 (Note)	(43)	-	(43)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 15,906</u>	<u>\$ 15,906</u>

	Measured at FVTPL	Measured at FVTOCI	
Financial assets	Equity instruments	Equity instruments	Total
Balance at January 1, 2024	\$ 53	\$ 12,000	\$ 12,053
Recognized in profit or loss	20	-	20
Recognized in other comprehensive income	-	2,850	2,850
Acquisition	-	6	6
Balance at December 31, 2024	<u>\$ 73</u>	<u>\$ 14,856</u>	<u>\$ 14,929</u>

Note: As quoted prices (unadjusted) in an active market for these equity instruments became available, their fair value measurement level was transferred from Level 3 to Level 1.

13. Additional Disclosures

(1) Significant Transactions Information

- A. Loaning funds to others: Refer to Table 1.
- B. Provision of endorsements and guarantees to others: Refer to Table 2.
- C. Significant marketable securities held at the end of the period (not including investment in subsidiaries, associates and joint ventures): Refer to Table 3.
- D. Purchases or sales of goods from or to related parties reaching NTD 100 million or 20% of paid-in capital or more: Refer to Table 4.
- E. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- F. The business relationship between the parent and the subsidiaries and significant transactions between them: Refer to Table 5.

(2) Information on investees: Refer to Table 6.

(3) Information on investments in Mainland China: Refer to Table 7.

Table 1: Lending Funds to Others

December 31, 2025

Unit: NTD thousand (unless stated otherwise)

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

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

(1) Fill in 0 for issuer.

(2) The investees are coded sequentially beginning from “1” by each individual company.

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

Note 3: The maximum balance of the lending funds to others in the current year was translated by the exchange rate announced by the Group to the Securities and Futures Bureau as of December 31, 2025.

Note 4: The loan limit approved by the Board of Directors was translated by the exchange rate announced by the Group to the Securities and Futures Bureau as of December 31, 2025.

Table 2: Provision of Endorsements and Guarantees to Others

December 31, 2025

Unit: NTD thousand (unless stated otherwise)

No.	Endorsement/ guarantee provider	Party endorsed/ guaranteed		Limit of endorsement/ guarantee for single enterprise (Note 3)	Maximum endorsement/ guarantee balance in the current period	Ending balance of endorsements/ guarantees provided	Amount drawn	Amount of endorsements/ guarantees with assets pledged	Ratio of cumulative endorsements/ guarantees to net worth as in the latest financial statements	Upper limit on endorsements/ guarantees (Note 4)	Parent company to subsidiary	Subsidiary to parent company	Endorsement/ guarantee toward the Mainland China
		Company name	Relationship										
0	Goodway Machine Corporation	YAMA SEIKI USA, INC.	2	\$ 1,696,601	\$ 198,930 (USD6,000)	\$ 188,280 (USD6,000)	\$ 172,590 (USD5,500)	\$ -	3.33%	\$ 2,827,668	Y	N	N

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

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

Note 2: The relationship between the endorsing/guaranteeing party and the party endorsed/guaranteed consists of the following 7 types, and it only needs to indicate the type:

- (1) A company with which the Company has business transactions.
- (2) A company in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.
- (3) A company that directly or indirectly holds more than fifty percent (50%) of the voting shares in the Company.
- (4) A company in which the Company directly or indirectly holds more than ninety percent (90%) of the voting shares.
- (5) A company of mutual guarantee in accordance with contract within the trade or among the co-founders.
- (6) Companies that are endorsed and guaranteed by all shareholders based on their shareholding ratios because of a joint investment relationship.
- (7) Joint and several guarantee for the performance of sales contracts of pre-sale houses in accordance with the regulations of Consumer Protection Act within the trade.

Note 3: The limit column of the endorsement guarantee for a single enterprise is limited to 20% of the current net value (30% for overseas associates).

Note 4: The upper limit column on endorsement guarantee shall not exceed 50% of the current net value.

Table 3: Significant Marketable Securities Held at the End of the Period (Not Including Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2025

Unit: NTD thousand; Number of shares: shares

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2025				Remark
				Number of shares	Carrying amount	Ownership (%)	Fair value	
Goodway Machine Corporation	Stock - Formosa Plastics Corporation	-	Financial assets at FVTPL - current	355	\$ 14	-	\$ 14	
	Stock - Nan Ya Plastics Corporation	-	“	10,798	650	-	650	
	Stock - Far Eastern New Century Corporation	-	“	1,687	47	-	47	
	Stock - Hon Hai Precision Industry Co., Ltd.	-	“	473	109	-	109	
	Stock - Orient Semiconductor Electronics, Ltd.	-	“	46,461	2,602	0.01%	2,602	
	Stock - Taiwan Semiconductor Manufacturing Company Limited	-	“	18,014	27,922	-	27,922	
	Stock - Qisda Corporation	-	“	5,740	135	-	135	
	Stock - Acer Incorporated	-	“	160,463	4,236	0.01%	4,236	
	Stock - Asustek Computer Incorporation	-	“	32,000	17,536	-	17,536	
	Stock - Sunplus Technology Co. Ltd.	-	“	53,516	1,065	0.01%	1,065	
	Stock - Universal Microelectronics Co., Ltd.	-	“	278,462	12,698	0.22%	12,698	
	Stock - United Alloy-Tech Company	-	“	57,000	3,306	0.04%	3,306	

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Unit: NTD thousand; Number of shares: shares

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2025				Remark
				Number of shares	Carrying amount	Ownership (%)	Fair value	
Goodway Machine Corporation	Stock - Wistron Corporation	-	Financial assets at FVTPL - current	48,585	\$ 7,312	-	\$ 7,312	
	Stock - BES Engineering Corporation	-	“	1,249	16	-	16	
	Stock - Taiwan Business Bank, Ltd.	-	“	1,721	28	-	28	
	Stock - Hua Nan Financial Holdings Co., Ltd.	-	“	108,261	3,356	-	3,356	
	Stock - Cathay Financial Holdings Co., Ltd.	-	“	57,239	4,339	-	4,339	
	Stock - E.SUN Financial Holding Co., Ltd.	-	“	126,196	4,259	-	4,259	
	Stock - Mega Financial Holding Company Ltd.	-	“	108,635	4,345	-	4,345	
	Stock - SinoPac Securities	-	“	114,934	3,287	0.01%	3,287	
	Stock - First Financial Holding Co., Ltd.	-	“	24,337	716	-	716	
	Stock - Taiwan Cooperative Financial Holding Co., Ltd.	-	“	117,598	2,858	-	2,858	
	Stock - Eagle Cold Storage Enterprise Co., Ltd.	-	“	4,180,000	127,490	3.50%	127,490	

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Unit: NTD thousand; Number of shares: shares

Held company name	Marketable securities type and name	Relationship with the company	Financial statement account	December 31, 2025				Remark
				Number of shares	Carrying amount	Ownership (%)	Fair value	
Goodway Machine Corporation	Stock - TCI Co., Ltd.	-	Financial assets at FVTPL - current	5,000	\$ 552	-	\$ 552	
	Stock - Turvo International Co., Ltd.	Other related parties	“	4,947,216	1,083,440	8.21%	1,083,440	
	Stock - P-Duke Technology Co., Ltd.		“	2,260,960	228,357	2.75%	228,357	
	Stock - Honor Seiki Co., Ltd.	-	“	1,152	43	-	43	
	Stock - Zeng Hsing Industrial Co., Ltd.	-	“	596,000	61,090	0.90%	61,090	
	Stock - Te Chang Construction Co., Ltd.		“	25,000	1,637	0.02%	1,637	
	Stock - Taichung International Entertainment Corporation	-	Financial assets at FVOCI - current	3	15,900	-	15,900	
	Stock - FitTech Co., Ltd.	-	“	84,738	11,906	0.11%	11,906	
	Stock - WiAdvance Technology Corporation	-	“	38	6	-	6	

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Unit: NTD thousand; Number of shares: shares

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

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

Table 4: Purchases or Sales of Goods from or to Related Parties Reaching NTD 100 Million or 20% of Paid-in Capital or More
December 31, 2025

Unit: NTD thousand (unless stated otherwise)

Company name	Counterparty	Relationship	Transaction details				Abnormal transaction		Notes/ accounts payable or receivable		Remark
			Purchases/ sales	Amount	% to total	Payment terms	Unit price	Payment terms	Ending balance	% to total notes and accounts receivable (payable)	
Goodway Machine Corporation	YAMA SEIKI USA, INC.	Sub-subsiary	Sales	\$ 207,089	15.86%	The same with general companies	-	-	\$ 8,414	1.34%	Note 2
Goodway Machine Corporation	Goodway Machine Corporation (Wujiang) Co., Ltd.	Subsidiaries under sub-subsidiaries	Sales	166,281	12.73%	The same with general companies	-	-	69,079	11.03%	Note 2
AWEA Mechantronic Co., Ltd.	AWEA Mechantronic (Suzhou) Ltd.	Subsidiaries under sub-subsidiaries	Sales	122,356	8.84%	3 months after shipped	Note 1	Note 1	26,701	7.61%	Note 2
AWEA Mechantronic Co., Ltd.	YAMA SEIKI USA, INC.	Subsidiaries	Sales	353,155	25.50%	3 months after shipped	Note 1	Note 1	62,079	17.70%	Note 2

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

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

Table 5: The Business Relationship Between the Parent and the Subsidiaries and Significant Transactions Between Them
December 31, 2025

Unit: NTD thousand

No. (Note 1)	Company name	Counterparty	Relationship to the counterparty (Note 2)	Intercompany transactions			
				Account	Amount	Terms	% to total consolidated revenue or assets
0	Goodway Machine Corporation	AWEA Mechantronic Co., Ltd.	1	Notes payable	\$ 1,303	Note 3	0.01%
		AWEA Mechantronic Co., Ltd.	1	Advance sales receipts	2,706	Note 3	0.02%
		AWEA Mechantronic Co., Ltd.	1	Prepayments for equipment	26,619	Note 3	0.19%
		AWEA Mechantronic Co., Ltd.	1	Sales revenue	1,028	Note 3	0.03%
		AWEA Mechantronic Co., Ltd.	1	Purchases	1,626	Note 3	0.04%
		AWEA Mechantronic Co., Ltd.	1	Other receivables	879	Note 3	0.01%
		AWEA Mechantronic Co., Ltd.	1	Manufacturing - repairs and maintenance expense	865	Note 3	0.02%
		AWEA Mechantronic Co., Ltd.	1	Manufacturing - other expenses	784	Note 3	0.02%
		AWEA Mechantronic Co., Ltd.	1	Other income	2,720	Note 3	0.07%
		YAMA SEIKI USA,INC.	1	Account receivables	8,414	Note 4	0.06%
		YAMA SEIKI USA,INC.	1	Sales revenue	207,089	Note 4	5.33%
		Goodway Machine Corporation (Wujiang) Co., Ltd.	1	Account receivables	69,079	Note 4	0.49%
		Goodway Machine Corporation (Wujiang) Co., Ltd.	1	Advance sales receipts	807	Note 4	0.01%
		Goodway Machine Corporation (Wujiang) Co., Ltd.	1	Accounts payable	817	Note 4	0.01%
		Goodway Machine Corporation (Wujiang) Co., Ltd.	1	Sales revenue	166,281	Note 4	4.28%
		Goodway Machine Corporation (Wujiang) Co., Ltd.	1	Purchases	1,910	Note 4	0.05%
		Allrich Cnc, Ltd.	1	Accounts payable	1,667	Note 3	0.01%
		Allrich Cnc, Ltd.	1	Purchases	14,845	Note 3	0.38%

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No. (Note 1)	Company name	Counterparty	Relationship to the counterparty (Note 2)	Intercompany transactions			
				Account	Amount	Terms	% to total consolidated revenue or assets
1	AWEA Mechantronic Co., Ltd.	Allrich Cnc, Ltd.	3	Purchases	\$ 7,474	Note 4	0.19%
		YAMA SEIKI USA,INC.	1	Account receivables	62,079	Note 4	0.44%
		YAMA SEIKI USA,INC.	1	Expenses payable	14,032	Note 4	0.10%
		YAMA SEIKI USA,INC.	1	Sales - miscellaneous expenses	9,808	Note 4	0.25%
		YAMA SEIKI USA,INC.	1	Sales - delivery expenses	3,302	Note 4	0.08%
		YAMA SEIKI USA,INC.	1	Sales - commission expenses	1,544	Note 4	0.04%
		YAMA SEIKI USA,INC.	1	Sales revenue	353,155	Note 4	9.09%
		YAMA SEIKI USA,INC.	1	Other income	412	Note 4	0.01%
		Yih Chuan Machinery Industry Co., Ltd.	1	Purchases (materials)	8,339	Note 4	0.21%
		Yih Chuan Machinery Industry Co., Ltd.	1	Other receivables	60,032	Note 4	0.42%
		Yih Chuan Machinery Industry Co., Ltd.	1	Notes payable	5,016	Note 4	0.04%
		Yih Chuan Machinery Industry Co., Ltd.	1	Interest income	1,381	Note 4	0.04%
		AWEA Mechantronic (Suzhou) Ltd.	1	Sales revenue	122,356	Note 4	3.15%
		AWEA Mechantronic (Suzhou) Ltd.	1	Purchases	12,086	Note 4	0.31%
		AWEA Mechantronic (Suzhou) Ltd.	1	Account receivables	26,701	Note 4	0.19%
		AWEA Mechantronic (Suzhou) Ltd.	1	Accounts payable	4,980	Note 4	0.04%
2	AWEA Mechantronic (Suzhou) Ltd.	Best Way Mechantronic Ltd.	3	Other payables	44,710	Note 4	0.32%
		Best Way Mechantronic Ltd.	3	Interest expense	1,310	Note 4	0.03%
		Extron Machinery Co., Ltd.	3	Purchases	9,668	Note 4	0.25%
		Extron Machinery Co., Ltd.	3	Accounts payable	5,187	Note 4	0.04%

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No. (Note 1)	Company name	Counterparty	Relationship to the counterparty (Note 2)	Intercompany transactions			
				Account	Amount	Terms	% to total consolidated revenue or assets
3	Goodway Machine Corporation (Wujiang) Co., Ltd.	AWEA Mechantronic (Suzhou) Ltd.	3	Sales revenue	\$ 1,384	Note 3	0.04%
		AWEA Mechantronic (Suzhou) Ltd.	3	Manufacturing - water and electricity bills	6,235	Note 3	0.16%
		AWEA Mechantronic (Suzhou) Ltd.	3	Purchases	223	Note 3	0.01%
		Extron Machinery Co., Ltd.	3	Sales revenue	1,666	Note 3	0.04%
		Extron Machinery Co., Ltd.	3	Purchases	5,357	Note 3	0.14%

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

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

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

- (1) Parent to subsidiary
- (2) Subsidiary to parent
- (3) Subsidiary to subsidiary

Note 3: It is subject to general trading conditions and prices.

Note 4: It is subject to stipulations in contract.

Note 5: The above transactions between the parent company and the subsidiaries have been written off at the time of preparing consolidated financial statements.

Table 6: Names, Locations and Other Information of Investee Companies (Not Including Investees in Mainland China)

December 31, 2025

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

Investor company	Investee company	Location	Main business activities	Initial investment amount		Held at the end of period			Current profit (loss) of the invested company	Recognized investment gains (losses) in the current period (Note 1)	Remark
				December 31, 2025	December 31, 2024	Number of shares	Ownership (%)	Carrying amount			
Goodway Machine Corporation	AWEA Mechantronic Co., Ltd.	Taiwan	Design, manufacture and sales of special machines and automation equipment Design, manufacture and sales of and computer-controlled tool machines; manufacture and sales of precision components Import and export trade of the aforesaid products, components and raw materials	\$ 1,058,332	\$ 1,058,332	47,962,311	50.70%	\$ 1,692,387	\$ (233,203)	\$ (119,222)	Subsidiaries (Note 2)
Goodway Machine Corporation	TAITEC CAYMANS, INC.	Cayman Islands	International investment and international trade	401,350 (USD 12,790)	401,350 (USD 12,790)	12,790,000	100.00%	957,019	32,634	30,479	Subsidiaries (Note 2)
Goodway Machine Corporation	Yih Chuan Machinery Industry Co., Ltd.	Taiwan	Manufacturing of machinery and equipment, design of products, wholesale of machinery, and retail of mechanical appliances	212,000	212,000	3,943,200	40.00%	131,657	(3,249)	(1,332)	Subsidiaries (Note 2)
Goodway Machine Corporation	Allrich Cnc, Ltd.	Taiwan	Manufacturing of machinery and equipment, and retail of mechanical appliances	4,430	4,430	-	100.00%	22,403	3,424	3,424	Subsidiaries (Note 2)
Goodway Machine Corporation	Huahan Leasing Co., Ltd.	Taiwan	Lease of machinery and equipment	-	17,683	-	-	-	47	14	Note 3

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

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

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

Investor company	Investee company	Location	Main business activities	Initial investment amount		Held at the end of period			Current profit (loss) of the invested company	Recognized investment gains (losses) in the current period (Note 1)	Remark
				December 31, 2025	December 31, 2024	Number of shares	Ownership (%)	Carrying amount			
TAITEC CAYMANS,INC.	YAMASEIKI CAYMANS, INC.	Cayman Islands	International investment and international trade	\$ 285,558 (USD9,100)	\$ 285,558 (USD9,100)	9,100,000	100.00%	\$ 653,351	\$ 3,613	\$ 3,613	Sub-subsidiary (Note 2)
TAITEC CAYMANS,INC.	YAMA SEIKI USA,INC.	USA	Design, manufacture and sales of special machines and automation equipment Design, manufacture and sales of and computer-controlled tool machines Manufacture and sales of precision components Import and export trade of the aforesaid products, components and raw materials	115,792 (USD 3,690)	115,792 (USD 3,690)	1,460,000	71.42%	341,695	40,628	29,016	Sub-subsidiary (Note 2)

Note 1: The investment gains and losses recognized in the current period have taken into account the impact of unrealized gains and losses on inter-company transactions.

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

Note 3: Huahan Leasing Co., Ltd. was no longer listed as a consolidated subsidiary from July 2025.

Table 7: Information on Investments in Mainland China

December 31, 2025

Unit: NTD thousand (unless stated otherwise)

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

Name of investee	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for current period		Accumulated investment amount remitted from Taiwan at the end of the period	Current profit and loss of the invested company	Ownership percentage of direct or indirect investment	Recognized investment gains and losses in the current period (Note 2)	Carrying amount of investment as of December 31, 2025	Accumulated inward remittance of earnings as of December 31, 2025
					Outflow	Inflow						
Best Way Mechantronic Ltd.	Machinery sales and installation, business management consultation, and international trade	78,450 (USD 2,500)	2	\$ 78,262 (USD 2,494)	-	-	\$ 78,262 (USD 2,494)	\$ 1,728	100%	\$ 2,227	\$ 163,838	\$ 482,740 (USD 15,438)
AWEA Mechantronic (Suzhou) Ltd.	Machinery sales, manufacturing and installation, and international trade	357,732 (USD 11,400)	2	326,352 (USD 10,400)	-	-	326,352 (USD 10,400)	(13,834)	100%	(13,834)	555,606	362,099 (USD 4,706) (CNY 49,580)
Extron Machinery Co., Ltd.	Machinery sales, manufacturing and installation, and international trade	78,764 (USD 2,510)	2	78,764 (USD 2,510)	-	-	78,764 (USD 2,510)	2,571	100%	2,571	201,330	-
Goodway Machine Corporation (Suzhou) Co., Ltd.	Machinery sales and installation and international trade	34,518 (USD 1,100)	2	34,518 (USD 1,100)	-	-	34,518 (USD 1,100)	(62)	100%	(62)	61,422	258,380 (CNY 59,599)
Goodway Machine Corporation (Wujiang) Co., Ltd.	Machinery sales and installation, international trade	251,040 (USD 8,000)	2	251,040 (USD 8,000)	-	-	251,040 (USD 8,000)	3,784	100%	3,784	585,245	325,148 (CNY 75,000)

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2. Limit on investments in Mainland China:

Investor Company	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period (Note 3)	Investment amounts authorized by Investment Review Committee, MOEA (Note 3)	Limit on investments in Mainland China imposed by the Investment Review Committee, MOEA Net value x 60%
Goodway Machine Corporation	\$ 285,558 (USD 9,100)	\$ 285,558 (USD 9,100)	\$ 3,393,202
AWEA Mechantronic Co., Ltd.	404,614 (USD 12,894)	436,182 (USD 13,900)	1,915,521
Yih Chuan Machinery Industry Co., Ltd.	78,764 (USD 2,510)	78,764 (USD 2,510)	133,497

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

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

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

Note 3: The NTD amount is translated by the exchange rate on the balance sheet date (the recognized profits and losses are translated by the average exchange rate).

Note 4: Significant direct or indirect transactions through a third region business with the investee in the Mainland China: please refer to Table 4 for details.

14. Segment Information

(1) General information

Reportable segments of the Group refer to strategic business units that offer different products. Since a strategic business unit requires different technology and marketing strategies, and the Group's principal operating decision maker i.e. the Board of Directors relies on the profit and loss of each operating unit as the basis for evaluating the performance of the unit and determining the allocation of resources, therefore, they shall be managed separately.

The Group has two reportable segments, the CNC Lathe Segment and the Processing Machine Segment, which are mainly engaged in the design, manufacturing and trading of industrial machine tools.

(2) Measurement of segment information

The Group's operating decision makers primarily evaluate the performance of the operating segments based on segment's net income before tax, except for the impact of investment gain or loss, dividend income, gain or loss on disposal of investments, and unrealized gain or loss on financial instruments recognized using the equity method. The investment gain or loss, dividend income, gain or loss on disposal of investments, and unrealized gain or loss on financial instruments recognized using the equity method are managed on a group basis and are not apportioned to the operating segments. In addition, because the Group does not include assets and liabilities in its report on operating decisions, the measurement amount of assets and liabilities of the operating segments is zero. The accounting policies of the operating segment are the same as the summary of significant accounting policies described in Note 4 to the Consolidated Financial Statements.

- (3) Information on segment profit and loss, assets and liabilities, and reportable segment information and regulation provided to key operating decision makers are as follows:

Items	2025			
	CNC lathe segment	Processing machine segment	Adjustment and elimination	Total
Revenue				
Revenue from outside customers	\$ 1,661,010	\$ 2,226,103	\$ -	\$ 3,887,113
Inter-segment revenue	1,047	381,716	(382,763)	-
Total revenue	<u>\$ 1,662,057</u>	<u>\$ 2,607,819</u>	<u>\$ (382,763)</u>	<u>\$ 3,887,113</u>
Segment profit or loss	<u>\$ (525,806)</u>	<u>\$ (150,224)</u>	<u>\$ 63,437</u>	<u>\$ (612,593)</u>
Total assets of segment	<u>\$ 10,563,271</u>	<u>\$ 6,717,444</u>	<u>\$ (3,088,052)</u>	<u>\$ 14,192,663</u>
Total liabilities of segment	<u>\$ 4,237,910</u>	<u>\$ 2,952,712</u>	<u>\$ (201,559)</u>	<u>\$ 6,989,063</u>
Items	2024			
	CNC lathe segment	Processing machine segment	Adjustment and elimination	Total
Revenue				
Revenue from outside customers	\$ 2,186,802	\$ 2,236,120	\$ -	\$ 4,422,922
Inter-segment revenue	635	327,983	(328,618)	-
Total revenue	<u>\$ 2,187,437</u>	<u>\$ 2,564,103</u>	<u>\$ (328,618)</u>	<u>\$ 4,422,922</u>
Segment profit or loss	<u>\$ 1,317,808</u>	<u>\$ 494,289</u>	<u>\$ (255,096)</u>	<u>\$ 1,557,001</u>
Total assets of segment	<u>\$ 10,826,670</u>	<u>\$ 7,258,734</u>	<u>\$ (3,234,167)</u>	<u>\$ 14,851,237</u>
Total liabilities of segment	<u>\$ 3,528,832</u>	<u>\$ 3,071,850</u>	<u>\$ (162,509)</u>	<u>\$ 6,438,173</u>

The Group does not allocate income tax expense (benefit) or non-recurrent gains and losses to reportable segments. In addition, not all reportable segments include significant non-cash items other than depreciation and amortization. The amounts reported are consistent with the reports used by the operating decision maker.

The accounting policies of the operating segments are the same as those described in Note 4 Summary of Significant Accounting Policies. The profit or loss of the Group's operating segments is measured using operating profit or loss before tax, which is also used as the basis for assessing performance. The Group recognizes inter-segment sales and transfers as transactions with third parties and measures them at current market prices.

(4) Information on products and services

Items	2025	2024
Manufacturing of CNC lathes	\$ 1,661,010	\$ 2,186,802
Manufacturing of processing machines	2,226,103	2,236,120
Total	<u>\$ 3,887,113</u>	<u>\$ 4,422,922</u>

(5) Information by regions

Main operating locations of the Group are in Taiwan, Mainland China and the United States, etc. As of December 31, 2025 and 2024, the revenue from continuing operations and information on non-current assets from external customers are presented by region as follows:

A. Revenue from external customers (classified by the country of the customers)

Items	2025	2024
Taiwan	\$ 406,677	\$ 444,446
Mainland China	1,364,051	1,791,111
USA	602,566	572,442
Turkey	317,005	379,728
Italy	62,253	101,077
Other countries	1,134,561	1,134,118
Total	<u>\$ 3,887,113</u>	<u>\$ 4,422,922</u>

B. Non-current assets

Items	December 31, 2025	December 31, 2024
Taiwan	\$ 4,003,102	\$ 3,420,804
Mainland China	745,739	1,153,719
USA	307,277	340,211
Total	<u>\$ 5,056,118</u>	<u>\$ 4,914,734</u>

(6) Major customer information

In 2025 and 2024, there was not the circumstance that the revenue from single customer accounted for above 10% of net consolidated operating income.