

IRON FORCE INDUSTRIAL CO., LTD.
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS'REPORT
DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Iron Force Industrial Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, 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:

Appropriateness of cut-off of warehouse operating revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition. Refer to Note 6(18) for explanation on revenue.

To meet the needs of some customers, the Auto Parts Division of the Group store certain inventories in the customers' distribution warehouses. The warehouse custodians are responsible for checking and accepting as well as custody of the inventories and regularly send the requisition reports to the authorized personnel of the Group for checking inventory quantities. In accordance with the principle of revenue recognition, sales are recognized as revenue when the inventories are requested and used by the customer. The Group recognizes revenue based on the requisition reports provided by the warehouse custodians of the Group and the customers verified by authorized personnel of the Group.

The distribution warehouses are in the United States, Germany and China, contents of requisition reports provided by custodians are different and the process of revenue recognition involves manual verification. Thus, in consideration of the appropriateness of the timing of revenue recognition from warehouse sales, we considered the cut-off of warehouse operating revenue as a key audit matter for this year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. For the above revenue transactions, we obtained an understanding of the sales transactions, amount and terms of mutual agreements, and selected samples and tested the reconciliation of sales records between both parties.
2. Obtained the requisition reports provided by the warehouse custodians during a certain period before and after the balance sheet date and verified the reports against the relevant invoices issued and the sales revenue on the accounting records.
3. Performed confirmation procedures based on the balance of inventory quantities at the end of the year.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements for the years ended December 31, 2025 and 2024.

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 that came into effect 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 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 of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the disclosures, 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 audit. We remain solely responsible for our audit opinion.

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

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

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

Liao, Fu-Ming

Tsai, Bei-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

ASSETS			December 31,2025		December 31,2024	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 759,829	11	\$ 610,285	9
1110	Financial assets at fair value through profit or loss - current	6(2)	271,071	4	284,393	4
1136	Current financial assets at amortized cost	6(3)	79,000	1	400,000	6
1150	Notes receivable, net	6(4)	285	-	-	-
1170	Accounts receivable, net	6(4)	1,243,819	19	1,272,931	18
1200	Other receivables, net	6(5)	48,606	1	207,144	3
130X	Inventories	6(6)	1,239,247	19	1,207,667	18
1410	Prepayments		91,373	1	46,420	1
1470	Other current assets		9,035	-	6,258	-
11XX	Total current assets		3,742,265	56	4,035,098	59
Non-current assets						
1535	Non-current financial assets at amortized cost	6(3)	853,410	13	761,333	11
1600	Property, plant and equipment	6(7) and 8	1,840,709	27	1,829,226	27
1755	Right-of-use assets	6(8)	160,752	2	60,364	1
1780	Intangible assets		24,033	-	34,850	-
1840	Deferred income tax assets	6(21)	31,948	1	45,610	1
1900	Other non-current assets	6(9)	81,855	1	79,868	1
15XX	Total non-current assets		2,992,707	44	2,811,251	41
1XXX	Total assets		\$ 6,734,972	100	\$ 6,846,349	100

(Continued)

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIABILITIES AND EQUITY		Notes	December 31,2025		December 31,2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 172	-	\$ 9,956	-
2130	Current contract liabilities	6(18)	88	-	92	-
2170	Accounts payable		305,875	5	273,188	4
2200	Other payables	6(10)	360,389	5	370,493	5
2230	Current tax liabilities		50,376	1	43,081	1
2280	Current lease liabilities		11,130	-	2,498	-
2320	Long-term liabilities, current portion	6(12)	8,570		6,258	
2399	Other current liabilities		3,875	-	5,550	-
21XX	Total current liabilities		740,475	11	711,116	10
Non-current liabilities						
2530	Corporate bonds payable	6(11)	267,613	4	280,886	4
2540	Long-term borrowings	6(12)	21,903	-	25,529	-
2570	Deferred tax liabilities	6(21)	541,028	8	535,210	8
2580	Non-current lease liabilities		97,957	1	4,783	-
2600	Other non-current liabilities	6(13)	37,478	1	41,251	1
25XX	Total non-current liabilities		965,979	14	887,659	13
2XXX	Total liabilities		1,706,454	25	1,598,775	23
Equity attributable to owners of parent						
	Share capital	6(15)				
3110	Ordinary share		797,797	12	795,313	12
	Capital surplus	6(16)				
3200	Capital surplus		1,199,549	18	1,181,837	17
	Retained earnings	6(17)				
3310	Legal reserve		838,803	12	765,168	11
3320	Special reserve		211,041	3	331,725	5
3350	Unappropriated retained earnings		2,130,095	32	2,384,572	35
	Other equity interest					
3400	Other equity interest		(148,767)	(2)	(211,041)	(3)
3XXX	Total equity		5,028,518	75	5,247,574	77
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 6,734,972	100	\$ 6,846,349	100

The accompanying notes are an integral part of these consolidated financial statements.

IRON FORCE INDUSTRIAL CO., LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Notes	2025		2024	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18)	\$ 4,954,066	100	\$ 5,041,489	100
5000 Operating costs	6(6)(19)	(3,785,117)	(76)	(3,792,915)	(75)
5900 Gross profit from operations		<u>1,168,949</u>	<u>24</u>	<u>1,248,574</u>	<u>25</u>
Operating expenses	6(19)				
6100 Selling expenses		(146,944)	(3)	(155,954)	(3)
6200 General & administrative expenses		(420,942)	(9)	(414,345)	(9)
6300 Research and development expenses		(149,783)	(3)	(153,525)	(3)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	<u>2,534</u>	<u>-</u>	<u>2,775</u>	<u>-</u>
6000 Total operating expenses		(715,135)	(15)	(721,049)	(15)
6900 Net operating income		<u>453,814</u>	<u>9</u>	<u>527,525</u>	<u>10</u>
Non-operating income and expenses					
7100 Interest income	6(3)	36,657	1	41,983	1
7010 Other income	7	336	-	336	-
7020 Other gains and losses	6(2)(5)				
	(20)	121,125	2	266,537	5
7050 Finance costs	6(8)(12)	(10,922)	-	(13,608)	-
7000 Total non-operating income and expenses		<u>147,196</u>	<u>3</u>	<u>295,248</u>	<u>6</u>
7900 Profit before tax		601,010	12	822,773	16
7950 Income tax expense	6(21)	(183,011)	(3)	(91,747)	(2)
8200 Profit for the period		<u>\$ 417,999</u>	<u>9</u>	<u>\$ 731,026</u>	<u>14</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss					
8311 (Losses) gains on remeasurements of defined benefit plan	6(13)	(\$ 4,679)	-	\$ 6,651	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	936	-	(1,330)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		77,843	1	150,854	3
8399 Income tax relating to the components of other comprehensive income	6(21)	(15,569)	-	(30,170)	-
8300 Other comprehensive income, net		<u>\$ 58,531</u>	<u>1</u>	<u>\$ 126,005</u>	<u>3</u>
8500 Total comprehensive income for the period		<u>\$ 476,530</u>	<u>10</u>	<u>\$ 857,031</u>	<u>17</u>
Profit, attributable to					
8610 Owners of the parent		<u>\$ 417,999</u>	<u>9</u>	<u>\$ 731,026</u>	<u>14</u>
Comprehensive income attributable to					
8710 Owners of the parent		<u>\$ 476,530</u>	<u>10</u>	<u>\$ 857,031</u>	<u>17</u>
Earnings per share (in dollars)	6(22)				
9750 Basic earnings per share		<u>\$ 5.25</u>		<u>\$ 9.51</u>	
9850 Diluted earnings per share		<u>\$ 5.09</u>		<u>\$ 9.40</u>	

The accompanying notes are an integral part of these consolidated financial statements.

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings			Exchange differences on translation of foreign financial statements	
	Notes	Ordinary share	Total capital surplus, additional paid-in capita	Legal reserve	Special reserve	Unappropriated retained earnings		Total equity
Years ended December 31, 2024								
Balance at January 1, 2024		\$ 757,803	\$ 813,473	\$ 714,295	\$ 325,899	\$ 2,083,825	(\$ 331,725)	\$ 4,363,570
Profit for the year		-	-	-	-	731,026	-	731,026
Other comprehensive loss for the year		-	-	-	-	5,321	120,684	126,005
Total comprehensive income		-	-	-	-	736,347	120,684	857,031
Appropriations of 2023 earnings:	6(15)							
Legal reserve		-	-	50,873	-	(50,873)	-	-
Special reserve		-	-	-	5,826	(5,826)	-	-
Cash dividends		-	-	-	-	(378,901)	-	(378,901)
Cash Capital Increase	6(13)	37,500	291,400	-	-	-	-	328,900
Share-based payments	6(12)	-	16,909	-	-	-	-	16,909
Equity Component of Convertible Bonds	6(10)	-	59,973	-	-	-	-	59,973
Conversion of convertible bonds to shares	6(10)(13)	10	82	-	-	-	-	92
Balance at December 31, 2024		\$ 795,313	\$ 1,181,837	\$ 765,168	\$ 331,725	\$ 2,384,572	(\$ 211,041)	\$ 5,247,574
Years ended December 31, 2025								
Balance at January 1, 2025		\$ 795,313	\$ 1,181,837	\$ 765,168	\$ 331,725	\$ 2,384,572	(\$ 211,041)	\$ 5,247,574
Profit for the year		-	-	-	-	417,999	-	417,999
Other comprehensive loss for the year		-	-	-	-	(3,743)	62,274	58,531
Total comprehensive income		-	-	-	-	414,256	62,274	476,530
Appropriations of 2024 earnings:	6(15)							
Legal reserve		-	-	73,635	-	(73,635)	-	-
Special reserve		-	-	-	(120,684)	120,684	-	-
Cash dividends		-	-	-	-	(715,782)	-	(715,782)
Conversion of convertible bonds to shares	6(10)(13)	2,484	17,712	-	-	-	-	20,196
Balance at December 31, 2025		\$ 797,797	\$ 1,199,549	\$ 838,803	\$ 211,041	\$ 2,130,095	(\$ 148,767)	\$ 5,028,518

The accompanying notes are an integral part of these consolidated financial statements.

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 601,010	\$ 822,773
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(19)	185,641	189,691
Amortization	6(19)	16,194	18,736
Reversal of impairment loss	12(2)	(2,534)	(2,775)
Net gain on financial assets at fair value through profit or loss	6(2)(20)	(13,604)	(27,245)
Interest expense		10,922	13,608
Interest income		(36,657)	(41,983)
Share-based compensation cost	6(14)	-	16,909
Gain on disposal of property, plant and equipment	6(20)	(38)	(902)
Income on disposal of assets held for sale	6(20)	-	(134,059)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		26,926	7,924
Notes receivable	(	285)	11
Accounts receivable		31,646	(29,058)
Other receivables		13,340	(16,745)
Inventories	(	31,580)	(203,722)
Prepayments	(	44,953)	714
Other current assets	(	2,797)	1,894
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss	(	9,784)	2,356
Current contract liabilities	(	4)	(1,961)
Accounts payable		32,687	(36,550)
Other payables		21,786	13,367
Other current liabilities	(	49)	(684)
Other non-current liabilities	(	6,023)	(179)
Cash inflow generated from operations		791,844	592,120
Interest received		18,485	41,983
Income tax paid	(	170,849)	(148,271)
Interest paid	(	3,999)	(11,174)
Net cash flows from operating activities		635,481	474,658
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		-	(1,161,333)
Proceeds from disposal of financial assets at amortized cost		233,960	-
Acquisition of property, plant and equipment	6(23)	(169,575)	(144,587)
Proceeds from disposal of property, plant and equipment		3,098	6,502
Acquisition of intangible assets	(	7,643)	-
Proceeds from disposal of assets held for sale		163,370	39,115
Decrease in guaranteed deposits received		583	-
Increase in other non-current asset	(	11,706)	(17,705)
Net cash flows from (used in) investing activities		212,087	(1,278,008)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loan	6(24)	-	(382,000)
Issuance of convertible bonds	6(24)	-	338,371
Repayments of long-term debt	6(24)	(7,663)	(6,259)
Payments of lease liabilities	6(24)	(5,590)	(2,453)
Cash capital increase	6(15)	-	328,900
Payments of cash dividends	6(17)	(715,782)	(378,901)
Net cash flows (used in) from financing activities	(	729,035)	(102,342)
Effect of exchange rate changes on cash and cash equivalents		31,011	109,442
Net increase (decrease) in cash and cash equivalents		149,544	(796,250)
Cash and cash equivalents at beginning of period		610,285	1,406,535
Cash and cash equivalents at end of period		\$ 759,829	\$ 610,285

The accompanying notes are an integral part of these consolidated financial statements.

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Iron Force Industrial Co., Ltd. (the “Company”) was incorporated in April 1977 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and listed on the Taiwan Stock Exchange on November 25, 2013. The Company is primarily engaged in manufacturing and trading of airbag inflators for automotive safety systems and high precision metal tubes for seatbelt retractor/pre-tensioner systems, and trading of display fixtures and other metal parts.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on February 26, 2026.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of 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
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following which is to be assessed, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-

defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group 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 (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2025	December 31, 2024	
The Company	Transtat Investment Ltd. (Transtat)	Holding company	100%	100%	-
The Company	Cortec GmbH	Sales of hangers and display fixtures	100%	100%	-
The Company	Iron Force Poland Sp. z o.o.	Producing and sales of automotive safety components	100%	100%	-
Transtat	Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of hangers and display fixtures	100%	100%	-
Transtat	Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers and display fixtures	100%	100%	-
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Producing and sales of hangers and display fixtures	100%	100%	-
Cortec GmbH	Cortec Verwaltungs GmbH	Management consulting company	100%	100%	-

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. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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 NTD, which is the parent company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and

liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its

classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which 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 in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) Financial assets at amortized cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortized cost including accounts receivable, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs..

(11) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual right to receive the cash flows from the financial expire.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the

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

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. 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.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. 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:

Buildings and structures	20~56 years
Machinery and equipment	2~10 years
Office equipment	5~10 years
Others	3~20 years

(14) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(15) Intangible assets

- A. Computer software
Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1~3 years.
- B. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) 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 the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized

in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(20) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognized initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on the balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either

discharged or cancelled or expires.

(22) Non-hedging derivatives

- A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group

recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation, and those amounts can be reliably estimated. Any difference between the resolved amounts at the shareholders' meeting and the subsequent actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution

(24) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- B. The grant date is the date on which the Group notifies employees and both parties agree on the subscription quantity and price.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the

consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

- A. The Group manufactures and sells automotive safety components, display fixtures and other metal parts. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from sales of automotive safety components, display fixtures and other metal parts is recognized based on the price specified in the contract, net of sales returns, volume discounts and sales discounts. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or services and the payment of customer does not

exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical judgements in applying the Group's accounting policies

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Petty cash and cash on hand	\$ 290	\$ 272
Checking accounts and demand deposits	385,030	335,405
Time deposits	194,367	238,014
Short-term notes and bills	180,142	36,594
	<u>\$ 759,829</u>	<u>\$ 610,285</u>

- A. Time deposits and short-term notes and bills on December 31, 2025 and 2024 were listed as highly liquid investments expiring within three months and the annual interest rates ranged from 1.39%~2.10% and 1.38%~4.93%, respectively.
- B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets/ liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 175,264	\$ 129,037
Unlisted stocks	12,000	12,000
Forward foreign exchange contracts	95,110	-
Derivative Instruments - redemption rights of convertible bonds	210	210
Structured deposits	-	154,506
Valuation adjustment	(11,513)	(11,360)
	<u>\$ 271,071</u>	<u>\$ 284,393</u>
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	\$ 172	\$ 9,956

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

	Years ended December 31	
	2025	2024
Financial assets / liabilities mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ -	(\$ 528)
Forward foreign exchange contracts	9,374	22,220
Structured deposits	1,160	3,970
Beneficiary certificates	2,673	1,493
Derivative Instruments - redemption rights of convertible bonds	397	90
	<u>\$ 13,604</u>	<u>\$ 27,245</u>

- B. Details of the transactions and contract information in respect of the Group's derivative financial assets / liabilities which were not accounted for under hedge accounting are as follows:

Financial instruments	December 31, 2025	
	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2025/07/28~2026/07/30
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2025/07/28~2026/07/30
Forward foreign exchange contracts - pre-purchase	RMB 80,000,000	2025/07/28~2026/07/30
Forward foreign exchange contracts - pre-sale	USD 150,000	2025/09/30~2026/01/13

Financial instruments	December 31, 2024	
	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-purchase	RMB 100,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-purchase	RMB 65,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-sale	USD 910,000	2024/11/22~2025/01/24
Forward foreign exchange contracts - pre-sale	USD 767,000	2024/12/13~2025/02/26
Forward foreign exchange contracts - pre-sale	USD 1,800,000	2024/11/22~2025/01/24
Forward foreign exchange contracts - pre-sale	USD 2,000,000	2024/12/13~2025/03/14
Forward foreign exchange contracts - pre-sale	USD 2,200,000	2024/12/13~2025/04/14
Structured deposits	RMB 30,000,000	2024/10/18~2025/01/21
Structured deposits	RMB 4,500,000	2024/10/21~2025/01/21

The Group entered into forward foreign exchange contracts to buy/sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets / liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortized cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits with original maturity of more than three months	\$ 79,000	\$ 400,000
Non-current items:		
Time deposits maturing over a year	\$ 853,410	\$ 761,333

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31	
	2025	2024
Interest income	\$ 21,481	\$ 9,379

B. Without considering collateral held or other credit enhancement, the amounts most represent the maximum exposure to credit risk of financial assets at amortized cost as of December 31, 2025 and 2024 amounted to \$932,410 and \$1,161,333, respectively.

C. As the counterparties of the time deposits invested by the Group are financial institutions with good credit quality, the possibility of default is expected to be very low.

(4) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 285	\$ -
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 285</u>	<u>\$ -</u>

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 1,247,469	\$ 1,279,115
Less: Allowance for uncollectible accounts	(3,650)	(6,184)
	<u>\$ 1,243,819</u>	<u>\$ 1,272,931</u>

A. The ageing analysis of notes and accounts receivables is as follows:

	December 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,152,388	\$ 285	\$ 1,150,336	\$ -
Up to 30 days	84,081	-	110,170	-
31 to 90 days	10,599	-	18,364	-
91 to 180 days	-	-	229	-
Over 181 days	401	-	16	-
	<u>\$ 1,247,469</u>	<u>\$ 285</u>	<u>\$ 1,279,115</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025, December 31, 2024 and January 1, 2024, the balances of accounts receivable from contracts with customers amounted to \$1,247,754, \$1,279,115, and \$1,250,057, respectively.

C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Other account receivables

	December 31, 2025	December 31, 2024
Payments for plant expropriation receivables	\$ -	\$ 164,423
Others	48,606	42,721
	<u>\$ 48,606</u>	<u>\$ 207,144</u>

The sub-subsidiary, Zhejiang Iron Force has approved by the board of directors on September 14, 2024 to sell part of the land use right in Huzhou City amounting to \$4,603, buildings and structures amounting to \$61,665, and other equipment amounting to \$2,260, in cooperating with the government's policy-based relocation. The vacant transfer of buildings has been completed in December 2024, and gains on disposal of non-current assets held for sale amounting to \$134,059 were recognized. The amount of the expropriation compensation agreement signed between Zhejiang Iron Force and the government is RMB 45,356 thousand. As of December 31, 2025, the Group has collected all the payments

(6) Inventories

December 31, 2025			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 486,374	(\$ 23,046)	\$ 463,328
Work in progress	87,829	(6,888)	80,941
Finished goods	626,762	(16,772)	609,990
Merchandise	98,712	(13,724)	84,988
	<u>\$ 1,299,677</u>	<u>(\$ 60,430)</u>	<u>\$ 1,239,247</u>
December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 449,867	(\$ 12,190)	\$ 437,677
Work in progress	85,324	(5,767)	79,557
Finished goods	644,763	(20,257)	624,506
Merchandise	81,818	(15,891)	65,927
	<u>\$ 1,261,772</u>	<u>(\$ 54,105)</u>	<u>\$ 1,207,667</u>

The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2025	2024
Cost of goods sold	\$ 3,778,792	\$ 3,793,745
loss on (gain on reversal of) decline in market value (Note)	6,325	(830)
	<u>\$ 3,785,117</u>	<u>\$ 3,792,915</u>

Note: For the years ended December 31,2024, the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because eliminating a part of the inventories had been declined in market value.

(7) Property, plant and equipment

2025							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Consturction in progress	Total
<u>January 1</u>							
Cost	\$ 149,895	\$ 1,305,426	\$ 1,704,414	\$ 88,402	\$ 72,659	\$ 124,459	\$ 3,445,255
Accumulated depreciation		(375,113)	(1,116,275)	(68,433)	(50,953)	-	(1,610,774)
Accumulated impairment	-	-	(5,255)	-	-	-	(5,255)
	<u>\$ 149,895</u>	<u>\$ 930,313</u>	<u>\$ 582,884</u>	<u>\$ 19,969</u>	<u>\$ 21,706</u>	<u>\$ 124,459</u>	<u>\$ 1,829,226</u>
January 1	\$ 149,895	\$ 930,313	\$ 582,884	\$ 19,969	\$ 21,706	\$ 124,459	\$ 1,829,226
Additions	-	4,984	90,345	9,854	12,363	28,957	146,503
Disposals	- (53)	(2,901)	(61)	(45)	-	(3,060)	-
Reclassifications	-	99	78,991	392	4,108	(83,590)	-
Depreciation expenses	-	(35,661)	(129,202)	(6,433)	(6,663)	-	(177,959)
Net exchange diffences	5,155	21,571	11,773	960	1,882	4,658	45,999
December 31	<u>\$ 155,050</u>	<u>\$ 921,253</u>	<u>\$ 631,890</u>	<u>\$ 24,681</u>	<u>\$ 33,351</u>	<u>\$ 74,484</u>	<u>\$ 1,840,709</u>
<u>December 31</u>							
Cost	\$ 155,050	\$ 1,340,125	\$ 1,855,327	\$ 100,061	\$ 84,978	\$ 74,484	\$ 3,610,025
Accumulated depreciation	-	(418,872)	(1,218,167)	(75,380)	(51,627)	-	(1,764,046)
Accumulated impairment	-	-	(5,270)	-	-	-	(5,270)
	<u>\$ 155,050</u>	<u>\$ 921,253</u>	<u>\$ 631,890</u>	<u>\$ 24,681</u>	<u>\$ 33,351</u>	<u>\$ 74,484</u>	<u>\$ 1,840,709</u>
2024							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Consturction in progress	Total
<u>January 1</u>							
Cost	\$ 149,166	\$ 1,377,820	\$ 1,642,159	\$ 102,037	\$ 58,883	\$ 71,944	\$ 3,402,009
Accumulated depreciation	-	(398,422)	(1,018,627)	(80,641)	(42,326)	-	(1,540,016)
Accumulated impairment	-	-	(9,170)	-	-	-	(9,170)
	<u>\$ 149,166</u>	<u>\$ 979,398</u>	<u>\$ 614,362</u>	<u>\$ 21,396</u>	<u>\$ 16,557</u>	<u>\$ 71,944</u>	<u>\$ 1,852,823</u>
January 1	\$ 149,166	\$ 979,398	\$ 614,362	\$ 21,396	\$ 16,557	\$ 71,944	\$ 1,852,823
Additions	-	7,805	65,381	5,100	6,583	106,525	191,394
Disposals (Note)	- (61,665)	(3,618)	(2,217)	(419)	(1,606)	(69,525)	-
Reclassifications	-	16,887	27,688	523	8,714	(53,838)	(26)
Depreciation expenses	-	(37,579)	(134,162)	(5,208)	(8,718)	-	(185,667)
Net exchange diffences	729	25,467	13,233	375	(1,011)	1,434	40,227
December 31	<u>\$ 149,895</u>	<u>\$ 930,313</u>	<u>\$ 582,884</u>	<u>\$ 19,969</u>	<u>\$ 21,706</u>	<u>\$ 124,459</u>	<u>\$ 1,829,226</u>
<u>December 31</u>							
Cost	\$ 149,895	\$ 1,305,426	\$ 1,704,414	\$ 88,402	\$ 72,659	\$ 124,459	\$ 3,445,255
Accumulated depreciation	-	(375,113)	(1,116,275)	(68,433)	(50,953)	-	(1,610,774)
Accumulated impairment	-	-	(5,255)	-	-	-	(5,255)
	<u>\$ 149,895</u>	<u>\$ 930,313</u>	<u>\$ 582,884</u>	<u>\$ 19,969</u>	<u>\$ 21,706</u>	<u>\$ 124,459</u>	<u>\$ 1,829,226</u>

Note :The primary reason is the reclassification of part of the factory buildings and equipment of the subsidiary Zhejiang Iron Force to non-current assets held for sale due to expropriation. Please refer to Note 6(5) for details.

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Lease agreements – lessee

A. The Group's leases include land, building, transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 50 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.

B. The carrying amount of the right-of-use assets and the depreciation expense recognized were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 51,826	\$ 53,083
Buildings	102,883	-
Transportation equipment (Company vehicles)	5,884	7,029
Office equipment (Photocopies)	159	252
	<u>\$ 160,752</u>	<u>\$ 60,364</u>

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 1,369	\$ 1,534
Buildings	3,548	-
Transportation equipment (Business vehicles)	2,657	2,384
Office equipment (Photocopies)	108	106
	<u>\$ 7,682</u>	<u>\$ 4,024</u>

C. The additions to right-of-use assets for the years ended December 31, 2025 and 2024 were \$107,806 and \$5,576, respectively

D. The information of the profits and loss items that are related to lease contracts is as follows:

	Years ended December 31	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,132	\$ 102
Expense on short-term lease contracts	5,151	3,778
Expense on leases of low-value assets	185	187

E. The Group's total lease cash outflows were \$12,058 and \$6,520 for the years ended December 31, 2025 and 2024, respectively.

(9) Other non-current assets

	December 31, 2025	December 31, 2024
Prepaid equipment	\$ 59,411	\$ 68,083
Others	22,444	11,785
	<u>\$ 81,855</u>	<u>\$ 79,868</u>

(10) Other payables

	December 31, 2025	December 31, 2024
Wages and salaries payable	\$ 187,980	\$ 180,805
Processing fees payable	22,973	23,456
Payable on machinery and equipment	12,212	43,956
Import / export expenses payable	4,037	6,245
Others	133,187	116,031
	<u>\$ 360,389</u>	<u>\$ 370,493</u>

(11) Bonds payable

	December 31, 2025	December 31, 2024
Bonds payable	\$ 278,700	\$ 299,900
Less: Discount on bonds payable	(11,087)	(19,014)
	<u>\$ 267,613</u>	<u>\$ 280,886</u>

A. The terms of issuance of the third domestic convertible bonds are as follows:

- (a) The total issuance amount is \$300,000, with coupon rate of 0%, and the issuance period of 3 years. The period of circulation is from August 29, 2024 to August 29, 2027. The Group shall repay in cash one lump sum according to the par value of the convertible bonds at maturity. The convertible bonds have been listed for trading in TPEx since August 29, 2024.

- (b) From the day following the three-month period after the issuance of the convertible bonds to maturity, the bond holders may request the conversion of the convertible bonds into the Group's ordinary shares at any time, except the book closure period of the ordinary shares according to law and regulations. The rights and obligations of ordinary shares after conversion are the same as those of the originally issued ordinary shares.
 - (c) The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in the Regulation. The conversion price will be adjusted in accordance with the pricing model stipulated in the Regulation, if the conditions stipulated in the anti-dilutive terms occur. The conversion price is re-determined by the pricing model stipulated in the Regulation on the base date stipulated in the Regulation. Thus, the conversion price has been adjusted from NT\$94.5 per share to NT\$85.36 per share since July 14, 2025.
 - (d) From the day following the three-month period after the issuance of the convertible bonds to 40 days before the expiry of the issuance period, when the closing price of the Group's ordinary shares exceeds the current conversion price by 30% for 30 consecutive business days, or from the day following the three-month period after the issuance of the convertible bonds to 40 days before the expiry of the issuance period, when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Group may redeem all of the bonds in cash one lump sum according to the par value of the convertible bonds at any time afterwards.
 - (e) In accordance with the Regulation, all the convertible bonds collected (including those bought back from the TPEx), repaid or converted will be cancelled, and may not be resold or issued. The attached conversion rights are expired accordingly.
- B. In issuance of the convertible bonds, according to IAS 32 "Financial Instruments: Presentation," the Group separated the conversion right with equity nature from the liability components, and recognized "capital surplus – stock options" amounting to \$59,973. In accordance with IFRS 9 "Financial Instruments," as the economic characteristics and risks of the embedded redemption rights and put options are not closely related to the economic characteristics and risks of the host contract, they are separated from the host, and recognized as "financial assets or liabilities at fair value through profit or loss" by the net amount. After separation, the effective interest rate of the host is 2.50%.
- C. As of December 31, 2025, \$21,300 of the par value of the convertible bonds has been converted into 250 thousand ordinary shares.

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Installment loans				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, principal is repayable in monthly installments	0.69%~2.10%	Note 8	\$ 22,885
Secured borrowings	Borrowing period is from April 6, 2023 to March 1, 2029, principal is repayable in monthly installments	3.96%	Note 8	7,588
				30,473
Less: Current portion				(8,570)
				\$ 21,903

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Installment loans				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, principal is repayable in monthly installments	0.69%~0.80%	Note 8	\$ 22,772
Secured borrowings	Borrowing period is from April 6, 2023 to March 1, 2029, principal is repayable in monthly installments	3.96%	Note 8	9,015
				31,787
Less: Current portion				(6,258)
				\$ 25,529

Interest expenses recognized in profit or loss for the years ended December 31, 2025 and 2024 amounted to \$583 and \$731, respectively.

(13) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3.5% of the employees' monthly salaries and wages to the retirement fund deposited with

Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 66,090	\$ 60,468
Fair value of plan assets	(36,596)	(30,220)
Net defined benefit liability (shown as 'other non-current liabilities')	<u>\$ 29,494</u>	<u>\$ 30,248</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2025			
Balance at January 1	\$ 60,468	(\$ 30,220)	\$ 30,248
Current service cost	686	-	686
Interest expense (income)	1,010	(505)	505
	<u>62,164</u>	<u>(30,725)</u>	<u>31,439</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,943)	(1,943)
Change in financial assumptions	6,525	-	6,525
Experience adjustments	97	-	97
	<u>6,622</u>	<u>(1,943)</u>	<u>4,679</u>
Pension fund contribution	-	(6,624)	(6,624)
Payment of pension fund	(2,696)	2,696	-
Balance at December 31	<u>\$ 66,090</u>	<u>(\$ 36,596)</u>	<u>\$ 29,494</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2024			
Balance at January 1	\$ 57,027	(\$ 21,510)	\$ 35,517
Current service cost	136	-	136
Interest expense (income)	707	(267)	440
Prior service cost	<u>7,262</u>	<u>-</u>	<u>7,262</u>
	<u>65,132</u>	<u>(21,777)</u>	<u>43,355</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,987)	(1,987)
Change in financial assumptions	(6,040)	-	(6,040)
Experience adjustments	<u>1,376</u>	<u>-</u>	<u>1,376</u>
	<u>(4,664)</u>	<u>(1,987)</u>	<u>(6,651)</u>
Pension fund contribution	<u>-</u>	<u>(6,456)</u>	<u>(6,456)</u>
Balance at December 31	<u>\$ 60,468</u>	<u>(\$ 30,220)</u>	<u>\$ 30,248</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31	
	2025	2024
Discount rate	1.45%	1.67%
Future salary increases	1.45%	2.69%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 3,952)	\$ 4,358	\$ 4,254	(\$ 3,901)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 3,486)	\$ 3,846	\$ 3,787	(\$ 3,469)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the years ending December 31, 2026 amount to \$200.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 13 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	42,982
1-2 year(s)		1,504
2-5 years		4,711
Over 5 years		15,133
	\$	64,330

B. (a) Effective July 1, 2005, the Company has 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. Under the New Plan, the Company contributes monthly an amount based on not lower than 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) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations

(c) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$45,590 and \$42,172, respectively.

(14) Share-based payment

A. As of December 31, 2024, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2024.09.06	<u>563 in thousand</u>	NA	Vested immediately

Among the share-based payment arrangements above are settled by equity.

B. The fair value of stock options is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2024.09.06	118	88	41.78%	0.07 year	-	1.02%	\$ 30.06

C. Expenses incurred on share-based payment transactions are shown below:

	December 31	
	2025	2024
Equity-settled	<u>\$ -</u>	<u>\$ 16,909</u>

D. There was no this kind of condition as of December 31, 2025.

(15) Share capital

A. As of December 31, 2025, the Company’s authorized capital was \$1,300,000, consisting of 130,000 thousand shares of ordinary stock, and the paid-in capital was \$797,797 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company’s ordinary shares outstanding are as follows:

	<u>2025 (thousand shares)</u>	<u>2024 (thousand shares)</u>
At January 1	79,531	75,780
Cash capital increase	-	3,750
Convertible bonds	249	1
At December 31	<u>79,780</u>	<u>79,531</u>

- C. On August 27, 2024, the Board of Directors resolved to conduct a cash capital increase through the issuance of 3,750 thousand new common shares, each with a par value of NT\$10. The record date for the capital increase was set as October 7, 2024, and the issue price was NT\$88 per share. The Company has received full payment totaling NT\$330,000, and the registration of the newly issued shares has been completed. The underwriting fee of NT\$1,100 incurred in connection with this capital increase was recognized as a deduction from capital surplus – share premium, as it represents a necessary issuance cost.
- D. As of December 31, 2025 and 2024, the Company has converted \$21,200 and \$100 of par value of the convertible bonds into 249 and 1 thousand ordinary shares, and the register of changes has been completed.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks 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 R.O.C. 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Dividends distribution is resolved by the shareholders based on current year's profit and capital position.
- C. 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.

- D. The appropriations of 2024 and 2023 earnings as resolved at the shareholders' meeting on May 29, 2025 and on June 21, 2024 are as follows:

	Years ended December 31			
	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 73,635		\$ 50,873	
Special reserve	(120,684)		5,826	
Cash dividends	715,782	\$ 9.00	378,901	\$ 5.00
	<u>\$ 668,733</u>		<u>\$ 435,600</u>	

- D. Events after the balance sheet date:

The appropriations of earnings for the years ended December 31, 2025 as proposed by the Board of Directors on February 26, 2026 is as follows

	Years ended December 31, 2025	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 41,426	
Special reserve	(62,274)	
Cash dividends	359,009	\$ 4.50
	<u>\$ 338,161</u>	

(18) Operating revenue

	Years ended December 31	
	2025	2024
Revenue from contracts with customers	<u>\$ 4,954,066</u>	<u>\$ 5,041,489</u>

A. Disaggregation of revenue from contracts with customers

2025	Production area			
	Taiwan	China	Europe	Total
Sales area				
America	\$ 933,647	\$ 588,559	\$ -	\$ 1,522,206
China	507,868	876,778	-	1,384,646
Asia (Except China)	121,104	376,602	-	497,706
Europe	444,244	305,089	800,175	1,549,508
	<u>\$ 2,006,863</u>	<u>\$ 2,147,028</u>	<u>\$ 800,175</u>	<u>\$ 4,954,066</u>
2024	Production area			
	Taiwan	China	Europe	Total
Sales area				
America	\$ 1,081,289	\$ 660,892	\$ -	\$ 1,742,181
China	332,256	980,908	-	1,313,164
Asia (Except China)	90,598	355,908	-	446,506
Europe	475,399	383,944	680,295	1,539,638
	<u>\$ 1,979,542</u>	<u>\$ 2,381,652</u>	<u>\$ 680,295</u>	<u>\$ 5,041,489</u>

B. Contract liabilities

- (a) The Group has recognized the following contract liabilities of revenue from contracts with customers as a result of advance sales receipts:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities	<u>\$ 88</u>	<u>\$ 92</u>	<u>\$ 2,053</u>

- (b) The contract liabilities at the beginning of the period which were recognized in revenue for the years ended December 31, 2025 and 2024 amounted to \$92 and \$2,053, respectively.

(19) Expenses by nature

	Years ended December 31,2025		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 724,647	\$ 312,091	\$ 1,036,738
Labour and health insurance fees	67,572	31,101	98,673
Pension costs	31,580	15,201	46,781
Other personnel expenses	30,855	17,027	47,882
Depreciation charge	160,616	25,025	185,641
Amortization charge	407	15,787	16,194
Years ended December 31,2024			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 758,175	\$ 307,050	\$ 1,065,225
Labour and health insurance fees	62,537	29,224	91,761
Pension costs	28,813	21,197	50,010
Other personnel expenses	32,545	22,084	54,629
Share-based payment	-	16,909	16,909
Depreciation charge	164,354	25,337	189,691
Amortization charge	536	18,200	18,736

- A. In accordance with the Articles of Incorporation of the Company, if the Company has distributable profit of the current year, the Company shall distribute at not lower than 0.5% as employees' compensation in the form of shares or in cash and not lower than 0.5% as basic employees' compensation in the form of adjusted the salaries or in cash as resolved by the Board of Directors. The Company shall distribute directors' remuneration at no more than 5% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders during their meeting.
- B. For the years ended December 31, 2025 and 2024, employees' compensation and directors' remuneration were accrued as follows:

	Years ended December 31	
	2025	2024
Directors' remuneration	\$ 3,000	\$ 1,800
Employees' compensation	5,209	9,989
	<u>\$ 8,209</u>	<u>\$ 11,789</u>

The aforementioned amounts were recognized in salary expenses and were accrued based on the distributable profit for the years ended December 31, 2025 and the Company's Articles of Incorporation.

- C. The directors' remuneration and employees' compensation for 2025 as resolved by the Board of Directors on February 26, 2026 amounted to \$2,817 and \$3,100, respectively. The differences between the amounts resolved by the Board of Directors and the directors' remuneration of \$3,000 and employees' compensation of \$5,209 recognized in the 2025 financial statements were regarded as changes in accounting estimates and recognized in profit or loss for 2026.
- D. The directors' remuneration and employees' compensation for 2024 as resolved by the shareholders meeting on May 29, 2025 amounted to \$4,087 and \$4,300, respectively. The differences between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,800 and employees' compensation of \$9,989 recognized in the 2024 financial statements were regarded as changes in accounting estimates and recognized in profit or loss for 2025.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Other gains or losses

	Years ended December 31	
	2025	2024
Net currency exchange gains (losses)	\$ 36,902	\$ 9,287
Gains on financial instruments at fair value through profit or loss	13,604	27,245
Governments grants (Note 1)	7,638	16,873
(Losses) gains on disposals of property, plant and equipment	38	902
Gains on disposals of non-current assets held for sale (Note 2)	-	134,059
Miscellaneous income (disbursements)	62,943	78,171
	<u>\$ 121,125</u>	<u>\$ 266,537</u>

Note 1: Governments grants mainly refer to the grants of the China government for economic investment and research and development investment.

Note 2: Gain from dispose of the plant in Zhejiang Iron Force Metal Products Co., Ltd. due to the relocation under government policy.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 173,488	\$ 106,606
Tax on undistributed earnings	3,380	3,656
Prior year income tax (over) under estimation	1,296	5,071
Total current tax	178,164	115,333
Deferred tax:		
Origination and reversal of temporary differences	4,847	(23,586)
Income tax expense	\$ 183,011	\$ 91,747

(b) The income tax credit/(charge) relating to components of other comprehensive income is as follows:

	Years ended December 31	
	2025	2024
Currency translation differences	\$ 15,569	\$ 30,170
Remeasurement of defined benefit asset	(936)	1,330

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2025	2024
Tax calculated base on profit before tax and statutory tax rate	\$ 177,153	\$ 208,227
Tax effects disallowed by tax regulation	1,451	632
Tax exempt income by tax regulation	(315)	(94)
Tax on undistributed earnings	3,380	3,656
Change on assessment of realisation of deferred tax assets (Note)	-	(126,513)
Temporary differences not recognized as deferred tax assets	46	768
Prior year income tax (over) under estimation	1,296	5,071
Total current tax	<u>\$ 183,011</u>	<u>\$ 91,747</u>

Note: The reversal of deferred income tax liability is primarily attributable to the expectation that the subsidiary, Huzhou Iron Force Metal Products Co., Ltd., will not distribute a portion of its retained earnings.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2025			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
–Deferred tax assets:				
Loss on inventory	\$ 6,779	\$ 818	\$ -	\$ 7,597
Unrealized gain on inter - affiliate accounts	8,338	(866)	-	7,472
Unused compensated absences	2,002	720	-	2,722
Unrealised appropriation of pension expenses	5,977	(1,087)	936	5,826
Impairment allowanced	663	467	-	1,130
Unrealised loss on financial assets	2,448	(2,448)	-	-
Unrealised expenses	-	3,367	-	3,367
Currency translation differences	19,403	-	(15,569)	3,834
Total	<u>45,610</u>	<u>971</u>	<u>(14,633)</u>	<u>31,948</u>
–Deferred tax liabilities:				
Unrealised gain on financial assets	-	(18,335)	-	(18,335)
Unrealised exchange gain	(2,030)	(1,911)	-	(3,941)
Book-tax differences of fixed– assets depreciation	(31,477)	1,773	-	(29,704)
Profit or loss of investments accounted for using equity method	(501,703)	12,655	-	(489,048)
Total	<u>(535,210)</u>	<u>(5,818)</u>	<u>-</u>	<u>(541,028)</u>
	<u>(\$ 489,600)</u>	<u>(\$ 4,847)</u>	<u>(\$ 14,633)</u>	<u>(\$ 509,080)</u>

	2024			
			Recognised in other comprehensive income	December 31
	January 1	Recognised in profit or loss		
–Deferred tax assets:				
Loss on inventory	\$ 5,816	\$ 963	\$ -	\$ 6,779
Unrealised gain on inter - affiliate accounts	9,102	(764)	-	8,338
Unused compensated absences	2,002	-	-	2,002
Unrealised appropriation of pension expenses	7,030	277	(1,330)	5,977
Impairment allowanced	1,100	(437)	-	663
Unrealised gain on financial assets	2,165	283	-	2,448
Currency translation differences	49,573	-	(30,170)	19,403
Total	76,788	322	(31,500)	45,610
–Deferred tax liabilities:				
Unrealised exchange gain	(1,391)	(639)	-	(2,030)
Book-tax differences of fixed– assets depreciation	(42,230)	10,753	-	(31,477)
Profit or loss of investments accounted for using equity method	(514,853)	13,150	-	(501,703)
Total	(558,474)	23,264	-	(535,210)
	(\$ 481,686)	\$ 23,586	(\$ 31,500)	(\$ 489,600)

- D. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.
- E. The amounts of deductible temporary difference that are not recognized as deferred tax assets areas follows.

	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 4,157	\$ 3,929

- F. The Group's subsidiary, Huzhou Iron Force Metal Products Co., Ltd, is a productive foreign-invested enterprise established in the People's Republic of China. It has been approved by the National Taxation Bureau as a high-tech industry enterprise and is eligible for a preferential income tax rate of 15% from December 2023 to December 2026.

(22) Earnings per share

Years ended December 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit for the period attributable to the parent	\$ 417,999	79,611	\$ 5.25
<u>Diluted earnings per share</u>			
Net profit for the period attributable to the parent	\$ 417,999	\$ 79,611	
Effective of dilutive potential ordinary shares			
Employees' compensation	-	65	
Convertible bonds	5,220	3,434	
Profit for the period attributable to the parent plus all dilutive potential ordinary shares	\$ 423,219	83,110	\$ 5.09

Years ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit for the period attributable to the parent	\$ 731,026	76,797	\$ 9.51
<u>Diluted earnings per share</u>			
Net profit for the period attributable to the parent	\$ 731,026	76,797	
Effective of dilutive potential ordinary shares			
Employees' compensation	-	120	
Convertible bonds	1,823	108	
Profit for the period attributable to the parent plus all dilutive potential ordinary shares	\$ 732,849	77,995	\$ 9.40

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ 146,503	\$ 191,394
Add: Begining balance of payable on equipment	43,956	28,908
Less: Ending balance of payable on equipment	(12,212)	(43,956)
Add/Less: Changes in prepayments for business facilities/Ending balance of payable on equipment	(8,672)	(31,759)
Cash paid during the period	<u>\$ 169,575</u>	<u>\$ 144,587</u>

(24) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2025	\$ -	\$ 7,281	\$ 280,886	\$ 31,787	\$ 319,954
Changes in cash flow from financing activities	- (	5,590)	- (	7,663)	(13,253)
Impact of changes in foreign exchange rate	-	152	-	2,294	2,446
Changes in other non-cash items	-	107,244	(13,273)	4,055	98,026
December 31, 2025	<u>\$ -</u>	<u>\$ 109,087</u>	<u>\$ 267,613</u>	<u>\$ 30,473</u>	<u>\$ 407,173</u>

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2024	\$ 382,000	\$ 4,123	\$ -	\$ 37,761	\$ 423,884
Changes in cash flow from financing activities	(382,000)	(2,453)	338,371	(6,259)	(52,341)
Impact of changes in foreign exchange rate	-	44	-	285	329
Changes in other non-cash items	-	5,567	(57,485)	-	(51,918)
December 31, 2024	<u>\$ -</u>	<u>\$ 7,281</u>	<u>\$ 280,886</u>	<u>\$ 31,787</u>	<u>\$ 319,954</u>

7. Related Party Transactions

(1) Names of related parties and relationships

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hyphen Industrial Corp.	The Chairman of the Company and the Chairman of the entity are relatives within the second degree

(2) Significant related party transactions

A. Other income – Rental Income

	Years ended December 31	
	2025	2024
Other related parties	\$ 336	\$ 336

The transaction prices of the rent income from related parties are based on the agreements in the contracts, and the payments are collected in the beginning of each month.

B. Other income and expense – management service income

	Years ended December 31	
	2025	2024
Other related parties	560	650

The transaction prices of the revenue from management services from related parties are based on the agreements in the contracts, and the payments are collected in the beginning of each month.

(3) Key management compensation

	Years ended December 31	
	2025	2024
Short-term employee benefits	\$ 31,011	\$ 33,088
Post-employment benefits	630	578
	\$ 31,641	\$ 33,666

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Asset items	Carry amount		Purpose
	December 31, 2025	December 31, 2024	
Property, Plant and Equipment-Land	\$ 10,097	\$ 9,352	Long-term borrowings

9. Significant Contingent Liabilities and Unrecognized Contract Commitments Contingencies

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Consultation service contract	\$ -	\$ 10,400
Property, plant and equipment	11,174	19,408
	<u>\$ 11,174</u>	<u>\$ 29,808</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Notes 6(17) and 6(19).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 271,071	\$ 284,393
Financial assets at amortised cost		
Cash and cash equivalents	\$ 759,829	\$ 610,285
Financial assets measured at amortized cost	932,410	1,161,333
Notes receivable	285	-
Accounts receivable	1,243,819	1,272,931
Other receivables	48,606	207,144
Guarantee deposits paid (shown as other non-current assets)	2,008	2,591
	<u>\$ 2,986,957</u>	<u>\$ 3,254,284</u>
<u>Financial liabilities</u>		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 172	\$ 9,956
Financial liabilities at amortised cost		
Accounts payable	\$ 305,875	\$ 273,188
Other payable	360,389	370,493
Bonds payables	267,613	280,886
Long-term borrowings (including current portion)	30,473	31,787
	<u>\$ 964,350</u>	<u>\$ 956,354</u>
Lease liabilities	<u>\$ 109,087</u>	<u>\$ 7,281</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contract is used to hedge certain exchange rate risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to various currency risks arising from transactions denominated in different currencies, mainly in USD, EUR and CNY. These currency risks arise from future commercial transactions and from recognized assets, liabilities, and net investments in foreign operations.
- ii. Management has set up a policy to manage the foreign exchange risk against the functional currency. Each company within the Group should hedge its overall exchange rate risk through the Group's finance department. The Group's treasury uses forward foreign exchange contracts and structured deposits to manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's business involves some non-functional currency operations (the Group's functional currency: NTD and some of subsidiary's functional currency: EUR, RMB, and PLN). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025				
(Foreign currency: functional currency)	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	3,762	31.41	\$ 118,164
EUR:NTD		5,212	36.85	192,062
RMB:NTD		40,469	4.49	181,706
USD:RMB		7,975	7.03	250,495
EUR:RMB		9,715	8.24	357,998
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	859	31.41	\$ 26,981
EUR:NTD		4,004	36.85	147,547
RMB:NTD		263,936	4.49	1,185,073
December 31, 2024				
(Foreign currency: functional currency)	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	6,855	32.79	\$ 224,741
EUR:NTD		7,812	34.13	266,624
RMB:NTD		31,218	4.48	139,825
USD:RMB		11,498	7.19	376,962
EUR:RMB		6,026	7.53	205,667
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	699	32.79	\$ 22,917
EUR:NTD		4,458	34.13	152,152
RMB:NTD		254,143	4.48	1,138,441

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Years ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,182	\$ -
EUR:NTD	1%	1,921	-
RMB:NTD	1%	1,817	-
USD:RMB	1%	2,505	-
EUR:RMB	1%	3,580	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 270	\$ -
EUR:NTD	1%	1,475	-
RMB:NTD	1%	11,851	-
(Foreign currency: functional currency)	Years ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,247	\$ -
EUR:NTD	1%	2,666	-
RMB:NTD	1%	1,398	-
USD:RMB	1%	3,770	-
EUR:RMB	1%	2,057	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 229	\$ -
EUR:NTD	1%	1,522	-
RMB:NTD	1%	11,384	-

The total exchange gains, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024, amounted to \$36,902, and \$9,287, respectively.

Price risk

The Group are not exposed to price risk by the equity securities.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the assumption under IFRS 9, if the contract payments were past due over 30 days based on the terms, it is deemed as that there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customers' accounts and notes receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group used the foreseeing consideration to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of December 31, 2025 and 2024, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2025</u>					
Expected loss rate	0.00%~0.12%	0.01%~2.21%	1.63%~4.57%	25.53%~100%	
Total book value	\$ 1,152,673	\$ 84,081	\$ 10,599	\$ 401	\$ 1,247,754
Loss allowance	1,361	1,513	375	401	3,650
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2024</u>					
Expected loss rate	0.11%~0.25%	0.52%~6.88%	1.30%~11.02%	27.48%~100%	
Total book value	\$ 1,150,336	\$ 110,170	\$ 18,364	\$ 245	\$ 1,279,115
Loss allowance	1,967	3,073	1,109	35	6,184

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts and notes receivable are as follows:

	Years ended December 31	
	2025	2024
	Notes receivable and accounts receivable	Notes receivable and accounts receivable
January 1	\$ 6,184	\$ 8,959
Reversal of impairment loss	(2,534)	(2,775)
December 31	<u>\$ 3,650</u>	<u>\$ 6,184</u>

(c) Liquidity risk

- i. The cash flow forecasting is performed by various operating entities within the Group and is summarized by the Group's treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The bank financing is an important source of liquidity for the Group, the Group has the following undrawn borrowing facilities on December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Unsecured borrowing facilities		
Undrawn borrowing balance	<u>\$ 2,282,690</u>	<u>\$ 2,163,925</u>
Secured borrowing facilities		
Undrawn borrowing balance	\$ 45,283	\$ 43,156
Drawn borrowing balance	<u>30,473</u>	<u>31,787</u>
	<u>\$ 75,756</u>	<u>\$ 74,943</u>

- iii. As of December 31, 2025 and 2024, the cash flows within 1 year of short-term borrowings, accounts payables, and other payables, and are in agreement with the balance of each account in the balance sheets.
- iv. The table below analyses the Group's derivative financial liabilities into relevant maturity Companying's based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Long-term borrowings (including due within one year)	\$ 2,250	\$ 6,751	\$ 8,488	\$ 13,857	\$ -
Lease liability	3,545	10,588	13,430	38,181	59,512
Bonds payable	-	-	278,700	-	-

December 31, 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Long-term borrowings (including due within one year)	\$ 1,682	\$ 5,043	\$ 6,723	\$ 18,439	\$ 1,119
Lease liability	674	1,907	2,190	2,740	-
Bonds payable	-	-	-	300,000	-

- v. The Group does not expect the timing of the cash flows analyzed on the maturity date to be significantly earlier or the actual amount to be significantly different.

(3) Fair value information

- A. 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment stocks in open market and beneficiary certificate is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

Except for those listed in the table as follows, the carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivables, notes receivable, other receivables, guaranteed deposits paid (presented as "other non-current assets"), short-term borrowings, accounts payables, other payables, long-term borrowings (including current portion) and lease liabilities are approximate to their fair values.

December 31, 2025				
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Bonds payable	<u>\$ 267,613</u>	<u>\$ -</u>	<u>\$ 270,116</u>	<u>\$ -</u>
December 31, 2024				
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Bonds payable	<u>\$ 280,886</u>	<u>\$ -</u>	<u>\$ 283,465</u>	<u>\$ -</u>

C. The related information on financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 175,264	\$ -	\$ -	\$ 175,264
Redemption right of convertible bonds	-	697	-	697
Forward foreign exchange contracts	-	95,110	-	95,110
	<u>\$ 175,264</u>	<u>\$ 95,807</u>	<u>\$ -</u>	<u>\$ 271,071</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 172	\$ -	\$ 172

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 129,037	\$ -	\$ -	\$ 129,037
Redemption right of convertible bonds	-	300	-	300
Structured deposits	-	155,056	-	155,056
	<u>\$ 129,037</u>	<u>\$ 155,356</u>	<u>\$ -</u>	<u>\$ 284,393</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 9,956	\$ -	\$ 9,956

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.
- ii. The fair value measurement of the redemption right embedded in convertible bonds is categorized within Level 2, as it is based on valuation techniques or counterparty quotations. The fair value derived through valuation techniques may refer to the current fair value of other financial instruments with substantially similar terms and characteristics, discounted cash flow models, or other valuation methodologies. These techniques incorporate observable market data available as of the consolidated balance sheet date, such as the yield curve published by the Taipei Exchange.
- iii. The fair value measurements of forward foreign exchange contracts and structured products are included in Level 2, as they are determined based on current forward exchange rates.
- iv. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

D. There was no transfer between level 1 and level 2 for the years ended December 31, 2025 and 2024.

E. There was no transfer in to and out of level 3 for the years ended December 31, 2025 and 2024.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair

value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ -	Market comparable companies	Discount for lack of marketability	0.10	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ -	Market comparable companies	Discount for lack of marketability	0.11	The higher the discount for lack of marketability, the lower the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

December 31, 2025						
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 2	(\$ 2)	\$ -	\$ -

			December 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 5	(\$ 5)	\$ -	\$ -

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of significant marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 3.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.
- F. Business relationship and significant transactions between the parent and subsidiaries: None.

(2) Information on investees

Names, locations and other information of investee companies (excluding Mainland China investee company): Refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 4.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reporting departments based on the report information used in making decisions by the board of directors.

The Group provides information by region to the operational decision makers for review.

Currently, the Group divides its sales order region into three main areas: Taiwan, Mainland China, and Europe. Therefore, in the operational department, Taiwan, Mainland China, and Europe are the departments to be reported.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows

	Years ended December 31, 2025				
				Adjustments and	
	Taiwan	Mainland China	Europe	Eliminations	Consolidated
Revenue from external customers	\$ 2,006,863	\$ 2,147,028	\$ 800,175	\$ -	\$ 4,954,066
Inter-segment revenue	-	55,260	-	(55,260)	-
Total segment revenue	\$ 2,006,863	\$ 2,202,288	\$ 800,175	(\$ 55,260)	\$ 4,954,066
Segment profit or loss	\$ 417,999	\$ 474,531	(\$ 7,682)	(\$ 466,849)	\$ 417,999
Segment profit or loss:					
Depreciation expense	\$ 56,579	\$ 81,938	\$ 47,124	\$ -	\$ 185,641
Income tax expense	\$ 110,179	\$ 65,438	\$ 7,394	\$ -	\$ 183,011
Segment assets:					
Non-current assets	\$ 5,981,217	\$ 1,764,722	\$ 599,056	(\$ 5,384,236)	\$ 2,960,759

	Years ended December 31, 2024				
				Adjustments and	
	Taiwan	Mainland China	Europe	Eliminations	Consolidated
Revenue from external customers	\$ 1,979,542	\$ 2,381,652	\$ 680,295	\$ -	\$ 5,041,489
Inter-segment revenue	-	44,957	-	(44,957)	-
Total segment revenue	\$ 1,979,542	\$ 2,426,609	\$ 680,295	(\$ 44,957)	\$ 5,041,489
Segment profit or loss	\$ 731,026	\$ 572,649	(\$ 5,830)	(\$ 566,819)	\$ 731,026
Segment profit or loss:					
Depreciation expense	\$ 53,478	\$ 92,983	\$ 43,230	\$ -	\$ 189,691
Income tax expense	\$ 30,926	\$ 56,537	\$ 4,284	\$ -	\$ 91,747
Segment assets:					
Non-current assets	\$ 5,967,345	\$ 956,838	\$ 554,821	(\$ 4,713,363)	\$ 2,765,641

(3) Reconciliation for segment income (loss)

Sales between departments are conducted in accordance with the principle of fair value transactions. External revenues reported to the main operational decision-makers are measured consistently with the revenues in the income statement.

(4) Information about segment profit or loss, assets and liabilities

The main revenue from external customers are manufacturing and sales of hangers, display fixtures, and metal fixtures and manufacturing and sales of automotive safety components. Details are as follows:

	<u>Years ended December 31, 2025</u>	<u>Years ended December 31, 2024</u>
Manufacturing and sales of hangers, display fixtures and metal fixtures	\$ 752,089	\$ 712,435
Manufacturing and sales of automotive safety components	4,201,977	4,329,054
	<u>\$ 4,954,066</u>	<u>\$ 5,041,489</u>

(5) Geographical information

Information on the Group's revenue: Refer to Note 6(19). The information on the Group's non-current assets is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Non-current assets</u>	<u>Non-current assets</u>
China	\$ 1,764,722	\$ 1,718,171
Taiwan	596,983	492,650
Poland	512,909	473,282
Germany	86,145	81,538
	<u>\$ 2,960,759</u>	<u>\$ 2,765,641</u>

(6) Information on significant customers

The information on the Group's significant customers for 2025 and 2024 is as follows:

	<u>Years ended December 31, 2025</u>		<u>Years ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Group A customer	\$ 2,463,425	Taiwan and China	\$ 2,437,059	Taiwan and China
Group B customer	1,152,922	Taiwan and China	1,221,537	Taiwan and China
Group C customer	413,223	Taiwan and China	422,848	Taiwan and China

Iron Force Industrial Corporation and subsidiaries
Loans to others
Years ended December 31, 2025

Tab 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum balance during the period		Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party		Limit on total loans granted (Note 7)	Note
					(Note 3)	(Note 8)							Item	Value	(Note 7)	(Note 7)		
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	\$ 184,250	\$ 184,250	\$ -	0.00%	2	\$ -	Working capital	\$ -	None	-	\$ 502,852	\$ 2,011,407		
1	Huzhou Iron Force Metal Products Co., Ltd.	Zhejiang Iron Force Metal Products Co., Ltd.	Other receivables due from related parties	Y	68,625	67,395	-	0.00%	2	-	Working capital	-	None	-	2,161,673	4,323,346		
1	Huzhou Iron Force Metal Products Co., Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	1,143,750	1,123,250	1,123,250	3.85%	2	-	Working capital	-	None	-	2,161,673	4,323,346		
1	Huzhou Iron Force Metal Products Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	368,500	368,500	239,525	2.186%~2.629%	2	-	Working capital	-	None	-	2,161,673	4,323,346		
2	Zhejiang Iron Force Metal Products Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd.	Other receivables due from related parties	Y	150,975	-	-	0.00%	2		Working capital	-	None	-	57,238	114,475	Note 9	
2	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Other receivables due from related parties	Y	128,975	128,975	44,220	3.658%~3.701%	2	-	Working capital	-	None	-	199,492	398,983		
3	Transtat Investment Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	18,930	17,904	17,904	0.00%	2	-	Working capital	-	None	-	2,228,146	4,456,292		

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Maximum balance of loans to others.

Note 4: Nature of financing shall be filled in business transaction or necessary for short-term financing.

(1) Fill in 1 if there is business transaction.

(2) Fill in 2 if it's necessary for short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The limit on financing to a single entity and total financing based on the operational procedures of loans to others shall be filled in, and the single entity of the financing and calculation of total financing shall be explained in the note column.

- (1) The ceiling on total loans granted by the Company to others shall not exceed 40% of the Company's net assets. For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, ceiling on total loans granted shall not exceed 30% of the Company's net assets.
- (2) The limit on loans granted by the Company to a single party who has business relationship with the Company shall not exceed the higher of 30% of the business transaction amount between the borrower and the Company in the most recent year or 120% of the business transaction amount in the most recent three months, and shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, limit on total loans granted to a single party shall not exceed 10% of the Company's net assets.
- (3) For loans granted between foreign companies whose voting rights are 100% held directly and indirectly by the Company or granted to the borrower by the foreign company whose voting rights are 100% held directly and indirectly by the Company, the ceiling on total loans granted shall not exceed 100% of the creditor's net assets; limit on loans granted to a single party shall not exceed 50% of the creditor's net assets. The financing period depends on the borrower's capital needs, but it shall not exceed five years.
- (4) The limit on loans to a single entity by the subsidiary is 50% of its net assets, and ceiling on total loans granted is 100% of its net assets.

Note 8: If the public company submits the fund financing to the board of directors for resolution one by one in accordance with Paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even though the amount hasn't been drawn down, the amount resolved by the board of directors shall be included in the balance declared to disclose the risk borne. However, after the fund is repaid, the balance after repayment shall be disclosed to reflect the adjustments to the risk. If the public company authorizes the chairman within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with Paragraph 2, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of financing resolved by the board of directors shall be the balance declared. After the fund is repaid, as it is possible to give loans again, the amount of financing resolved by the board of directors shall be still the balance declared.

Note 9: The total amount that Zhejiang Iron Force financed to Huzhou Iron Force exceeded the limit on financing to a single entity. Huzhou Iron Force has repaid the principal and the interest of the fund financed in full on April 21, 2025, and the Board of Directors resolved to conduct to terminate the credit line of the fund financed from Zhejiang Iron Force to Huzhou Iron Force in advance on May 2, 2025, to complete all the improvement procedures.

Iron Force Industrial Corporation and subsidiaries
Provision of endorsements and guarantees to others
Years ended December 31, 2025

Tab 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed Relationship with the investor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum balance endorsement/ guarantees (Note 4)	Ending balance endorsement/ guarantees (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Limit on total amount of endorsements/gua rantees provided (Note 3)	Provision of endorsements/g uarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/g uarantees to the party in Mainland China (Note 7)	Note
0	Iron Force Industrial Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd	2	\$ 1,257,130	\$ 232,470	\$ 219,870	\$ -	4%	\$ 2,514,259	Y	N	Y	Notes 3(1) and (2)
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	2	1,257,130	185,976	175,896	-	3%	2,514,259	Y	N	N	Note 3(3)
1	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	4	199,492	61,052	56,631	21,529	1%	398,983	N	N	N	Note 3(3)

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Companies with business dealings.
- (2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- (3) Companies in which more than 50% of the voting shares are directly or indirectly held by the company.
- (4) Companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- (6) A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- (7) Intercompany guarantees for the performance of contracts for the sale of pre-sale properties in accordance with the Consumer Protection Act.

Note 3: The limit on endorsements and guarantees provided to a single entity and total endorsements and guarantees provided based on the operational procedures of endorsements and guarantees provided to others shall be filled in, and the single entity of the endorsements and guarantees and calculation of total endorsements and guarantees shall be explained in the note column.

- (1) The ceiling on total amount of endorsements/guarantees shall not exceed 50% of the Company's net assets.
- (2) The limit on endorsements and guarantees provided for a single party shall not exceed 25% of the Company's net assets:
 - (2.1) For the companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount is the total value of purchases, sales and other business transactions during the most recent year and shall not exceed 10% of the Company's net assets.
 - (2.2) For the companies having parent-subsidiary relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount shall not exceed 10% of the Company's net assets. However, for the companies which the Company holds 100% of the voting rights directly or indirectly, endorsements and guarantees are not limited.
- (3) The limit on endorsements and guarantees provided to a single party by the subsidiary is 50% of its net assets, and ceiling on total endorsements and guarantees provided is 100% of its net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorized by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Iron Force Industrial Coporation and subsidiaries
Holding of significant marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)
December 31, 2025

Tab 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Name and type of the marketable Security (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	End of period					Note (Note 4)
				Number of shares	Carry amount (Note 3)	Ownership	Fair value		
Huzhou Iron Force Metal Products Co., Ltd	Beneficiary certificates/ CR Yuanta Cash Income Money Market Fund B	-	Financial assets at fair value through profit or loss - current	-	\$ 175,264	-	\$ 175,264		-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: The Company determines the marketable securities that shall be presented based on significance principle.

Iron Force Industrial Coporation and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2025

Tab 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Company with accounts receivables	Name of counterparty	Relationship with the counterparty	Balance of receivables from related party (Note 1)		Turnover rate	Overdue receivables from related party		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Treatment		
Huzhou Iron Force Metal Products Co., Ltd.	Iron Force Poland Sp. z o.o.	Relationship with the counterparty	Other receivables	\$ 247,123	Not applicable	\$ -	-	\$ -	\$ -
Huzhou Iron Force Metal Products Co.,	Iron Force Industrial Coporation	Parent company	Other receivables	1,185,835	Not applicable	-	-	-	-

Note 1: Please separately fill in accounts receivables, notes, other receivables..., etc.

Note 2: Paid-in capital refers to paid-in capital of the parent company. For issuers without par value of shares or the par value is not NT\$10, concerning the regulation about the transaction amount of 20% of the paid-in capital, it is calculated by 10% of the equity attributable to owners of the parent company in the balance sheets.

Iron Force Industrial Coporation and subsidiaries
Name of investee company, location and other related information (excluding Mainland China investee company)
Years ended December 31, 2025

Tab 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held in the end of period			Current profit or loss of investee (Note 2(2))	Gains or losses on investments recognized in the current period (Note 2(3))	Note
				End the period	End of previous year	Number of shares	Ownership	Carry amount			
Iron Force Industrial Co., Ltd.	Transtat Investment Ltd.	Hong Kong	Holding company	\$ 799,453	\$ 873,960	23,660	100%	\$ 4,452,270	\$ 474,531	\$ 474,531	Note 3
Iron Force Industrial Co., Ltd.	Cortec GmbH	Germany	Sales and purchases of hangers and display fixtures	27,104	27,104	750	100%	401,944	27,171	27,171	
Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Poland	Producing and sales of automotive safety components	658,901	658,901	1,600	100%	541,730 (	34,853) (	34,853)	
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Germany	Producing and sales and purchases of hangers and display fixtures	889	889	-	100%	16,331	9,226	9,226	
Cortec GmbH	Cortec Verwaltungs GmbH	Germany	Management consulting company	881	881	-	100%	1,037	19	19	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Name of investee company', 'Location', 'Main business', 'Original investment amount' and 'Shares held in the end of the period' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'note' column.
- (2) The 'Current profit or loss of the investee' column shall be filled in the amount of profit or loss of each investee in the current period.
- (3) The 'Gains or losses on investments recognized in the current period' column shall only be filled in the amount of profit or loss of subsidiaries directly invested and investees accounted for using equity method and shall not be filled in for others. When filling in 'Current profit or loss of each subsidiary directly invested' column, the current profit or loss of each subsidiary shall include the gains or losses on investments of reinvestments that shall be recognized in accordance with regulations.

Note 3: On December 2025, The cash refund capital reduction by the Board of Directors of Transtat Investment LTD., the paid-in share capital were deducted from HKD \$15,722 thousand and USD \$23,980 thousand to HKD \$15,722 thousand and USD \$21,643, and the capital reduction refund had been returned to the ultimate parent company, Iron Force Industrial co.,Ltd

Iron Force Industrial Coporation and subsidiaries
Information on investments in Mainland China
December 31, 2025

Tab 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Amount of investment remitted outward or inward in the current period									
Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of invertment remitted from Taiwan in the beginning of the period	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of invertment remitted from Taiwan in the end of period	Current profit or loss of investee	Ownership held by the Company (direct or indirect)	Gains or losses on investments recognized in the current period (Note 2)	Carry amount of investements in the end of the period	Gains on investment remitted back as of the current period	Note
Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers, display fixtures and metal fixture	\$ 46,261	(2)	\$ 143,346	\$ -	\$ 99,546	\$ 43,800	(\$ 6,143)	100%	(\$ 6,143)	\$ 114,475	\$ 63,995	Note 5
Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	1,951,294	(2)	703,149	-	-	703,149	483,744	100%	483,744	4,323,346	735,330	Note 6
Company name	Accumulated amount remitted from Taiwan to Mainland China as of end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Limit on investments in Mainland China imposed by the Investment Commission of MOEA										
Iron Force Industrial Co., Ltd.	\$ 846,495	\$ 846,495	\$ 2,842,003										

Note 1: Investment methods are divided into the following three categories, and the labeling of each category is sufficient.

- (1) Direct investment in mainland China
- (2) Reinvesting in Mainland China through a third-party company (please specify the third-party investment company)
- (3) Other methods

Note 2: The gains or losses on investments recognized in the current period are based on the financial statements reviewed by the auditors of the parent company in Taiwan.

Note 3: The numbers in the table shall be presented in NTD.

Note 4: (1) The differences between the paid-in capital of Zhejiang Iron Force Metal Products Co., Ltd. amounting to US\$5,000 thousand and the accumulated amount of remittance from Taiwan amounting to US\$4,734 thousand is US\$266 thousand. This resulted from using dividends distribution of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$400 thousand as the capital contribution to invest in Zhejiang Iron Force Metal Products Co., Ltd. and purchasing shares from the related parties at a premium price of US\$ 134 thousand.

(2) The differences between the paid-in capital of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$63,060 thousand and the accumulated amount of remittance from Taiwan amounting to US\$22,200 thousand is US\$40,860 thousand. This resulted from purchasing shares from the related parties at a premium price of US\$1,140 thousand and the capital increase out of earnings of Huzhou Iron Force Metal Products Co., Ltd. in 2019, 2021, and 2024 in the amount of US\$42,000 thousand.

Note 5: (1) As of December 31, 2025, the accumulated amount of investment income remitted back to Taiwan by Zhejiang Iron Force Metal Products Co., Ltd. amounted to US\$2,108 thousand.

(2) On September 2025, The cash refund capital reduction by the Board of Directors of Zhejiang Iron Force Metal Products Co., Ltd., the paid-in share capital were deducted from USD \$5,000 thousand to USD \$1,528, and the capital reduction refund had been returned to Transtat Investment Ltd.. After this, it had been returned to the ultimate parent company, Iron Force Industrial co.,Ltd on December 2025.

Note 6: As of December 31, 2025, the accumulated amount of investment income remitted back to Taiwan by Huzhou Iron Force Metal Products Co., Ltd. amounted to US\$24,080 thousand.