

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

Notice to readers:

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: NO. 27, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City, Taiwan, R.O.C.
Telephone: 886-4-26575790

Declaration of Consolidation of Financial Statements of Affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as prepared in conformity with International Financial Reporting Standard No.10, “Consolidated Financial Statements”. The information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, TURVO INTERNATIONAL CO., LTD. and subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TURVO INTERNATIONAL CO., LTD.

LIU, CHUN-CHANG

March 4, 2026

Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the “Company”) and its subsidiaries as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Company and its subsidiaries in 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2025, the Company and its subsidiaries' gross accounts receivable and allowance for doubtful accounts amounted to NT\$820,984 thousand and NT\$13,269 thousand, respectively. Net accounts receivable represented 12% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

We procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each Group; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount.

In addition, we considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the consolidated financial statements.

Valuation for inventories

As of December 31, 2025, the Company and its subsidiaries' gross inventories and allowance for reduction of inventories amounted to NT\$937,637 thousand and NT\$96,905 thousand, respectively. Net inventories represented 12% of the total consolidated assets that could have significant impacts on the Company and its subsidiaries. The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; testing management level to evaluate the correctness of the net present value on inventories; observe and evaluate the planning and performing of inventory check on management to confirm the numbers and conditions of inventories; acquiring correctness of the inventory aging on inventory aging sheet and testing the correctness of stock in or stock out.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 consolidated financial statements and are therefore, the key audit matters. We describe these matters in our auditor's 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.

Others

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

Huang, Ching Ya
Lo, Wen Chen
Ernst & Young, Taiwan
March 4, 2026

Notes to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2025 and 2024
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at			
		31 December 2025	%	31 December 2024	%
Current Assets					
Cash and cash equivalents	4,6(1)	\$1,306,849	20	\$700,020	12
Financial assets measured at amortized cost, Current	4,6(2),8	214,040	3	479,076	8
Notes receivable	4,6(13),7	4,895	-	13,344	-
Accounts receivable, net	4,5,6(3),6(13),7	807,715	12	847,924	14
Other receivables		42,548	1	26,210	-
Inventories, net	4,5,6(4)	840,732	13	871,976	14
Prepayment		47,779	1	51,655	1
Other current assets		28,034	-	42,424	1
Total current assets		<u>3,292,592</u>	<u>50</u>	<u>3,032,629</u>	<u>50</u>
Non-current assets					
Financial Assets Measured at Amortized Cost , Non-Current	4,6(2)	737,913	11	588,279	10
Property, plant and equipment	4,6(5),7,8	2,228,458	34	2,274,985	37
Right of use assets	4,6(14)	152,517	2	135,967	2
Intangible assets	4	20,231	-	12,069	-
Deferred tax assets	4,6(18)	17,987	-	15,675	-
Other non-current assets	6(6)	174,873	3	27,560	1
Total non-current assets		<u>3,331,979</u>	<u>50</u>	<u>3,054,535</u>	<u>50</u>
Total assets		<u><u>\$6,624,571</u></u>	<u><u>100</u></u>	<u><u>\$6,087,164</u></u>	<u><u>100</u></u>

(The accompanying notes are an integral part of the consolidated financial statements)
(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2025 and 2024
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at			
		31 December 2025	%	31 December 2024	%
Current liabilities					
Short-term Loans	4,6(7)	\$1,255,385	19	\$448,000	7
Contract liabilities, current	4,6(12)	1,058	-	420	-
Notes payable	4,7	47,356	1	62,865	1
Accounts payable	4	272,886	4	310,885	5
Other payables	6(8)	241,482	4	352,529	6
Current tax liabilities	4,6(18)	61,934	1	97,287	2
Current lease liabilities	4,6(14)	51,194	1	33,904	1
Other current liabilities		52,594	1	46,961	1
Long-term borrowings (including current portion with maturity less than 1 year)	4,6(9)	109,052	1	83,525	1
Total current liabilities		2,092,941	32	1,436,376	24
Non-current liabilities					
Long-term loans	4,6(9)	339,125	5	448,177	7
Deferred tax liabilities	4,6(18)	121,924	2	49,182	1
Non-current lease liabilities	4,6(14)	105,235	1	97,801	1
Other non-current liabilities		269	-	547	-
Total non-current liabilities		566,553	8	595,707	9
Total liabilities		2,659,494	40	2,032,083	33
Equity attributable to the parent company	6(11)				
Capital					
Common stock		602,881	9	602,881	10
Additional paid-in capital		818,217	12	818,217	14
Retained earnings					
Legal reserve		564,270	9	498,167	8
Special reserve		37,648	-	170,106	3
Retained earnings		2,043,524	31	1,995,425	33
Total Retained earnings		2,645,442	40	2,663,698	44
Other components of equity					
Exchange differences on translation of foreign operations - the parent company		(105,796)	(1)	(37,648)	(1)
Equity attributable to owners of the parent	6(11)	3,960,744	60	4,047,148	67
Non-controlling interests		4,333	-	7,933	-
Total equity		3,965,077	60	4,055,081	67
Total liabilities and equity		\$6,624,571	100	\$6,087,164	100

(The accompanying notes are an integral part of the consolidated financial statements)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December			
		2025	%	2024	%
Net Sales	4,6(12),7	\$3,274,939	100	\$3,658,705	100
Cost of Sales	6(4),6(10),6(14),6(15)	(2,259,920)	(69)	(2,298,477)	(63)
Gross Profit		1,015,019	31	1,360,228	37
Operating Expenses	6(10),6(14),6(15)				
Selling and marketing		(59,811)	(1)	(64,326)	(2)
Management and administrative		(289,769)	(9)	(347,578)	(9)
Research and development		(249,251)	(8)	(257,984)	(7)
Expected credit (losses) gains	6(13)	(2,253)	-	(1,870)	-
Total Operating Expenses		(601,084)	(18)	(671,758)	(18)
Operating Income		413,935	13	688,470	19
Non-operating income and expenses	6(16)				
Other income		79,611	2	74,576	2
Other gain and loss		24,271	1	34,132	1
Financial costs	4	(24,156)	(1)	(10,436)	-
Total non-operating income and expenses		79,726	2	98,272	3
Income from continuing operations before income tax		493,661	15	786,742	22
Income tax expense	4,6(18)	(93,719)	(3)	(128,846)	(4)
Net income		399,942	12	657,896	18
Other comprehensive income	6(17)				
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(51,851)	(2)	133,134	4
Income tax related to items that may be reclassified subsequently	6(18)	(16,078)	-	-	-
Total other comprehensive income (loss), net of tax		(67,929)	(2)	133,134	4
Total comprehensive income		\$332,013	10	\$791,030	22
Net income attributable to:					
Stockholders of the parent		\$403,761		\$661,028	
Non-controlling interests		(3,819)		(3,132)	
		\$399,942		\$657,896	
Comprehensive income attributable to:					
Stockholder of the parent		\$335,613		\$793,486	
Non-controlling interests		(3,600)		(2,456)	
		\$332,013		\$791,030	
Earnings per share					
Earnings per share-basic (NTD)	6(19)	\$6.70		\$10.96	
Earnings per share-diluted (NTD)		\$6.69		\$10.94	

(The accompanying notes are an integral part of the consolidated financial statements)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non- Controlling Interests	Total Equity
Balance as of 1 January 2024	6(11)	\$602,881	\$818,217	\$444,771	\$137,354	\$1,740,072	\$(170,106)	\$3,573,189	\$10,389	\$3,583,578
Appropriations of earnings, 2023										
Legal reserve				53,396		(53,396)		-		-
Special reserve					32,752	(32,752)		-		-
Cash dividends						(319,527)		(319,527)		(319,527)
Net income for the year ended 31 December 2024						661,028		661,028	(3,132)	657,896
Other comprehensive income (loss), net of tax for the year ended 31 December 2024							132,458	132,458	676	133,134
Total comprehensive income (loss)						661,028	132,458	793,486	(2,456)	791,030
Balance as of 31 December 2024		<u>\$602,881</u>	<u>\$818,217</u>	<u>\$498,167</u>	<u>\$170,106</u>	<u>\$1,995,425</u>	<u>\$(37,648)</u>	<u>\$4,047,148</u>	<u>\$7,933</u>	<u>\$4,055,081</u>
Balance as of 1 January 2025	6(11)	\$602,881	\$818,217	\$498,167	\$170,106	\$1,995,425	\$(37,648)	\$4,047,148	\$7,933	\$4,055,081
Appropriations of earnings, 2024										
Legal reserve				66,103		(66,103)		-		-
Reversal of special reserve					(132,458)	132,458		-		-
Cash dividends						(422,017)		(422,017)		(422,017)
Net income for the year ended 31 December 2025						403,761		403,761	(3,819)	399,942
Other comprehensive income (loss), net of tax for the year ended 31 December 2025							(68,148)	(68,148)	219	(67,929)
Total comprehensive income (loss)						403,761	(68,148)	335,613	(3,600)	332,013
Balance as of 31 December 2025		<u>\$602,881</u>	<u>\$818,217</u>	<u>\$564,270</u>	<u>\$37,648</u>	<u>\$2,043,524</u>	<u>\$(105,796)</u>	<u>\$3,960,744</u>	<u>\$4,333</u>	<u>\$3,965,077</u>

(The accompanying notes are an integral part of the consolidated financial statements)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2025 and 2024
(Expressed in Thousand New Taiwan Dollars)

		For the years ended 31 December	
	Notes	2025	2024
Cash flows from operating activities:			
Net income before tax		\$493,661	\$786,742
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation		320,561	304,347
Amortization		8,015	6,576
Expected credit losses		2,253	1,870
Interest cost		24,156	10,436
Interest income		(37,581)	(27,681)
Gain on disposal of property, plant and equipment		(11,414)	(5,876)
Losses on price reduction of inventory		22,140	7,169
Changes in operating assets and liabilities:			
Notes receivable		8,001	(13,071)
Accounts receivable		24,203	(45,234)
Other receivables		7,175	(5,356)
Inventories, net		9,931	(120,624)
Prepayments		(1,899)	27,130
Other current assets		14,390	(2,213)
Contract liabilities		638	120
Notes payable		(15,510)	(69,182)
Accounts payable		(37,903)	(10,034)
Other payables		(114,507)	107,323
Other current liabilities		5,633	(15,324)
Other non- current liabilities		(279)	287
Cash generated from operations		721,664	937,405
Income tax paid		(73,279)	(119,318)
Net cash provided by operating activities		648,385	818,087

(The accompanying notes are an integral part of the consolidated financial statements)

(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2025 and 2024
(Expressed in Thousand New Taiwan Dollars)

(Continued)	For the years ended 31 December	
	2025	2024
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	115,401	(1,066,131)
Acquisition of property, plant and equipment	(228,606)	(354,764)
Proceeds from disposal of property, plant and equipment	13,032	13,368
Acquisition of intangible assets	(9,699)	(4,460)
Increase in other non-current assets	(152,336)	(10,480)
Interest receive	14,068	22,498
Net cash used in investing activities	(248,140)	(1,399,969)
Cash flows from financing activities:		
Increase in short-term loans	6,736,562	1,613,800
Decrease in short-term loans	(5,929,177)	(1,165,800)
Decrease in long-term loans (including current portion with maturity less than 1 year)	(83,525)	(108,525)
Lease principal repayment	(41,913)	(53,837)
Cash dividends	(422,017)	(319,527)
Interest paid	(23,641)	(10,121)
Net cash provided by (used in) financing activities	236,289	(44,010)
Effect of exchange rate changes	(29,705)	39,186
Net increase (decrease) in cash and cash equivalents	606,829	(586,706)
Cash and cash equivalents at beginning of period	700,020	1,286,726
Cash and cash equivalents at end of period	<u>\$1,306,849</u>	<u>\$700,020</u>

(The accompanying notes are an integral part of the consolidated financial statements)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. ORGANIZATION AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated in 1987 to manufacture and market air tools, machine elements, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also process, manufacture, and market optical elements. Based on the purpose of management operation, the Company conduct a simple merge with the 100% owned reinvestment companies - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., after the resolution of the board of directors' meeting in June 2010, to set 1 August 2010 as the consolidation basis date. The company is a consolidated surviving company.

The Company applied to be listed on the GreTai Securities Market and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company was authorized to be listed on Taiwan Stock Exchange and was officially listed on 17 September 2019. The main registered location and operating base are in NO. 27, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan. Zeng Hsing Industrial Co., Ltd. is the parent company of the Company, and the ultimate controlling party of the group.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (here referred to as “the Group”) for the years ended 31 December 2025 and 2024 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 4 March 2026.

TURVO INTERNATIONAL CO., LTD.AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group As of the end of the reporting period are listed below.

Items	Newly issued, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 17 “Insurance Contracts”	January 1, 2023
B	Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
C	Annual Improvements to IFRS Accounting Standards -Volume 11	January 1, 2026
D	Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature	January 1, 2026

A. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects, including recognition, measurement, presentation, and disclosure requirements. The core of IFRS 17 is the General (building block) Model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

In addition to the General Model, the Standard also provides a specific adaptation for

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

contracts with direct participation features (the Variable Fee Approach) and a simplified approach (the Premium Allocation Approach), which is primarily applicable to short-duration contracts.

IFRS 17 was originally issued in May 2017 and subsequently amended in 2020 and 2021. These amendments deferred the effective date by two years (from January 1, 2021, to January 1, 2023) through transitional provisions, granted additional exemptions, reduced the cost of implementation by simplifying certain requirements, and revised others to improve clarity and consistency. Upon its effective date, IFRS 17 replaces the interim standard, IFRS 4 "Insurance Contracts."

B. Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Amendments to the Classification and Measurement of Financial Instruments

- (a) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

C. Annual Improvements to IFRS Accounting Standards -Volume 11

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Amendments to the implementation guidance of IFRS 7.
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

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D. Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature Dependent Electricity”

- (a) Clarify the application of the “own-use” requirements
- (b) Permit hedge accounting if these contracts are used as hedging instruments
- (c) Increasing disclosure requirements in the notes to help investors understand the impact of such contracts on the company's financial performance and cash flows.

The above amendment applies to fiscal years beginning on or after January 1, 2025. The Group has assessed and determined that there is no significant impact.

- (3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Group As of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
C	IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
D	Translation into the presentation currency of a hyperinflationary economy (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On September 25, 2025, the Financial Supervisory Commission announced in its press release that Taiwan will adopt International Financial Reporting Standard (IFRS) 18 starting from 2028.

- (A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 and IAS 28, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the

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gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” (IFRS 3) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(B) IFRS 18 “Presentation and Disclosure in Financial Statements”

This standard will replace IAS 1 Presentation of Financial Statements, with the main changes as follows:

(a) Improved comparability in the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance.

(c) Aggregation of Useful Financial Information"

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

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(C) IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”

Simplify the disclosure requirements for subsidiaries without public accountability, and allow subsidiaries that meet the definition to opt for the application of this standard.

(D) Translation into the presentation currency of a hyperinflationary economy (Amendments to IAS 21 and IAS 29)

The amendments include:

- (a) To clarify that when an entity’s functional currency is not the currency of a hyperinflationary economy and is translated into the presentation currency of a hyperinflationary economy, its results of operations and financial position shall be translated at the closing rate at the date of the most recent statement of financial position.
- (b) In the aforementioned circumstances, when the presentation currency subsequently ceases to be the currency of a hyperinflationary economy, the reporting entity shall not restate the financial statement amounts presented in prior periods.
- (c) Where both the functional currency and the presentation currency are the currencies of a hyperinflationary economy, the reporting entity shall apply the accounting treatment in accordance with paragraph 34 of IAS 29.

The actual effective date of the above International Accounting Standards Board (IASB) standards or interpretations, which have been issued but not yet endorsed by the Financial Supervisory Commission (FSC), shall be subject to FSC regulations. Apart from currently assessing the potential impact of the newly issued or amended standards or interpretations(B), the Group is temporarily unable to reasonably estimate the impact of the aforementioned standards or interpretations. The newly issued or amended standards or interpretations, aside from those mentioned, are not expected to have a significant impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company’s financial statements for the years ended 31 December 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

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(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group’s voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to

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the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components that previously recognized in other comprehensive income to profit or loss.

The consolidated entities are as follows:

Investor	Subsidiary	Business nature	Percentage of ownership (%) as of	
			31 December 2025	31 December 2024
the Company	TIPO INTERNATIONAL CO., LTD.(SAMOA) [abbreviation: TIPO]	Investing and trading company	100%	100%
the Company	T&M Joint (Cayman) Holding Co., Ltd. (note) [abbreviation: T&M]	Holding company of reinvesting MSAT	35.71%	35.71%
the Company	TUF Technology CO., LTD. [abbreviation: TUF]	Trading	100%	100%
TIPO	Hong Kong Xin-Feng Enterprise Limited [abbreviation: Hong Kong Xin-Feng]	Holding company of reinvesting Dong-Guan Xin- Feng Hardware Machinery Plastic Industry Co., Ltd.	100%	100%

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Investor	Subsidiary	Business nature	Percentage of ownership (%) as of	
			31 December 2025	31 December 2024
TIPO, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	TURVO International Co., Ltd.(YZ) [abbreviation: Zhejiang Yu-Zuan]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photo electricity, and precision hardware	100%	100%
Hong Kong Xin-Feng	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. [abbreviation: Dong- Guan Xin-Feng]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100%	100%
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%

Note : Since January 1, 2018, the Company has included T&M in its consolidated financial statements. This decision is based on the fact that the Company is the single largest shareholder of T&M, while the remaining equity of T&M is widely held by numerous other shareholders. Additionally, without any contractual rights, the Company has obtained proxy agreements representing a relative majority of voting rights and has the ability to appoint key management personnel at T&M who are capable of directing relevant activities. Therefore, the Company has determined that it has control over T&M even if its voting rights are less than 50%.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Foreign currency borrowings incurred to acquire qualifying assets may generate exchange differences. If these differences are considered adjustments to interest costs, they are regarded as part of the borrowing costs and are capitalized as part of the cost of the related asset.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the

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proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. As of the end of the reporting period, there is no right to defer the settlement of the liability for at least twelve months beyond the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

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Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (A) the Group's business model for managing the financial assets
- (B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

- (A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the calculation condition of the following:

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- (A) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (B) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (B) the time value of money
- (C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

- (A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (D) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset

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has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (A) The rights to receive cash flows from the asset have expired
- (B) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (C) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

- (A) It is acquired or incurred principally for the purpose of selling or repurchasing it in the short term;
- (B) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (C) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

- (A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (B) a group of financial liabilities or financial assets and, financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium fees or transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

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Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials/ inventories – Purchase costs under weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Property, plant, and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant, and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “*Property, plant and equipment*”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5~50 years
Machinery and equipment	2~15 years
Transportation equipment	2~10 years
Lease improvements	2~25 years
Other equipment	2~30 years

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An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for

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the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and

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separately presents lease-related interest expense and depreciation charge in the statement's comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(13) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed periodically to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite shall be deferred application.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Group's intangible assets is summarized as follows:

	<u>Software</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>
Useful lives	2~10 years	10 years	9~18 years	uncertainty
Method of amortization	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication

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of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill after recognition cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are precision metal components and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 60 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers and there is no significant financing component to the contract.

(16) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated

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with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. The retirement plans for employees of foreign subsidiaries and branches are implemented in accordance with local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due (overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations). Foreign subsidiaries and branches make contributions at a specified local rate, which are recognized as expenses for the current period.

Post-employment benefits under defined benefit plans are recognized based on the projected unit credit method, and are actuarially determined at the end of the annual reporting period.

Remeasurements of the net defined benefit liability (asset), comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest), and any changes in the effect of the asset ceiling, are recognized in other comprehensive income when they occur and are immediately transferred to retained earnings.

Past service costs, which arise from plan amendments or curtailments, are recognized as expenses at the earlier of:

- A. the date when the plan amendment or curtailment occurs; or
- B. the date when the Group recognizes related restructuring costs or termination benefits.

Net interest on the net defined benefit liability (asset) is determined by applying the discount rate to the net defined benefit liability (asset) at the beginning of the annual reporting period, taking into account any changes resulting from contributions and benefit payments during the period.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized As of the beginning and end of that period.

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If the vesting conditions for share-based payment awards are ultimately not met, no expense is recognized. However, if the vesting conditions for equity-settled transactions are related to market conditions or non-vesting conditions, the related expense is recognized once all service or performance conditions are met, regardless of whether the market conditions or non-vesting conditions are satisfied.

When modifying the conditions of an equity-settled transaction, at a minimum, the original grant cost before modification is recognized. If the modification of transaction conditions increases the total fair value of the share-based payment transaction or is favorable to employees, the additional cost of the equity-settled transaction is recognized.

If an equity-settled share-based payment award plan is canceled, it is treated as fully vested on the cancellation date, and any unrecognized remaining share-based payment expense is immediately recognized. This includes awards for which non-vesting conditions controllable by the entity or employees have not been met. If the canceled award is replaced by a new award plan and it is confirmed at the grant date that the new plan will replace the canceled plan, the cancellation and the new grant are treated as a modification of the original award plan.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

When restricted stock rights are issued to employees, the fair value of the equity instruments granted on the grant date is used as the basis for recognizing compensation expense and the corresponding increase in equity over the vesting period. On the grant date, the Group recognizes the unearned compensation for employees. The unearned compensation is a temporary account and is presented as a deduction from equity in the consolidated balance sheet. It is gradually reclassified to compensation expense over time.

(19) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

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The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were generated.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Related to the deductible temporary differences arising from the initial recognition of assets or liabilities not arising from business combinations, at the time of the transaction, neither affect accounting profit nor taxable income (loss), and no equal taxable and deductible temporary differences were generated at that time.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the "International Tax Reform - Pillar Two Model Rules (Amendments to International Accounting Standard 12)," temporary exceptions are granted. Therefore, deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognized, and relevant information shall not be disclosed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Judgement of control over subsidiaries without the majority of voting rights.

The Company does not have majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute ratio of the Company's holding, relative ratio of the other shareholdings, dispersion degree of shareholdings, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

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The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

B. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

C. Inventories evaluation

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Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2025	31 December 2024
Cash on hand	\$1,326	\$1,812
Bank deposits	1,305,523	698,208
Total	<u>\$1,306,849</u>	<u>\$700,020</u>

Cash and cash equivalents were not guaranteed.

(2) Financial assets measured at amortized cost

	As of	
	31 December 2025	31 December 2024
deposit account	\$950,612	\$1,067,151
Restricted bank deposits	1,341	204
Total	<u>\$951,953</u>	<u>\$1,067,355</u>
Current	\$214,040	\$479,076
Non-current	737,913	588,279
Total	<u>\$951,953</u>	<u>\$1,067,355</u>

Please refer to Note 8 for more details on restricted bank deposits under pledge.

(3) Accounts receivable, net

	As of	
	31 December 2025	31 December 2024
Accounts receivable	\$820,984	\$859,163

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Less: loss allowance	<u>(13,269)</u>	<u>(11,239)</u>
Total	<u>\$807,715</u>	<u>\$847,924</u>

A. Trade receivables are generally on 60~120 days. The total carrying amount as of 31 December 2025 and 2024 were NT \$820,984 thousand and NT\$859,163 thousand respectively. Please refer to Note 6 (13) for more details on loss allowance of trade receivables for the years ended 31 December 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

B. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As of	
	31 December 2025	31 December 2024
Merchandise inventories	\$2,053	\$306
Raw materials	191,713	212,783
Work in progress	243,120	254,466
Finished goods	403,846	404,421
Total	<u>\$840,732</u>	<u>\$871,976</u>

B. The Group cost of inventories recognized in cost of goods sold amounted to NT\$2,259,920 thousand and NT\$2,298,477 thousand for the year ended 31 December 2025 and 2024, including the loss from market value decline, obsolete and slow-moving of inventories NT\$22,140 thousand and NT \$7,169 thousand .

C. No inventories were pledged.

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(5) Property, plant and equipment

					As of			
					31 December 2025		31 December 2024	
Owner occupied property, plant and equipment					\$2,228,458		\$2,274,985	
							Construction in progress and equipment awaiting examination	
	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Other equipment		Total
Cost:								
As of 1 January 2025	\$11,507	\$1,115,975	\$2,521,455	\$15,652	\$117,971	\$547,306	\$20,058	\$4,349,924
Additions	-	16,083	134,449	-	3,695	64,768	7,860	226,855
Disposals	-	-	(121,447)	(2,064)	(882)	(4,394)	-	(128,787)
Transfers	-	14,783	5,793	-	-	1,737	(16,715)	5,598
Exchange differences	244	2,722	(33,815)	(170)	(2,108)	(6,243)	409	(38,961)
As of 31 December 2025	\$11,751	\$1,149,563	\$2,506,435	\$13,418	\$118,676	\$603,174	\$11,612	\$4,414,629
As of 1 January 2025	\$-	\$135,900	\$1,537,186	\$11,466	\$83,616	\$306,771	\$-	\$2,074,939
Disposals	-	35,835	182,076	778	7,460	44,640	-	270,789
Transfers	-	-	(119,833)	(2,064)	(881)	(4,391)	-	(127,169)
Exchange differences	-	1,254	(26,713)	(145)	(1,428)	(5,356)	-	(32,388)
As of 31 December 2025	\$-	\$172,989	\$1,572,716	\$10,035	\$88,767	\$341,664	\$-	\$2,186,171

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	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
As of 1 January 2024	\$11,158	\$861,709	\$2,382,355	\$14,808	\$121,546	\$376,334	\$30,278	\$3,798,188
Depreciation	-	108,122	121,853	1,704	564	104,282	10,773	347,298
Disposals	-	(391)	(91,401)	(1,296)	(9,629)	(12,943)	-	(115,660)
Transfers	-	142,638	20,407	-	-	64,364	(21,333)	206,076
Exchange differences	349	3,897	88,241	436	5,490	15,269	340	114,022
As of 31 December 2024	<u>\$11,507</u>	<u>\$1,115,975</u>	<u>\$2,521,455</u>	<u>\$15,652</u>	<u>\$117,971</u>	<u>\$547,306</u>	<u>\$20,058</u>	<u>\$4,349,924</u>
As of 1 January 2024	\$-	\$109,651	\$1,386,608	\$11,525	\$79,933	\$272,890	\$-	\$1,860,607
Depreciation	-	25,035	182,662	844	9,658	34,089	-	252,288
Disposals	-	(303)	(85,642)	(1,285)	(9,629)	(11,309)	-	(108,168)
Exchange differences	-	1,517	53,558	382	3,654	11,101	-	70,212
As of 31 December 2024	<u>\$-</u>	<u>\$135,900</u>	<u>\$1,537,186</u>	<u>\$11,466</u>	<u>\$83,616</u>	<u>\$306,771</u>	<u>\$-</u>	<u>\$2,074,939</u>
Net carrying amount as of:								
31 December 2025	<u>\$11,751</u>	<u>\$976,574</u>	<u>\$933,719</u>	<u>\$3,383</u>	<u>\$29,909</u>	<u>\$261,510</u>	<u>\$11,612</u>	<u>\$2,228,458</u>
31 December 2024	<u>\$11,507</u>	<u>\$980,075</u>	<u>\$984,269</u>	<u>\$4,186</u>	<u>\$34,355</u>	<u>\$240,535</u>	<u>\$20,058</u>	<u>\$2,274,985</u>

A. Operating lease of properties, plants, and equipment: No properties, plants, and equipment were leased.

B. Components of building that have different useful lives are mainly company accommodation, main buildings, fire engineering of water and electricity, air conditioning engineering, etc., which are depreciated over 50 years, 35~50years, 10 years, and 8 years, respectively.

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C. Please refer to Note 8 for property, plant and equipment pledged as collateral.

D. The capitalization amount of the borrowing costs of the Group in 2025 and 2024, and its interest rates are as follows:

Items	For the year ended 31 December 2025	For the year ended 31 December 2024
Construction in progress	\$647	\$4,395
Borrowing cost capitalization interest rate interval	1.720%	1.720%

(6) Other non-current assets

	As of	
	31 December 2025	31 December 2024
Prepayments for business facilities	\$37,210	\$7,880
Guarantee deposits paid	14,112	15,213
Other non-current assets, others	123,551	4,467
Total	\$174,873	\$27,560

(7) Short-term loan

		As at	
	Interest Rates (%)	30 December 2025	31 December 2024
Unsecured bank loans	1.78%~2.12%	\$1,255,385	\$448,000

As of December 31, 2025, and December 31, 2024, the Group's unused short-term borrowing facilities amounted to approximately NT\$641,918 thousand and NT\$1,439,040 thousand, respectively.

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(8) Other accounts payables

	As of	
	31 December 2025	31 December 2024
Wages and salaries payable	\$117,803	\$170,259
Accrued manufacturing overhead	33,081	55,655
Accrued employee bonus	17,228	26,840
Payables on equipment	4,892	1,917
Other accounts payables - other	68,478	97,858
Total	<u>\$241,482</u>	<u>\$352,529</u>

(9) Long-term loans

Details of long-term loans as of 31 December 2025 and 2024 are as follows:

A. For the years ended 31 December 2025

Creditor	Content	31 December 2025	Repayment period and methods	security
Bank of Taiwan	Secured loan	\$214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities

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Creditor	Content	31 December 2025	Repayment period and methods	security
Bank of Taiwan	Secured loan	162,818	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	70,926	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Subtotal		448,177		
Less: current portion (with maturity less than 1 year)		(109,052)		
Total		<u>\$339,125</u>		
Interest rates		1.720%		

B. For the years ended 31 December 2024

Creditor	Content	31 December 2024	Repayment period and methods	security
Bank of Taiwan	Secured	\$214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is	Buildings and facilities

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Creditor	Content	31 December 2024	Repayment period and methods	security
Bank of Taiwan	Secured	209,338	repaid in equal installments on the 15th of each month. Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	107,931	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Subtotal		531,702		
Less: current portion (with maturity less than 1 year)		(83,525)		
Total		<u>\$448,177</u>		
Interest rates		1.720%		

Please refer to Note 8 for more details on unsecured bank loans.

(10) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute to the

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social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension expenses under the defined contribution plan of the year ended 2025 and 2024 were NT\$13,101 thousand and NT\$11,862 thousand .

(11)Equities

A. Common stock

The Company's authorized and issued capital was NT\$800,000 thousand for the years beggng 1 January 2025 , respectively, the paid-in capital of NT \$602,881, and divided into 60,288,089 shares with par value of \$10 (in dollar) each. Each share has one right to vote and receive dividends.

As of December 31, 2025, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As of	
	31 December 2025	31 December 2024
Premium from common stock issuance	\$788,696	\$788,696
Treasury Stock transaction	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213
Employee stock option	26,848	26,848
Other	280	280
Total	<u>\$818,217</u>	<u>\$818,217</u>

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

- (a) The company's Articles of Association deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees

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of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

- (b) If there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will base on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the board of directors formulates the method of surplus distribution , the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference

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Notes to Consolidated Financial Statements (Continued)

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between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

- (c) The company proposed and resolved the allocation and distribution of earnings, as well as the dividends per share for the fiscal years 2025 and 2024, during the Board of Directors meeting on March 4, 2026, and the Annual General Shareholders' Meeting on May 29, 2025, respectively, as detailed below:

	Appropriation of earnings		Dividend per share (NTD)	
	2025	2024	2025	2024
Legal Reserve	\$40,376	\$66,103		
Special reserve	68,147	(132,548)		
Common stock - cash dividends	241,152	422,017	\$4.0	\$7.0

- (d) For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

- (e) Please refer to Note 6(15) for information on the basis of estimating and recognizing employee compensation and directors' compensation.

D. Non-controlling interests

	For the years ended 31 December	
	2025	2024
Balance as of 1 January	\$7,933	\$10,389
Net loss for the period attributable to non-controlling interests	(3,819)	(3,132)
Other comprehensive income or loss attributable to non-controlling interests		
Exchange differences on translation of financial statements of foreign operating companies	219	676
Balance as of 31 December	\$4,333	\$7,933

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(12) Operating Revenue

	For the years ended 31 December	
	2024	2024
Revenue from contracts with customers		
Net sales	\$3,274,939	\$3,658,705

Analysis of revenue from contracts with customers during the years ended on 31 December 2025 and 2024 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2025

	Taiwan	China	Other	Total
Sale of goods	\$1,927,323	\$1,347,616	\$-	\$3,274,939

For the year ended 31 December 2024

	Taiwan	China	Other	Total
Sale of goods	\$1,800,222	\$1,857,591	\$892	\$3,658,705

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

B. Contract balances

Contract liabilities - current

	As of		
	31 December 2025	31 December 2024	1 January 2024
Sales of goods	\$1,058	\$420	\$300

The significant changes in the Group's balances of contract liabilities during the years ended 31 December 2025 and 2024 are as follows:

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	For the years ended 31 December	
	2025	2024
The opening balance transferred to revenue	\$(420)	\$(300)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,058	420
Changes during the period	<u>\$638</u>	<u>\$120</u>

C. Transaction price allocated to unsatisfied performance obligations
None.

D. Assets recognized from costs to fulfil a contract
None.

(13) Expected credit losses

	For the years ended 31 December	
	2025	2024
Operating expenses – Expected credit losses		
Trade receivables	<u>\$2,253</u>	<u>\$1,870</u>

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses.

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Notes to Consolidated Financial Statements (Continued)
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The assessment of the Group's loss allowance as of 31 December 2025 and 2024 is as follows:

31 December 2025

	Not yet due	Overdue					Total
	(Note)	<=90 days	91-180 days	181-360 days	361-720days	>=721 days	
Gross carrying amount	\$765,524	\$60,254	\$37	\$57	\$7	\$-	\$825,879
Loss ratio	0-1%	5-6%	24-25%	40-41%	89%	-%	
Lifetime expected credit losses	(9,885)	(3,346)	(9)	(23)	(6)	-	(13,269)
Carrying amount	\$755,639	\$56,908	\$28	\$34	\$1	\$-	\$812,610

31 December 2024

	Not yet due	Overdue					Total
	(Note)	<=90 days	91-180 days	181-360 days	361-720 days	>=721 days	
Gross carrying amount	\$777,406	\$93,475	\$201	\$1,420	\$5	\$-	\$ 872,507
Loss ratio	0-1%	4-5%	17-18%	49-50%	60%	-%	
Lifetime expected credit losses	(6,591)	(3,909)	(35)	(701)	(3)	-	(11,239)
Carrying amount	\$770,815	\$89,566	\$166	\$719	\$2	\$-	\$ 861,268

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2025 and 2024 is as follows:

	Trade receivables
Beginning balance on 1 January 2025	\$11,239
Addition for the current period	2,253
Exchange Rate Difference	(223)
Ending balance on 31 December 2025	\$13,269
Beginning balance on 1 January 2024	\$9,110
Addition for the current period	1,870
Exchange Rate Difference	259
Ending balance on 31 December 2024	\$11,239

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(14)Lease

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 2 to 10 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	31 December 2025	31 December 2024
Land	\$16,064	\$3,390
Land Improvements	23	-
Buildings	130,675	127,411
Transportation equipment	5,722	5,092
Office equipment	33	74
Total	<u>\$152,517</u>	<u>\$135,967</u>

ii. Lease liabilities

	As of	
	31 December 2025	31 December 2024
Lease liabilities		
Current	\$51,194	\$33,904
Non-current	105,235	97,801
Total	<u>\$156,429</u>	<u>\$131,705</u>

Please refer to Note 6 (16) C for the interest on lease liabilities recognized during the years ended 31 December 2025 and 2024 and

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refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Land	\$2,380	\$2,699
Land Improvements	170	66
Buildings	43,413	44,504
Transportation equipment	3,767	4,750
Office equipment	42	40
Total	<u>\$49,772</u>	<u>\$52,059</u>

(c) Income and costs relating to lessee and leasing activities

	For the years ended 31 December	
	2025	2024
The expenses relating to short-term leases	<u>\$1,453</u>	<u>\$1,002</u>

(d) Cash outflow relating to lessee and leasing activities

During the year ended 31 December 2025 and 2024, the Group's total cash outflows for leases amounted to \$48,992 and \$61,017, respectively. The Group has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2025 and 2024 are as follows:

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(15) Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2025 and 2024, by function, is as follows:

Function Nature	For the years ended 31 December					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$394,843	\$262,560	\$657,403	\$404,643	\$328,204	\$732,847
Labor and health insurance	54,334	29,070	83,404	51,158	27,719	78,877
Pension	6,843	6,258	13,101	5,595	6,267	11,862
Others	19,476	17,660	37,136	17,964	21,267	39,231
Depreciation	249,914	70,647	320,561	239,696	64,651	304,347
Amortization	1,105	6,910	8,015	938	5,638	6,576

The number of employees in the Group were 1,221 and 1,201 as of 31 December 2025 and 2024, respectively.

According to the company's articles of incorporation, if there is an annual profit, 3.5% to 7% should be allocated for employee compensation, and no more than 1.7% for director compensation. However, if there is an accumulated loss, the amount necessary to cover the loss should be reserved first. The aforementioned employee compensation may be paid in stock or cash and must be approved by a resolution of the Board of Directors, with at least two-thirds of the directors present and a majority of the directors in attendance agreeing. This resolution must be reported to the shareholders' meeting. For information regarding employee compensation and director and supervisor compensation approved by the Board of Directors, please refer to the "Market Observation Post System" on the Taiwan Stock Exchange website.

Based on the profit of the year ended 2025 and 2024, the Company estimated the amounts of the employees' compensation and remuneration to directors be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate basis is distributing based on the current year's profit; the previous mentioned amount is accounted under salary expense. If the resolution of board of directors distribute employee compensation by

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stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of board of directors.

The details of employees' compensation and remuneration to directors for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December	
	2025	2024
Employees' compensation	\$17,228	\$26,840
Remuneration to directors	8,206	12,703

A resolution was passed at a board of directors meeting held on 4 March 2026 to distribute NT\$17,228 and NT\$ 8,206 thousand in cash as the employees' compensation and remuneration to directors of 2025, respectively.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2024.

(16)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2025	2024
Interest income		
Amortized cost of a financial asset	\$37,581	\$27,681
Grant revenue	5,186	28,323
Other revenue-rent discount	300	308
Other revenue-other	36,544	18,264
Total	<u>\$79,611</u>	<u>\$74,576</u>

B. Other gains and losses

	For the years ended 31 December	
	2025	2024
Foreign exchange gains, net	\$13,476	\$30,537
Gains on disposal of property, plant and equipment	11,414	5,876
Compensation losses	-	-
Other expense	(619)	(2,281)
Total	<u>\$24,271</u>	<u>\$34,132</u>

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Notes to Consolidated Financial Statements (Continued)
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C. Financial costs

	For the years ended 31 December	
	2025	2024
Interest on loans from bank	\$(18,530)	\$(4,258)
Interest on lease liabilities	(5,626)	(6,178)
Total	<u>\$(24,156)</u>	<u>\$(10,436)</u>

(17) Components of other comprehensive income

A. For the year ended 31 December 2025

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	<u>\$(51,851)</u>	<u>\$-</u>	<u>\$(51,851)</u>	<u>\$(16,078)</u>	<u>\$(67,929)</u>

B. For the year ended 31 December 2024

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	<u>\$133,134</u>	<u>\$-</u>	<u>\$133,134</u>	<u>\$-</u>	<u>\$133,134</u>

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(18)Income tax

(1) The major components of income tax expense are as follows:

A. Income tax recorded in profit or loss

	For the years ended 31 December	
	2025	2024
Current income tax expense:		
Current income tax payable	\$81,576	\$121,013
Adjustments in respect of current income tax of prior periods	(57,804)	1,637
Corporate income surtax on undistributed retained earnings	15,268	6,414
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	54,352	(329)
Others	327	111
Income tax expense recognized in profit or loss	<u>\$93,719</u>	<u>\$128,846</u>

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2025	2024
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations		
Income tax relating to components of other comprehensive income	<u>\$16,078</u>	<u>\$-</u>

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- (2) A reconciliation between tax expense and the product of accounting profit multiplied by the Group's applicable tax rate is as follows:

	For the years ended 31 December	
	2025	2024
Accounting profit before tax from continuing operations	\$493,661	\$786,742
The amount of tax at each statutory income tax rate	\$144,257	\$230,270
Tax effect of revenue exempt from taxation	(8,761)	(109,679)
Tax effect of expenses non-deductible for tax purposes	10	219
Corporate income surtax on undistributed retained earnings	15,268	6,414
Adjustments in respect of current income tax of prior periods	(57,804)	1637
Income tax impact adjusted according to other tax laws	749	(15)
Total income tax expenses recorded in profit or loss	\$93,719	\$128,846

Due to the High-tech Enterprise Certificate acquired by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd., and Zhejiang Yu-Zuan Precision Components Co., Ltd., , the companies enjoyed 10% of tax incentives on income tax as of December 2022 and applied the tax rate of 15%.

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(3) Significant components of deferred income tax assets and liabilities are as follows:

(A) For the year ended 31 December 2025

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	\$4,990	\$(1,635)	\$-	\$3,355
Unrealized foreign currency exchange gain or loss	(1,136)	(2,198)	-	(3,334)
Loss allowance overdue	913	439	-	1,352
Unrealized gain on foreign investments	(85,786)	(54,467)	-	(140,253)
Provision for allowance to reduce inventories to market value	9,762	3,509	-	13,271
Exchange differences on translation of foreign operations	37,741	-	(16,078)	21,663
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		\$329	\$-	
Net deferred tax assets/ (liabilities)	\$(33,507)			\$(33,507)
Reflected in balance sheet as follows:				
Deferred income tax assets	\$15,675			\$15,675
Deferred income tax liabilities	\$(49,182)			\$(49,182)

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(B) For the year ended 31 December 2024

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	\$6,315	\$(1,325)	\$-	\$4,990
Unrealized foreign currency exchange gain or loss	(313)	(823)	-	(1,136)
Loss allowance overdue	575	338	-	913
Unrealized gain on foreign investments	(85,786)	-	-	(85,786)
Provision for allowance to reduce inventories to market value	7,623	2,139	-	9,762
Exchange differences on translation of foreign operations	37,741	-	-	37,741
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		\$329	\$-	
Net deferred tax assets/ (liabilities)	<u>\$(33,836)</u>			<u>\$(33,507)</u>
Reflected in balance sheet as follows:				
Deferred income tax assets	<u>\$14,522</u>			<u>\$15,675</u>
Deferred income tax liabilities	<u>\$(48,358)</u>			<u>\$(49,182)</u>

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C. The assessment of income tax returns

As of 30 December 2025, the assessment of income tax returns filed by the Company under Taiwan tax jurisdiction is as follows

TURVO INTERNATIONAL CO., LTD	<u>The assessment of income tax returns</u> Assessed and approved up to 2023
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As of 31 December 2025, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2024.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	<u>For the years ended 31 December</u>	
	2025	2024
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	<u>\$403,761</u>	<u>\$661,028</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>60,288</u>	<u>60,288</u>
Basic earnings per share (NTD)	<u>\$6.70</u>	<u>\$10.96</u>

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B. Diluted earnings per share

	For the years ended 31 December	
	2025	2024
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$403,761	\$661,028
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Effect of dilution:		
Employees' compensation – stock (in thousands)	99	122
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,387	60,410
Diluted earnings per share (NTD)	\$6.69	\$10.94

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
GOODWAY Machine CORP. (GOODWAY) (Note)	The chairman of the group is a director of the company.
AWEA Electromechanical Co., Ltd. (AWEA)	Substantive related party of the Group

Note: From March 28, 2025 to May 28, 2025, the party was not a related party. Starting from May 29, 2025, the party became a substantive related party of the Group.

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(2) Significant transactions with related parties

A. Sales

	For the years ended 31	
	December	
	2025	2024
GOODWAY	\$1,592	\$1,289

The Company sets the sales prices for transactions with the aforementioned related parties based on the factors including market segmentation, business competition, product characteristics, bulk purchasing, and payment terms. These prices were determined in a manner that has no significant differences from the general sales processing procedures

B. Accounts receivable

	As of	
	December 31	December 31
	2025	2024
GOODWAY	\$439	\$471

C. Notes Payable

	As of	
	December 31	December 31
	2025	2024
GOODWAY	\$5,471	\$79
AWEA	97	252
TOTAL	\$5,568	\$331

D. Acquisition of property, plant, and equipment

	As of	
	December 31	December 31
	2025	2024
GOODWAY	\$11,075	\$3,910

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E. Key management personnel compensation

	For the years ended 31 December	
	2025	2024
Short-term employee benefits	\$45,371	\$41,940
Post-employment Benefits	1,058	1,124
Total	<u>\$46,429</u>	<u>\$43,064</u>

The key management of the Group comprises the chairman, directors, independent directors, and general manager.

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as security:

Items	As of		Secured liabilities
	31 December 2025	31 December 2024	
Financial assets measured at amortized cost, current	\$1,341	\$204	Performance guarantee mechanism
Property, Plant and Equipment- building	686,503	702,085	Bank loan
Property, Plant and Equipment- equipment	149,685	175,822	Bank loan
Property, Plant and Equipment- other	5,996	7,383	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) The promissory note amount of unrecovered cancelled license due to the borrowing cost of contract approval as of the year ended 2024 and 2024 are NT\$ 2,829,703 thousand and NT\$2,779,703 thousand .

10. SIGNIFICANT DISASTER LOSS

None.

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Notes to Consolidated Financial Statements (Continued)
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11. SIGNIFICANT SUBSEQUENT EVENTS

- (1) The Company's first domestic unsecured convertible bonds were approved and issued on January 23, 2026. The total issuance consists of 13,000 units with a par value of NT\$100,000 each, totaling NT\$1,300,000 thousands. The bonds have a three-year tenure and are convertible into common shares starting from three months after the issuance date until maturity.
- (2) On March 5, 2025, the Board of Directors of the Company resolved that the major subsidiary, TURVO International Co., Ltd.(YZ), adjust its acquisition of land use rights by increasing the land area from approximately 60 acres to approximately 70 acres, with the total expected acquisition cost adjusted to approximately RMB27,300 thousand.

12. OTHERS

- (1) Categories of financial instruments

<u>Financial Assets</u>	As of	
	31 December 2025	31 December 2024
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	\$1,305,523	\$698,208
Financial assets measured at amortized cost	951,953	1,067,355
Notes receivable	4,895	13,344
Accounts receivable	807,715	847,924
Other receivables	42,548	26,210
Financial Liabilities	As of	
	31 December 2025	31 December 2024
Financial liabilities at amortized cost:		
Short-term loans	\$1,255,385	\$448,000
Notes and accounts payables	320,242	373,750
Other payables	241,482	352,529
Lease liability	156,429	131,705
Lease liability (including long-term loans due within one year)	448,177	531,702

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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(2) Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Group is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk, and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore, natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

- A. When NTD appreciates/depreciates against USD by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$ 6,350 thousand and NT\$3,864 thousand, respectively; and no impact on the equity.
- B. When NTD appreciates/depreciates against RMB by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$293 thousand and NT\$17,636 thousand, respectively; and no impact on the equity.
- C. When NTD appreciates/depreciates against EUR by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT\$2,923thousand and NT\$724 thousand, respectively; and no impact on the equity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of NT\$1,704 thousand and NT\$980 thousand for the years ended 31 December 2025 and 2024, respectively.

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(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (Primarily consists of contract assets, accounts receivable, notes receivable, and lease receivables.) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures, and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be decreased by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2025, and 2024, amounts receivables from top ten customers represented 77% and 69% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated

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interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2025					
Short-term loans	\$1,257,794	\$-	\$-	\$-	\$1,257,794
Notes and accounts payable	320,242	-	-	-	320,242
Lease liability(Note)	56,433	97,971	6,555	5,430	166,389
Long-term loans (within 1 year maturity)	113,490	194,103	87,474	67,474	462,541
As of 31 December 2024					
Short-term loans	\$450,061	\$-	\$-	\$-	\$450,061
Notes and accounts payable	373,750	-	-	-	373,750
Lease liability	47,635	68,859	34,509	750	151,753
Long-term loans (within 1 year maturity)	88,710	227,955	135,255	99,331	551,251

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2025	\$448,000	\$531,702	\$131,705	\$1,111,407
Cash flow	807,385	(83,525)	(41,913)	681,947
Non-cash changes	-	-	68,542	68,542
Foreign exchange differences	-	-	(1,905)	(1,905)
As of 31 December 2025	<u>\$1,255,385</u>	<u>\$448,177</u>	<u>\$156,429</u>	<u>\$1,859,991</u>

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Reconciliation of liabilities for the year ended 31 December 2024:

	Short-term loans	Long-term loans (Long- term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2024	\$-	\$640,227	\$38,442	\$678,669
Cash flow	448,000	(108,525)	(53,837)	285,638
Non-cash changes	-	-	145,227	145,227
Foreign exchange differences	-	-	1,873	1,873
As of 31 December 2024	<u>\$448,000</u>	<u>\$531,702</u>	<u>\$131,705</u>	<u>\$1,111,407</u>

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds, and futures, etc.) at the reporting date.
- (C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as

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Notes to Consolidated Financial Statements (Continued)

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discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable, and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring or recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: Thousands

	As of					
	31 December 2025			31 December 2024		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	\$20,202	31.4340	\$635,030	\$11,787	32.7810	\$386,390
CNY	444	4.4722	1,986	3,317	4.5603	15,127
EUR	9,064	36.8760	334,244	3,731	34.1316	127,345
Financial liabilities						
Monetary item:						
CNY	\$7,003	4.4722	\$31,319	\$-	4.5603	\$-
EUR	1,138	36.8760	41,965	1,611	34.1316	54,986

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Due to the large number of functional currencies used in the Group, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized NT\$13,476 thousand and NT\$30,537 thousand for foreign exchange loss for the years ended 31 December 2025 and 2024, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided:

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
0	TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD	Other receivables due from related parties	Yes	\$131,280	\$125,736	\$-	NA	2	\$-	Operating purposes	\$-	-	\$-	\$396,074	\$1,584,297
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	\$2,986	\$-	\$-	NA	2	\$-	Operating purposes	\$-	-	\$-	\$396,074	\$1,584,297
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	\$43,641	\$29,940	\$-	3%~3.5%	2	\$-	Operating purposes	\$-	-	\$-	\$396,074	\$1,584,297

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No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
1	Dong-Guan Xin-Feng Hardware Machine	TURVO INTERNATIONAL Co., LTD	Other receivables due from related parties	Yes	\$323,582	\$313,054	\$-	2.6%	2	\$-	Operating purposes	\$-	-	\$-	\$3,960,744 (Note 4)	\$3,960,744 (Note 4)
2	TURVO International Co., Ltd.(YZ)	TURVO INTERNATIONAL Co., LTD	Other receivables due from related	Yes	\$323,582	\$-	\$-	NA	2	\$-	Operating purposes	\$-	-	\$-	\$3,960,744 (Note 4)	\$3,960,744 (Note 4)
3	TIPO INTERNATIONAL CO., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related	Yes	\$3,143	\$3,143	\$3,024	NA	2	\$-	Operating purposes	\$-	-	\$-	\$348,848	\$1,395,395
3	TIPO INTERNATIONAL CO., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related	Yes	\$29,940	\$29,940	\$11,477	3.2%	2	\$-	Operating purposes	\$-	-	\$-	\$348,848	\$1,395,395

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Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: For foreign companies in which the Company directly and indirectly holds 100% of the voting shares, short-term financing needs may be met through intercompany loans.

The loan amount is not subject to the 40% limit of the lending company's net worth, but is limited to 100% of the net worth of the borrowing company.

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B. Endorsement/guarantee provided: None.

C. Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): None.

D. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock: refer to Note 13 (1) (F).

E. Receivables from related parties amounting to over NT\$100 million or 20% of the paid-in capital: None

F. Inter-company relationships and significant intercompany transactions:

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Purchase of goods	\$617,904	Regular trade	18.87%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	\$142,487	Regular trade	2.15%
0	TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(YZ)	(1)	Purchase of goods	\$294,095	Regular trade	8.98%
0	TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(YZ)	(1)	Other payables	\$65,573	Regular trade	0.99%
1	Dong-Guan Xin- Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	\$617,904	Regular trade	18.87%

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No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	\$142,487	Regular trade	2.15%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TIPO INTERNATIONAL CO., LTD	(3)	Accounts Payables	\$20,177	Regular trade	0.30%
2	TURVO International Co., Ltd.(YZ)	TURVO INTERNATIONAL Co., LTD	(2)	Sales	\$294,095	Regular trade	8.98%
2	TURVO International Co., Ltd.(YZ)	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	\$65,573	Regular trade	0.99%
3	TIPO INTERNATIONAL CO., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(3)	Accounts Receivables	\$20,177	Regular trade	0.30%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transactions from a subsidiary to a subsidiary

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows:

for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

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Notes to Consolidated Financial Statements (Continued)
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(2) Information on investees

A. Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance As of 31 December 2024			Net Income (Losses) of the Investee (Note 1)	Investment income (loss) (Note 2)	Notes
				31 December 2025	31 December 2024	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	\$946,313 (USD31,133,211)	\$946,313 (USD31,133,211)	31,133,211 shares	100%	\$3,478,070	\$313,610	\$318,160	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	\$61,760 (USD 2,045,753)	\$61,760 (USD 2,045,753)	4,912,749 shares	35.71%	\$2,406	\$(5,940)	\$(2,121)	Subsidiary
TURVO INTERNATIONAL Co., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	\$900	\$900	90,000 shares	100%	\$880	\$13	\$13	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	\$216,811 (USD7,133,211 HKD220,000)	\$216,811 (USD7,133,211 HKD220,000)	-	100%	\$1,962,082	\$187,420	Cope with subsidiary	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	\$204,635 (USD 6,606,203)	\$204,635 (USD 6,606,203)	216,276 shares	99.99%	\$9,780	\$(5,681)	Cope with subsidiary	Second-tier subsidiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions.

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(3) Information on investment in Mainland China

A. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2024	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2024	Accumulated Inward Remittance of Earnings as of 31 December 2024
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo (BVI)	\$230,289 (USD7,120,536)	\$-	\$-	\$230,289 (USD7,120,536)	100%	\$187,667	\$1,958,459	\$717,836
TURVO International Co., Ltd.(YZ)	Manufacturing and trading	USD 28,000,000 (Note 4)	Indirect investments through Turvo (BVI)	\$686,956 (USD23,000,000)	\$-	\$-	\$686,956 (USD23,000,000)	100% (Note 4)	\$114,925	\$1,421,746	\$-

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Accumulated investment in Mainland China as of 31 December 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$917,245 (USD30,120,536)	\$917,245 (USD30,120,536)	\$2,376,446 (note 2)

Note1 : Part of the voting right acquired through the equity transfer

Note2 : Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note3 : The recognized profit and loss under investment should base on the financial statement that audited by accountants.

Note 4: Funds of US\$5,000,000 were injected into TURVO International Co., Ltd.(YZ) by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2024; therefore, Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. Acquired 17.86% ownership in TURVO International Co., Ltd.(YZ). The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

- B. As of 31 December 2025, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) J. The unrealized profit amount generated due to the previous significant transaction items accounted for NT\$908 thousand.

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14. OPERATING SEGMENT INFORMATION

(1) For management purposes, the Group is organized into business units based on operating strategies and has two reportable segments as follows:

- A. Taiwan segment produces, manufacture, and trading precision metal processing including automobile, industrial application, and household application, etc.
- B. China segment produces, manufacture, and trading precision metal processing, including computer, medical equipment, optical, precision metal hardware, etc.
- C. Other segment is responsible for transpose during departments.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Transfer listed price between operating department is based on the executed function and affordable risks as the basis of consideration.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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(2) The reportable segments' profit and loss, information are listed as follows:

A. For the year ended 31 December 2025

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
Revenue					
External customers	\$1,927,323	\$1,347,616	\$-	\$-	\$3,274,939
Inter-segment	14,610	927,023	-	(941,633)	-
Interest revenue	4,986	30,444	3,064	(913)	37,581
Total revenue	1,946,919	2,305,083	3,064	(942,546)	3,312,520
Interest expense	18,819	5,441	929	(1,033)	24,156
Depreciation and amortization	138,386	186,882	3,308	-	328,576
Investment income	309,866	-	484,331	(794,197)	-
Segment profit	<u>\$457,385</u>	<u>\$341,064</u>	<u>\$307,669</u>	<u>\$(612,457)</u>	<u>\$493,661</u>
Assets					
Investment using the equity method	\$3,481,356	\$-	\$5,352,067	\$(8,833,423)	\$-
Capital expenditures of non-current assets	123,732	114,573	-	-	238,305
Operating segment Assets	<u>\$6,291,599</u>	<u>\$4,040,804</u>	<u>\$5,548,541</u>	<u>\$(9,256,373)</u>	<u>\$6,624,571</u>
Operating segment liabilities	<u>\$2,329,975</u>	<u>\$499,766</u>	<u>\$81,450</u>	<u>\$(251,697)</u>	<u>\$2,659,494</u>

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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B.For the year ended 31 December 2024

	Taiwan	China	Other	Adjustments and eliminations (Note 1)	Total of the Group
Revenue					
External customers	\$1,800,222	\$1,857,591	\$892	\$-	\$3,658,705
Inter-segment	2,170	819,752	61	(821,983)	-
Interest revenue	3,118	23,207	2,377	(1,021)	27,681
Total revenue	1,805,510	2,700,550	3,330	(823,004)	3,686,386
Interest expense	4,586	5,836	1,036	(1,022)	10,436
Depreciation and amortization	107,489	199,340	4,094	-	310,923
Investment income	533,480	-	880,931	(1,414,411)	-
Segment profit	<u>\$707,936</u>	<u>\$582,924</u>	<u>\$531,673</u>	<u>\$(1,035,791)</u>	<u>\$786,742</u>
Assets					
Investment using the equity method	\$3,217,374	\$-	\$4,949,645	\$(8,167,019)	\$-
Capital expenditures of non-current assets	290,553	64,211	-	-	354,764
Operating segment Assets	<u>\$5,642,909</u>	<u>\$3,856,123</u>	<u>\$5,139,582</u>	<u>\$(8,551,450)</u>	<u>\$6,087,164</u>
Operating segment liabilities	<u>\$1,594,894</u>	<u>\$562,317</u>	<u>\$80,330</u>	<u>\$(205,458)</u>	<u>\$2,032,083</u>

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Geographic information

A. Revenue from external customers:

Country	For the years ended 31 December	
	2025	2024
China	\$1,355,108	\$1,858,894
Germany	437,782	401,821
Taiwan	383,230	425,040
Turkey	379,325	394,122
Other countries	719,494	578,828
Total	<u>\$3,274,939</u>	<u>\$ 3,658,705</u>

B. Important customer information

Customers	For the years ended 31 December			
	2025		2024	
	Amount	%	Amount	%
Company A	\$379,199	12	\$393,921	11
Company B	340,999	10	400,643	11
Company C	319,018	10	396,260	11
Total	<u>\$1,039,216</u>	<u>32</u>	<u>\$1,190,824</u>	<u>33</u>