Stock Code: 2247

Pan German Universal Motors Ltd.

Parent Company Only Financial Statements and
Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors and Shareholders of Pan German Universal Motors Ltd.:

Opinion

We have audited the parent company only balance sheets of Pan German Universal Motors Ltd. as of December 31, 2025 and 2024 and the parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, as well as the notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, the aforementioned parent company only financial statements are prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and fairly present the parent company only financial position of Pan German Universal Motors Ltd. as of December 31, 2025 and 2024, and its parent company only financial performance and cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for Auditing Parent Company Only Financial Statements section of our report. We are independent of Pan German Universal Motors Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and proper 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 Pan German Universal Motors Ltd.'s 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

<u>Recognition of revenue generated from sale of used cars</u>

The Auditing Standards presets sales revenue as a material audit risk. As the automotive market this year has been affected by U.S. tariff policies, leading to significant fluctuations in vehicle sales volume, the sale of used cars has become a key revenue stream that Pan German Universal Motors Ltd. has primarily focused on developing in recent years. Therefore, we have identified the occurrence of revenue recognition from the sale of used cars as a key audit matter. For related accounting policies, please refer to Note 4, Summary of Key Accounting Policies (11) in the parent company only financial statements.

We have gained an understanding of both the design and implementation of the internal control system for the recognition of the revenue generated from sale of used cars, and sampled vouchers with respect to the revenue generated from sale of used cars to review the recognition of such revenue and verify related sales documents to ascertain the occurrence of revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, management is responsible for the preparation and fair presentation of parent company only financial statements for internal control as deemed necessary to be free from material misstatement, whether due to fraud or error.

In preparing parent company only financial statements, management is responsible for assessing the Pan German Universal Motors Ltd.'s ability to continue as a going concern and disclosing relevant matters as applicable as the basis of accounting unless management intends to liquidate the Pan German Universal Motors Ltd., cease operations, or has no realistic alternatives.

Those charged with governance, including the Audit Committee, are responsible for overseeing Pan German Universal Motors Ltd.'s financial reporting process.

Auditors' Responsibilities for Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Auditing Standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements 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 parent company only financial statements.

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

1. Identify and assess risks of material misstatement due to fraud or error, design and perform audit procedures, and obtain sufficient and proper evidence as basis for our opinions. The risk of not detecting a material misstatement 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 Pan German Universal Motors Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies and reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the properness of management's usage of the going concern basis of accounting and whether a material uncertainty on events or conditions based on evidence may cast significant doubt on Pan German Universal Motors Ltd.'s ability to continue as a going concern. If such a material uncertainty exists, we are required to draw attention in our auditors' report to disclosures or, if inadequate, to modify our opinion. Our conclusions are based on evidence obtained up to the date of our report. However, future events or conditions may cause Pan German Universal Motors Ltd. to cease as a going concern.
5. Evaluate the overall presentation, structure, and content, including the disclosures, and whether underlying transactions and events are represented in a fair manner.
6. Obtain sufficient proper audit evidence on the financial information of entities within Pan German Universal Motors Ltd. to express an opinion on the parent company only financial statements. Our auditor is responsible for directing, supervising, and executing the audit, and is responsible for forming the audit opinion of Pan German Universal Motors Ltd.

We communicate with those charged with governance on the planned scope and timing of the audit and key findings, including deficiencies in internal control identified.

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.

Based on the matters communicated with those charged with governance, we determined the key audit matters for the audit of the 2025 parent company only financial statements of Pan German Universal Motors Ltd. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche Taiwan

CPA: Shih, Chin-Chuang　　　　　　CPA: Liu, Shu-Ling

March 10, 2026

Notice to Readers

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

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

Pan German Universal Motors Ltd.

Parent Company Only Balance Sheets

December 31, 2025 and 2024

(In Thousands of NTD)

		December 31, 2025		December 31, 2024	
Code	Assets	Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6 and 25)	$ 2,455,257	11	$ 2,374,551	11
1136	Financial assets at amortized cost – current (Notes 4, 8, 25, and 27)	7,400	-	5,400	-
1150	Notes receivable, net (Notes 4, 9, 25, and 26)	138	-	6,373	-
1170	Accounts receivable, net (Notes 4, 9, 25, and 26)	380,177	2	469,903	2
1200	Other receivables (Notes 25 and 26)	814,890	4	697,916	3
130X	Inventories (Notes 4 and 10)	4,896,643	23	6,298,616	28
1421	Prepayments to suppliers (Note 26)	2,202,102	10	2,174,567	10
1470	Prepaid expenses and other current assets (Note 26)	116,001	1	98,431	-
11XX	Total current assets	10,872,608	51	12,125,757	54
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4, 7 and 25)	29,674	-	29,674	-
1535	Financial assets at amortized cost – non-current (Notes 4, 8, 25 and 27)	7,994	-	76,965	-
1550	Investments accounted for using equity method (Notes 4 and 11)	543,733	3	566,489	3
1600	Property, plant and equipment (Notes 4, 12, 21 and 26)	7,036,373	33	5,425,722	24
1755	Right-of-use assets (Notes 4, 13 and 26)	2,613,685	12	2,776,328	12
1821	Intangible assets (Note 4)	2,663	-	1,992	-
1840	Deferred tax assets (Notes 4 and 22)	31,476	-	25,710	-
1915	Prepayments for business facilities (Note 26)	28,150	-	1,222,341	6
1920	Guarantee deposits paid (Note 25)	103,284	1	101,880	1
1984	Other non-current financial assets (Note 25)	1,380	-	1,380	-
1995	Long-term prepaid expenses	19,950	-	22,042	-
15XX	Total non-current assets	10,418,362	49	10,250,523	46
1XXX	Total assets	$ 21,290,970	100	$ 22,376,280	100
Code	Liability and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 14 and 25)	$ -	-	$ 700,000	3
2130	Contract liabilities – current (Notes 20 and 26)	1,364,333	7	3,143,731	14
2150	Notes payable (Notes 16, 25 and 26)	13,283	-	3,626	-
2170	Accounts payable (Notes 16 and 25)	103,790	1	72,656	-
2180	Accounts payable – related parties (Notes 16, 25, and 26)	296,831	1	497,768	2
2200	Other payables (Notes 17, 25, and 26)	1,534,753	7	1,148,418	5
2230	Current tax liabilities (Notes 4 and 22)	125,523	1	237,668	1
2280	Lease liabilities – current (Notes 4, 13, 25 and 26)	389,745	2	345,415	2
2399	Other current liabilities	81,577	-	137,318	1
21XX	Total current liabilities	3,909,835	19	6,286,600	28
	Non-current liabilities				
2530	Bonds payable (Notes 4, 15, and 25)	1,952,627	9	-	-
2550	Other non-current liabilities	44,683	-	44,683	1
2580	Lease liabilities – current (Notes 4, 13, 25 and 26)	2,518,969	12	2,722,225	12
2640	Net defined benefit liabilities – non-current (Notes 4 and 18)	17,370	-	28,277	-
25XX	Total non-current liabilities	4,533,649	21	2,795,185	13
2XXX	Total liabilities	8,443,484	40	9,081,785	41
	Equity (Note 19)				
	Share capital				
3110	Ordinary share	807,087	4	807,087	4
3200	Capital surplus	4,354,675	20	4,269,075	19
	Retained earnings				
3310	Legal reserve	1,525,178	7	1,243,213	5
3350	Unappropriated retained earnings	6,126,695	29	6,947,621	31
3300	Total retained earnings	7,651,873	36	8,190,834	36
3400	Other equity	33,851	-	27,499	-
3XXX	Total equity	12,847,486	60	13,294,495	59
	Total liabilities and equity	$ 21,290,970	100	$ 22,376,280	100

The accompanying notes are an integral part of the parent company only financial statements.

Pan German Universal Motors Ltd.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

(In Thousands of NTD, Except for Earnings Per Share in NTD)

Code		2025 Amount	2025 %	2024 Amount	2024 %
4000	Operating revenue (Notes 4, 20 and 26)	$ 48,243,733	100	$ 54,324,867	100
5000	Operating costs (Notes 10, 21, and 26)	42,889,556	89	48,324,621	89
5900	Gross profit from operations	5,354,177	11	6,000,246	11
	Operating expenses (Notes 9, 18, 21, and 26)				
6100	Selling expenses	3,522,528	7	3,609,149	7
6200	Administrative expenses	218,773	-	221,665	-
6450	Expected credit loss (reversal gain)	(534)	-	421	-
6000	Total operating expenses	3,740,767	7	3,831,235	7
6500	Other income and net expenses (Notes 4 and 21)	26,243	-	21,170	-
6900	Net operating profit	1,639,653	4	2,190,181	4
	Non-operating income and expenses				
7100	Interest revenue	12,287	-	26,700	-
7110	Rent income	3,659	-	2,022	-
7190	Other income (Note 26)	78,401	-	78,606	-
7375	Share of profit of subsidiaries accounted for using equity method (Notes 4 and 11)	137,244	-	129,778	1
7510	Interest expense (Notes 21 and 26)	(46,516)	-	(37,588)	-
7590	Miscellaneous disbursements	(147)	-	-	-
7000	Total non-operating income and expenses	184,928	-	199,518	1

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Code		2025 Amount	2025 %	2024 Amount	2024 %
7900	Net profit before tax	$ 1,824,581	4	$ 2,389,699	5
7950	Income tax expense (Notes 4 and 22)	345,823	1	458,235	1
8200	Net profit for the period	1,478,758	3	1,931,464	4
8300	Other comprehensive income, net				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Notes 4, 18 and 19)	6,352	-	3,827	-
8500	Total comprehensive income	$ 1,485,110	3	$ 1,935,291	4
	Earnings per share (Note 23)				
9750	Basic	$ 18.32		$ 23.93	
9850	Diluted	$ 17.63		$ 23.93	

The accompanying notes are an integral part of the parent company only financial statements.

Pan German Universal Motors Ltd.

Parent company Only Statement of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(In Thousands of NTD, Unless Otherwise Specified)

		Share capital			Retained earnings		Other equity interest	
Code		Shares (thousand shares)	Amount	Capital surplus	Legal reserve	Unappropriated retained earnings	Remeasurement of defined benefit plans	Total equity
A1	Balance on January 1, 2024	80,709	$ 807,087	$ 4,269,075	$ 1,064,283	$ 6,647,844	$ 23,672	$ 12,811,961
	2023 earnings appropriation							
B1	Legal reserve appropriated	-	-	-	178,930	(178,930)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(1,452,757)	-	(1,452,757)
D1	2024 net profit	-	-	-	-	1,931,464	-	1,931,464
D3	2024 other comprehensive income	-	-	-	-	-	3,827	3,827
Z1	Balance on December 31, 2024	80,709	807,087	4,269,075	1,243,213	6,947,621	27,499	13,294,495
	2024 earnings appropriation							
B1	Legal reserve appropriated	-	-	-	193,146	(193,146)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(1,493,112)	-	(1,493,112)
	Other changes in capital surplus:							
C5	Recognition of the equity component of issued convertible bonds	-	-	85,600	-	-	-	85,600
	2025 earnings appropriation							
B1	Legal reserve appropriated	-	-	-	88,819	(88,819)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(524,607)	-	(524,607)
D1	2025 net profit	-	-	-	-	1,478,758	-	1,478,758
D3	2025 other comprehensive income	-	-	-	-	-	6,352	6,352
Z1	Balance on December 31, 2025	80,709	$ 807,087	$ 4,354,675	$ 1,525,178	$ 6,126,695	$ 33,851	$ 12,847,486

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Tang, Mu-Lien　　Managerial officers: Tu, Hwang-Hsu　　Accounting Supervisor: Chi, Chien-Tien

Pan German Universal Motors Ltd.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(In Thousands of NTD)

Code		2025	2024
	Cash flows from operating activities		
A10000	Profit before tax	$ 1,824,581	$ 2,389,699
A20010	Profit or loss items		
A20100	Depreciation expense	924,098	932,664
A20200	Amortization expense	5,138	4,323
A29900	Amortization of long-term prepaid expenses	2,746	2,679
A20300	Expected credit loss (reversal gain)	(534)	421
A20900	Interest expense	46,516	37,588
A21200	Interest revenue	(12,287)	(26,700)
A21300	Dividend revenue	(997)	(2,735)
A22400	Share of profit of subsidiaries accounted for using equity method	(137,244)	(129,778)
A22500	Gains on disposals of property, plant and equipment	(184)	-
A23700	Inventory write-downs and obsolescence loss	46,270	15,249
A29900	Gain on lease modifications	(1,125)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	6,235	(6,162)
A31150	Accounts receivable	90,260	(84,861)
A31180	Other receivables	(116,974)	(124,203)
A31200	Inventories	2,605,383	(625,110)
A31220	Long-term prepaid expenses	(654)	(247)
A31230	Prepayments to suppliers	(27,535)	(1,104,454)
A31240	Prepaid expenses and other current assets	(17,570)	(13,684)
A32125	Contract liabilities	(1,779,398)	(557,849)
A32130	Notes payable	9,657	(9,202)
A32150	Accounts payable	31,134	(18,198)
A32160	Accounts payable – related parties	(200,937)	175,775
A32180	Other payables	(77,479)	103,542
A32230	Other current liabilities	(56,047)	(2,046)
A32240	Net defined benefit liabilities	(2,967)	(23,957)
A33000	Cash inflow generated from operations	3,160,086	932,754

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Code		2025	2024
A33100	Interest received	$ 12,287	$ 27,575
A33300	Interest paid	(41,640)	(41,084)
A33500	Income taxes paid	(465,322)	(462,691)
AAAA	Net cash flows from operating activities	2,665,411	456,554
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(2,029)	(103,222)
B00050	Proceeds from disposal of financial assets at amortized cost	69,000	600,000
B02700	Purchase of property, plant, and equipment	(2,191,927)	(2,081,194)
B02800	Proceeds from disposal of property, plant, and equipment	413	-
B03700	Increase in guarantee deposits paid	(1,404)	(5,287)
B04500	Acquisition of intangible assets	(5,809)	(4,661)
B07100	Increase in prepayments for business facilities	(39,153)	(1,229,668)
B07600	Dividends received	160,997	105,696
BBBB	Net cash flows in investing activities	(2,009,912)	(2,718,336)
	Cash flows from financing activities		
C00100	Decrease (increase) in short-term borrowings	(700,000)	700,000
C01200	Issuance of convertible bonds	2,028,695	-
C03000	Increase in guarantee deposits received	306	-
C04020	Payment of the principal portion of lease liabilities	(410,682)	(420,666)
C04500	Cash dividends paid	(1,493,112)	(1,452,757)
CCCC	Net cash flows used in financing activities	(574,793)	(1,173,423)
EEEE	Net increase (decrease) in cash and cash equivalents for the period	80,706	(3,435,205)
E00100	Cash and cash equivalents at beginning of period	2,374,551	5,809,756
E00200	Cash and cash equivalents at end of period	$ 2,455,257	$ 2,374,551

The accompanying notes are an integral part of the parent company only financial statements.

Pan German Universal Motors Ltd.

Notes to the Parent Company Only Financial Statements

For the Years Ended December 31, 2025 and 2024

(In Thousands of NTD, Unless Otherwise Specified)

1. Company History

Established in 1979, Pan German Universal Motors Ltd. (hereinafter referred to as the "Company"), mainly engages in the distribution, sale, maintenance, and repair of automobiles and their components.

Shares of the Company have been listed and traded on the Taiwan Stock Exchange since October 12, 2020.

These parent company only financial statements are presented in New Taiwan Dollar (NTD), the functional currency of the Company.

2. Approval Date and Procedures of the Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 10, 2026.

3. New Standards, Amendments, and Interpretations Adopted

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs"), as endorsed and made effective by the Financial Supervisory Commission (FSC)

The application of the revised IFRSs endorsed and issued into effect by the FSC will not result in significant changes to the Company's accounting policies.

(2) IFRSs endorsed by the FSC applicable in 2026

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
"Annual Improvements to IFRS Accounting Standards – Volume 11"	January 1, 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"

A. Regarding amendments to the application guidance on the classification of financial assets

The key amendments to the classification requirements for financial assets are as follows:

(a) If a financial asset contains a contingent event that can change the timing or amount of contractual cash flows, and the nature of the contingent event is not directly related to changes in basic loan risk and cost (such as whether the debtor achieves a specific reduction in carbon emissions), the contractual cash flows of such financial assets are principal payments and interest on the outstanding principal when they meet the following two conditions:

- Contractual cash flows arising from all possible scenarios (before or after the occurrence of contingent events) are solely principal payments and interest on the outstanding principal; and
- No difference between contractual cash flows arising from all possible scenarios and cash flows of financial instruments with the same contractual terms but without contingent features.

(b) Specify that financial assets with non-recourse features refer to the ultimate right of the entity to receive cash flows and are limited to the cash flows of specific assets according to the contract.

(c) Clarify that contractually linked instruments prioritize payments to financial asset holders by establishing multiple tranches of securities through a waterfall payment structure, thereby creating a credit risk concentration and leading to a disproportionate allocation of cash shortfalls from the underlying pool among different tranches of securities.

B. Regarding amendments to the application guidance on the derecognition of financial liabilities

The amendment primarily explains that financial liabilities shall be derecognized on the settlement date. However, when a company settle financial liabilities in cash with an electronic payment system, it may choose to derecognize the financial liabilities before the settlement date if the following conditions are met:

- The entity does not have the practical ability to withdraw, stop, or cancel the payment instruction.
- The entity does not have the practical ability to access cash that will be used for settlement due to the payment instructions.
- The settlement risks associated with the electronic payment system are not significant.

The Company is required to retrace the comparative periods for which the amendment is applicable without the need for restatement, and recognize the impact of the initial application as of the date of the initial application. However, if a company may restate without the use of hindsight, it may choose to restate comparative periods.

Upon the initial application of the IFRSs applicable in 2026, the Company expects to revise the timing of derecognition of financial liabilities related to checks not yet cashed by counterparties from the issue date of the check to the date of cashing by the counterparty. The Company will not restate comparative information.

As of the date the parent company only financial statements were authorized for issuance, the Company assesses that the amendments to the aforementioned standards and interpretations will not have a significant impact on its financial position and performance.

(3) IFRSs issued by IASB but not yet endorsed and made effective by the FSC

New, revised or amended standards and interpretations	Effective date by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture Assets"	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including amendments for 2025)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless otherwise specified, the abovementioned new, revised, or amended standards and interpretations take effect for annual reporting periods beginning on or after the stated dates.

Note 2: The FSC announced on September 25, 2025, that domestic enterprises shall apply IFRS 18 from January 1, 2028, with the option for early adoption after IFRS 18 is endorsed.

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

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

- The Company shall assess whether it has specified main business activities that involve investing in specific types of assets or providing financing to customers, and accordingly classify income and expenses in the statement of profit or loss into operating, investing, financing, income taxes, and discontinued operation categories.
- The income statement shall present profit or loss from operations and before financing and tax, as well as subtotals and totals of profit or loss.
- Guidance is provided to enhance aggregation and disaggregation of requirements: The Company shall identify assets, liabilities, equity, revenue, expenses, and cash flows arising from individual transactions or other events, then classify and aggregate them based on common characteristics, so that each line item in the primary financial statements shares at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and notes. The Company will only label such items as “Other” when a more informative designation cannot be identified.
- Disclosure of management-defined performance measures is required: When the Company engages in public communication outside the financial statements or communicates perspectives of management on specific aspects of its overall financial performance to users of the financial statements, it shall disclose the management-defined performance measures in a single note. This disclosure should include a description of the measure, the method of calculation, a reconciliation with subtotals or totals specified by IFRS Accounting Standards, and the effects of related adjustment items on income tax and non-controlling interests.

In addition, the following consequential amendments were made to IAS 7 “Statement of Cash Flows”:

- When the Company prepares cash flows from operating activities using the indirect method, operating profit or loss shall be used as the starting point for the reconciliation.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Company is assessed to have specific primary operating activities, it must consider the types of dividend income, interest income, and interest expense presented in the income statement to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows; provided, however, each of the aforementioned cash flows may only be classified within a single activity in the statement of cash flows.

Except for the impacts noted above, as of the date the parent company only financial statements are approved and issued, the Company is still in the process of assessing the potential impacts of the amendments to various standards and interpretations on its financial position and performance. The relevant impacts will be disclosed upon the completion of the evaluation.

4. Summary of Significant Accounting Policies

(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The parent company only financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value, and net defined benefit liabilities measured at the present value of the defined benefit obligations less the fair value of plan assets.

Fair value measurements are categorized into Level 1 through Level 3 based on the observability and importance of the relevant input values:

A. Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

B. Level 2 inputs: Observable inputs for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices), other than quoted prices included in Level 1.

C. Level 3 inputs: Unobservable inputs of assets or liabilities.

When preparing the parent company only financial statement, the Company adopted equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income and equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company , other comprehensive income, and equity in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to “investments accounted for using equity method” and “share of profit or loss of subsidiaries accounted for using the equity method”.

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

Current assets include:

A. Assets held for trading purposes;

B. Assets expected to be realized within 12 months after the balance sheet date; and

C. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle liabilities for more than 12 months after the balance sheet date).

Current liabilities include:

A. Liabilities held for trading purposes;

B. Liabilities to be settled within 12 months after the balance sheet date; and

C. Liabilities for which there is no substantive right to defer settlement beyond at least 12 months after the balance sheet date.

Those not classified as current assets or current liabilities are categorized as non-current assets or non-current liabilities.

(4) Inventories

Inventories include automobiles, components, and accessories. Inventories are based on the lower of cost or net realizable value. When comparing cost and net realizable value, except for the same category of inventories, it is based on individual items. Net realizable value is the estimated selling price under normal circumstances less expected selling expenses. The cost of inventories is determined using the identification method for automobiles and the weighted-average method for components and accessories.

(5) Subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, the initial investment is recognized at cost, and the subsequent carrying amount is adjusted according to the share of profit or loss and other comprehensive income of subsidiaries enjoyed by the Company and profit distribution. In addition, the Company may recognize the changes in the Company's share of other equity interest in subsidiaries in proportion to shareholding.

Changes in the Company's ownership equity in a subsidiary that do not result in the loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

Unrealized profits and losses on downstream transactions between the Company and its subsidiaries are eliminated from the parent company only financial statements. Profits and losses resulting from upstream transactions and lateral transactions between the Company and its subsidiaries are recognized the parent company only financial statements, to the extent that they do not relate to the interest of the Company in these subsidiaries.

(6) Property, plant, and equipment

Property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. Costs include professional service fees, borrowing costs eligible for capitalization, and depreciation expenses for right-of-use assets (land-use rights) related to property under construction. Assets are measured at the lower of cost and net realizable value before reaching the expected state of use, and their sales price and cost are recognized in profit or loss. When these assets are completed and reach the intended use, they are classified into the appropriate category within property, plant, and equipment, and depreciation begins to be recognized.

Except for owned land, which is not subject to depreciation, all other property, plant, and equipment is depreciated individually on a straight-line basis over the useful life of each significant component. Depreciation is recognized over the lease term if the lease term is shorter than the useful life. The Company reviews the estimated useful lives, residual values, and depreciation methods at least at the end of each year, and the effect of changes in accounting estimates is applied prospectively.

On derecognition of property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of assets is recognized in profit or loss.

(7) Intangible assets

A. Separate acquisition

Separately acquired intangible assets with limited useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values, and amortization methods at least at the end of each year, and the effect of changes in accounting estimates is applied prospectively. Intangible assets with an indefinite useful life are presented at cost less accumulated impairment loss.

B. Derecognition

On derecognition of intangible assets, the difference between the net disposal proceeds and the carrying amount of assets is recognized in profit or loss during the period.

(8) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

At each balance sheet date, the Company assesses whether there are any indications that property, plant, and equipment, right-of-use, and intangible assets may be impaired. If any such indication exists, the recoverable amount of the assets is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit group on a reasonable and consistent basis.

For intangible assets with indefinite useful lives and those not yet available for use, impairment tests are conducted at least annually and whenever there are indications of impairment.

The recoverable amount is the higher of fair value less costs to sell and in use. If the recoverable amount of individual assets or cash-generating units is less than their carrying amount, the said carrying amount is reduced to their recoverable amount, and impairment loss is recognized in profit or loss.

When impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating units is increased to the revised recoverable amount of each asset or cash-generating unit, but not to an amount that exceeds the carrying amount (less amortization or depreciation) that would have been determined had impairment loss not been recognized for the assets or cash-generating unit in prior years. The reversal of impairment loss is recognized in profit or loss.

(9) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contract terms of the instruments.

When initially recognized, if not measured at fair value through profit or loss, the financial assets and liabilities are measured at fair value with the addition of transaction costs directly attributable to the acquisition or issuance of financial assets or liabilities. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

All regular way purchases or sales of financial instruments are recognized and derecognized on a trade date basis.

(a) Measurement categories

The types of financial assets held by the Company are financial assets at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

i. Financial assets at amortized cost

Financial assets invested by the Company are classified as financial assets at amortized cost if the following conditions are met:

(i) The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and

(ii) The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the financial assets at amortized cost (including cash and cash equivalents, receivables at amortized cost, restricted term deposits, other receivables, guarantee deposits paid, and other financial assets) are measured at the total carrying amount determined by the effective interest method, less any amortized cost of impairment loss, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

(i) For purchased or originated credit-impaired financial assets, interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

(ii) For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, interest revenue shall be calculated by applying the effective interest rate to the amortized cost of the financial asset starting from the next reporting period after the credit impairment.

Cash equivalents include time deposits and repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

ii. Equity instrument investments measured at fair value through other comprehensive income

The Company may irrevocably elect, at initial recognition, to designate investments in equity instruments that are not held for trading and are not contingent consideration recognized by acquirers in a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity interest. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the investment cost.

(b) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on expected credit losses on each balance sheet date.

Accounts receivable are recognized for loss allowances based on lifetime expected credit losses (ECLs). Other financial assets are first assessed to determine whether credit risk has significantly increased since initial recognition. If it has not significantly increased, the loss allowance is recognized based on the 12-month expected credit loss. If it has significantly increased, the loss allowance is recognized based on the lifetime ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Twelve-month expected credit losses represent the expected credit losses of a financial instrument arising from default events possible within 12 months after the reporting date. Lifetime ECLs represent the expected losses of a financial instrument arising from all default events possible over its expected life.

Impairment losses on all financial assets are recognized by adjusting their carrying amounts through an allowance account, but the loss allowance for debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income, and the carrying amount is not reduced.

(c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial assets expire, or it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity.

On derecognition of financial assets measured at amortized cost in its entirety, the difference between the asset’s carrying amount and the consideration received is recognized in profit or loss. On derecognition of investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

B. Financial liabilities

(a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

On derecognition of financial liabilities, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

C. Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liability and equity instruments.

Equity instruments issued by the Company are recognized at the received proceeds less direct issuance costs.

D. Convertible bonds

Compound financial instruments (convertible bonds) issued by the Company are classified into their components as financial liability and equity upon initial recognition, based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

At initial recognition, the fair value of the liability component is estimated using the market interest rate of similar non-convertible instruments at that time and measured at amortized cost calculated by the effective interest method until conversion or maturity. The liability component embedded in non-equity derivative instruments is measured at fair value.

The conversion option classified as equity is the residual amount equal to the fair value of the entire compound instrument less the fair value of the separately determined liability component. The residual amount is recognized in equity after deducting the income tax impact and is not subsequently remeasured. Upon the exercise of such conversion right, the related liability component and the amount in equity will be reclassified to share capital and capital surplus – share premium. If the conversion option of convertible bonds is not exercised by the maturity date, the amount recognized in equity will be reclassified to capital surplus – share premium.

Transaction costs relating to the issuance of convertible bonds are allocated to the liabilities (recognized in the carrying amount of liabilities) and equity components (recognized in equity) of the instrument in proportion to the allocated total price.

(10) Provision for liabilities

The amount recognized as a provision for liabilities is the best estimate of the consideration required to settle the present obligation at the end of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

<u>Decommissioning and restoration obligations</u>

Provisions for liabilities are recognized at the present value of the best estimate of the future outflow of economic benefits that will be required to settle the Company’s obligations under the lease.

(11) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the transfer of goods or services and the receipt of the consideration is within one year, the transaction price is not adjusted to reflect a significant financing component.

A. Sales revenue from goods

Sales revenue comes from the sale of automotive products. Sales of automotive products are recognized as revenue upon transfer of ownership.

B. Revenue from services

Service revenue comes from vehicle maintenance services.

As the Company provides vehicle maintenance services, the customer pays for the services after the vehicle maintenance is completed. Therefore, the Company recognizes revenue when the vehicle maintenance is completed.

(12) Leases

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

A. The Company as a lessor

Lease received under operating leases are recognized as income on a straight-line basis over the lease term.

B. The Company as a lessee

Except for lease payments of low-value underlying assets and short-term leases that are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities at the lease commencement date.

Right-of-use assets are initially measured at cost (including the initial measurement of lease liability, lease payments made before the commencement date, less lease incentives received, initial direct costs incurred, and an estimate of costs needed to restore the underlying assets). They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets is separately expressed in the parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the useful life and the lease term.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate). The lease payments are discounted using the interest rate implicit in a lease if such rate can be readily determined. If such rate cannot be readily determined, the incremental borrowing rate of the lessee is used.

Subsequently, the lease liabilities adopt the effective interest method to measure the cost after amortization, and interest expense is amortized during the lease period. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications not treated as separate leases, the remeasurement of lease liabilities due to a reduction in the lease scope results in an adjustment to the right-of-use assets, and the gain or loss from partial or complete termination of the lease is recognized; for other modifications, the remeasurement of lease liabilities results in an adjustment to the right-of-use assets. The lease liabilities are separately expressed in the parent company only balance sheet.

(13) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are included in the cost of those assets until substantially all necessary activities to bring the assets to the intended use or sale condition are completed.

Specific borrowings, such as investment revenue earned by temporary investment before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(14) Employee benefits

A. Short-term employee benefits

Liabilities related to short-term employee benefits are measured by the undiscounted amount expected to be paid in exchange for employee services.

B. Retirement benefits

Payments to defined contribution plans are recognized as expenses when employees render services that give rise to pension contributions.

Defined benefit costs (including service cost, net interest, and remeasurement) under the defined benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement (comprising actuarial gains and losses and the return on plan assets, excluding interest) is recognized in other comprehensive income and other equity interest in the period in which they occur and is not subsequently reclassified to profit and loss.

The net defined benefit liabilities are the deficit in the contribution to the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refunds of contributions from the plan or reductions in future contributions.

(15) Income tax

Tax expense comprises current income tax and deferred income tax.

A. Current income tax

The Company determines the current income (loss) in accordance with the laws and regulations of the reporting jurisdiction of income tax and calculates the payable (recoverable) amount of income tax.

In accordance with the Income Tax Act, additional income tax levied on unappropriated retained earnings is recognized in the resolution year of the shareholders' meeting.

The adjustment of payable to income tax in the previous year is listed in the current income tax.

B. Deferred income tax

Deferred income tax is calculated on temporary differences arising from the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when it is probable that taxable profits will be available to offset deductible temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are recognized as deferred tax assets only to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and that such differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The previously unrecognized deferred tax assets are also reviewed at each balance sheet date and increased in carrying amount to the extent that it becomes probable that future taxable profits will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates for the period in which liabilities are settled or assets are realized, based on the tax rates and tax laws that have been enacted or substantively enacted on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, on the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, the current and deferred income tax are also recognized in other comprehensive income or directly in equity.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions based on historical experience and other relevant factors for items where information is not readily available from other sources. Actual results may differ from these estimates.

The accounting policies, estimates, and basic assumptions adopted by the Company have been evaluated by management, and no significant uncertainties related to accounting judgments, estimates, or assumptions have been identified.

6. Cash and Cash Equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	$ 13,990	$ 17,281
Checking accounts and demand deposits	1,631,186	2,357,270
Cash equivalents (investments with maturities within 3 months)		
Repurchase agreements	810,081	-
	$ 2,455,257	$ 2,374,551

The market rate intervals of cash equivalents were as follows:

	December 31, 2025	December 31, 2024
Repurchase agreements	1.24%	-

7. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2025	December 31, 2024
Non-current		
Investments in equity instruments		
Unlisted ordinary shares		
Yung Hsin Car Rental Co., Ltd.	$ 6,924	$ 6,924
Union Capital Carleasing Ltd.	22,750	22,750
	$ 29,674	$ 29,674

The Company has invested in the ordinary shares of Yung Hsin Car Rental Co., Ltd. and Union Capital Carleasing Ltd. for medium- and long-term strategic purposes, with the expectation of generating profits through long-term investments. Accordingly, management of the Company has elected to designate these investments as measured at fair value through other comprehensive income, as they believe recognizing short-term fluctuations in the fair value of these investments in profit or loss would not align with the Company's strategy of holding them for long-term purposes.

8. Financial Assets at Amortized Cost

	December 31, 2025	December 31, 2024
Current		
Domestic investments		
Restricted time deposits	$ 7,400	$ 5,400
Less: Allowance for impairment loss	-	-
	$ 7,400	$ 5,400
Non-current		
Domestic investments		
Restricted time deposits	$ 7,994	$ 76,965
Less: Allowance for impairment loss	-	-
	$ 7,994	$ 76,965

The market rate intervals for time deposits with original maturities exceeding three months and restricted time deposits as of the balance sheet date are as follows:

	December 31, 2025	December 31, 2024
Restricted time deposits	0.77%-1.7%	0.67%-1.7%

Refer to Note 27 for details on financial assets at amortized cost pledged as collateral.

9. Notes and Accounts Receivable

	December 31, 2025	December 31, 2024
Notes receivable (including related parties)		
Measured at amortized cost		
Total carrying amount	$ 138	$ 6,373
Less: Allowance for impairment loss	-	-
	$ 138	$ 6,373
Accounts receivable (including related party)		
Measured at amortized cost		
Total carrying amount	$ 382,472	$ 472,732
Less: Allowance for impairment loss	(2,295)	(2,829)
	$ 380,177	$ 469,903

The average credit period of sales of goods was 60 days after month-end, with no interest charged on accounts receivable. The Group Company rates its major customers using historical transaction records and reviews the recoverable amount of accounts receivable on the balance sheet date to ensure that adequate allowances are reserved for unrecoverable amounts. Accordingly, the management believes the Company’s credit risk has been significantly mitigated.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs, except for specific customers, for which an impairment loss is recognized when there is objective evidence of impairment. The lifetime ECLs for trade receivables are estimated using a provision matrix by reference to the customer’s historical default history and current financial condition. As the credit loss experience of the Company indicates no significant difference in loss patterns of different customer segments, the ECL rate is decided by the provision matrix based solely on the aging of receivables without further distinction among different customer bases.

If there is evidence that a counterparty is experiencing severe financial difficulties, and the Company cannot reasonably expect to recover the outstanding amount— for instance, if the counterparty is undergoing liquidation— the related accounts are written off directly by the Company. However, the recovery efforts will continue, and any amounts subsequently recovered will be recognized in profit or loss.

The Company's notes receivable are all not overdue, and the allowance for losses on accounts receivable (including related parties) is measured based on the provision matrix as follows:

December 31, 2025

	Not overdue	Overdue 1-60 days	Overdue for more than 61 days	Individual assessment	Total
Expected credit loss rate	0.50%	1.00%	1.00%		
Total carrying amount	$ 354,131	$ 24,020	$ 4,051	$ 270	$ 382,472
Loss allowance (lifetime ECLs)	(1,771)	(240)	(41)	(243)	(2,295)
Amortized cost	$ 352,360	$ 23,780	$ 4,010	$ 27	$ 380,177

December 31, 2024

	Not overdue	Overdue 1-60 days	Overdue for more than 61 days	Individual assessment	Total
Expected credit loss rate	0.50%	1.00%	1.00%		
Total carrying amount	$ 427,809	$ 30,587	$ 14,066	$ 270	$ 472,732
Loss allowance (lifetime ECLs)	(2,139)	(306)	(141)	(243)	(2,829)
Amortized cost	$ 425,670	$ 30,281	$ 13,925	$ 27	$ 469,903

Changes in the loss allowance on accounts receivable (including related party) were as follows:

	2025	2024
Opening balance	$ 2,829	$ 2,408
Add: Provision for impairment loss	-	421
Less: Reversal of impairment loss for the period	(534)	-
Closing balance	$ 2,295	$ 2,829

10. Inventories

	December 31, 2025	December 31, 2024
Motor vehicles	$ 4,393,074	$ 5,802,691
Automotive parts and accessories	503,569	495,925
	$ 4,896,643	$ 6,298,616

In 2025 and 2024, the cost of sales related to inventories were NT$42,889,556 thousand and NT$48,324,621 thousand, respectively. Cost of sales including inventory valuation loss were NT$46,270 thousand and NT$15,249 thousand, respectively.

As of December 31, 2025 and 2024, the automotive and components allowance for inventory valuation losses were NT $74,475 thousand and NT $28,205 thousand, respectively.

11. Investments Accounted for Using Equity Method

	December 31, 2025		December 31, 2024	
	Carrying amount	Shareholding (%)	Carrying amount	Shareholding (%)
Investments in subsidiaries – unlisted companies				
Jet-Li Motors Ltd.	$ 543,733	100%	$ 566,489	100%

The share of profit or loss of subsidiaries recognized using equity method is as follows:

Company name	2025	2024
Jet-Li Motors Ltd.	$ 137,244	$ 129,778
Attributable to owners of the Company	$ 137,244	$ 129,778

The profit or loss of subsidiaries accounted for using the equity method for the years 2025 and 2024 is recognized based on the financial reports audited by accountants during the same period.

12. Property, Plant and Equipment

	Land	Building	Machinery equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Property under construction	Total
Cost								
Balance on January 1, 2025	$ 928,019	$2,963,962	$ 306,729	$ 852,497	$ 292,730	$1,336,943	$ 744,399	$7,425,279
Additions	-	-	15,630	1,336,084	26,493	9,650	743,330	2,131,187
Disposals	(134)	(13,128)	(45,502)	-	(60,575)	(3,517)	-	(122,856)
Reclassification	1,216,817	-	4,636	(1,419,002)	12,897	2,269	17,777	(164,606)
Balance on December 31, 2025	$2,144,702	$2,950,834	$ 281,493	$ 769,579	$ 271,545	$1,345,345	$1,505,506	$9,269,004
Accumulated depreciation								
Balance on January 1, 2025	$ -	$ 846,693	$ 186,758	$ 99,547	$ 179,479	$ 687,080	$ -	$1,999,557
Depreciation expense	-	172,131	41,254	171,702	44,508	95,535	-	525,130
Disposals	-	(13,128)	(45,407)	-	(60,575)	(3,517)	-	(122,627)
Reclassification	-	-	-	(169,429)	-	-	-	(169,429)
Balance on December 31, 2025	$ -	$1,005,696	$ 182,605	$ 101,821	$ 163,411	$ 779,098	$ -	$2,232,631
Net amount on December 31, 2025	$2,144,702	$1,945,138	$ 98,888	$ 667,758	$ 108,134	$ 566,247	$1,505,506	$7,036,373
Cost								
Balance on January 1, 2024	$ 928,019	$2,962,438	$ 287,226	$ 805,073	$ 303,463	$1,327,881	$ 23,998	$6,638,098
Additions	-	2,100	17,161	1,478,212	7,426	8,984	704,435	2,218,318
Disposals	-	(576)	(4,552)	(3,249)	(20,532)	(1,135)	-	(30,044)
Reclassification	-	-	6,894	(1,427,539)	2,373	1,213	15,966	(1,401,093)
Balance on December 31, 2024	$ 928,019	$2,963,962	$ 306,729	$ 852,497	$ 292,730	$1,336,943	$ 744,399	$7,425,279
Accumulated depreciation								
Balance on January 1, 2024	$ -	$ 673,208	$ 146,736	$ 96,172	$ 147,441	$ 578,887	$ -	$1,642,444
Depreciation expense	-	174,061	44,581	172,676	52,613	109,328	-	553,259
Disposals	-	(576)	(4,552)	(161)	(20,532)	(1,135)	-	(26,956)
Reclassification	-	-	(7)	(169,140)	(43)	-	-	(169,190)
Balance on December 31, 2024	$ -	$ 846,693	$ 186,758	$ 99,547	$ 179,479	$ 687,080	$ -	$1,999,557
Net amount on December 31, 2024	$ 928,019	$2,117,269	$ 119,971	$ 752,950	$ 113,251	$ 649,863	$ 744,399	$5,425,722

The reclassifications as of December 31, 2025 and 2024 mainly involved transferring prepayments for business facilities, reclassifying transportation equipment to inventories, and properties under construction. Upon completion, the costs eligible for capitalization were reclassified and recognized according to their nature. Please refer to Notes 13 and 21.

As there were no indications of impairment in 2025 and 2024, the Company did not conduct an impairment assessment.

Property, plant, and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and structures	
Main building and decoration project	3 to 51 years
Utility and communication engineering	2 to 18.5 years
Machinery equipment	2 to 13 years
Transportation equipment	3 to 6 years
Miscellaneous equipment	2 to 15 years
Leasehold improvements	1 to 18 years

As of December 31, 2025, the Company's significant property under construction contracts were as follows:

Contracting party	Contract date	Total contract price	Amount paid
Lee Ming Construction Co., Ltd.	December 2023	$ 1,084,571	$ 824,274
Fuli Construction Co., Ltd.	March 2024	$ 890,476	$ 560,905
Akabane Design Corporation	November 2025	$ 175,048	$ 52,514

The abovementioned construction contracts pertain to the development of new business locations for the Company across various regions. As of December 31, 2025, the overall projects had not yet been completed, and therefore, the payments made have been included in property under construction.

13. Lease Arrangements

(1) Right-of-use assets

	December 31, 2025	December 31, 2024
Carrying amount of right-of-use assets		
Land	$ 1,914,782	$ 2,018,175
Buildings	698,903	758,153
	$ 2,613,685	$ 2,776,328

	2025	2024
Additions to right-of-use assets	$ 283,626	$ 322,636
Depreciation of right-of-use assets		
Land	$ 167,188	$ 159,499
Buildings	248,336	232,323
Capitalization of property, plant and equipment	(16,556)	(12,417)
	$ 398,968	$ 379,405

Except for the above-mentioned addition and recognition of depreciation expense, there were no significant sublease or impairment events concerning the Company's right-of-use assets in 2025 and 2024.

(2) Leases liabilities

	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	$ 389,745	$ 345,415
Non-current	$ 2,518,969	$ 2,722,225

Range of discount rates for lease liabilities was as follows:

	December 31, 2025	December 31, 2024
Land	1.05%-1.70%	1.05%-1.70%
Buildings	1.05%-1.70%	1.05%-1.70%

(3) Other lease information

In 2025, due to the modification of the lease terms, the Company reduced the right-of-use assets by NT$30,745 thousand and the lease liabilities by NT$31,870 thousand.

	2025	2024
Short-term lease expenses	$ 79,262	$ 93,223
Total cash (outflow) for leases	($ 529,348)	($ 553,497)

The Company elected to apply the recognition exemption for short-term leases, and did not recognize right-of-use assets or lease liabilities for these leases.

Total cash outflows for leases include lease principal repayments, lease interest payments (including interest capitalized), and cash flows arising from short-term lease expenses.

14. Short-term Borrowings

	December 31, 2025	December 31, 2024
Unsecured borrowings		
Credit line borrowings	$ -	$ 700,000

The interest rate on bank credit borrowings as of December 31, 2024, was 1.78%.

15. Bonds Payable

	December 31, 2025	December 31, 2024
Face value of domestic unsecured convertible bonds	$ 2,000,000	$ -
Less: Discount on bonds payable	(47,373)	-
	$ 1,952,627	$ -

The Company issued its first and second tranches of domestic unsecured convertible bonds on June 26 and June 30, 2025, respectively, with each tranche comprising 10,000 units, each unit comprising a face value of NT$100 thousand, and a coupon rate of 0%. The issuance periods are both 3 years (maturing on June 26 and June 30, 2028), with actual issuance prices at 101% and 102.37% of the face value. The total funds raised are NT$1,010,000 thousand and NT$1,023,695 thousand.

Each holder of convertible bonds may convert their convertible corporate bonds into ordinary shares of the Company from the day after three months of issuance (September 27 and October 1, 2025) to the maturity date (June 26 and June 30, 2028). The conversion prices of this convertible bond at issuance and as of December 31, 2025, were NT$307.6 and NT$297.8 per share, respectively; the conversion prices as of December 31, 2025, were NT$289.4 and NT$280.2 per share, respectively.

From the day after three months of issuance to 40 days before the maturity date (September 27, 2025 to May 17, 2028 and October 1, 2025 to May 21, 2028), if the closing price of the Company’s ordinary shares continuously exceeds the conversion price at that time by 30% or more for 30 consecutive business days, or if the outstanding balance of this convertible bond falls below 10% of the original total issuance amount, the Company may redeem its outstanding convertible bonds at par value in cash.

This convertible bond includes liability and equity components, with the equity component expressed under equity as capital surplus, share options. The effective interest rates for the initial recognition of the liability components were 0.8811% and 1.0425%, respectively.

Issuance proceeds (less transaction costs of NT$5,000 thousand)	$ 2,028,695
Equity components	(85,600)
Component of liability at issuance date (less transaction costs allocated to liability of NT$5,000 thousand)	1,943,095
Interest calculated at effective interest rates of 0.8811% and 1.0425% (Note 21)	9,532
Components of liabilities on December 31, 2025	$ 1,952,627

16. Notes and Accounts Payable (Including Related Parties)

	December 31, 2025	December 31, 2024
Notes payable	$ 13,283	$ 3,626
Accounts payable	400,621	570,424
	$ 413,904	$ 574,050

Notes and accounts payable primarily consist of payments to suppliers.

17. Other Payables

	December 31, 2025	December 31, 2024
Wages, salaries, and bonuses payable	$ 503,516	$ 574,569
Equipment payable	145,926	206,666
Employee and director remuneration payable	20,670	25,900
Rents payable	13,516	9,767
Dividends payable	524,607	-
Other payables	326,518	331,516
	$ 1,534,753	$ 1,148,418

18. Retirement Benefit Plans

(1) Defined contribution plans

The pension system of the “Labor Pension Act” applicable to the Company is a defined contribution retirement plan managed by the government, and 6% of the employee’s monthly salary is allocated to the individual account at the Labor Insurance Bureau.

(2) Defined benefit plans

The Company operates a government-managed defined benefit retirement plan under the Labor Standards Act of our country. Pension benefits are calculated based on the length of service and average monthly salaries of the six months before retirement. The Company allocates 5% of the total monthly salary of employees to the pension fund, which is deposited in a special account with the Bank of Taiwan under the name of the Supervisory Committee of Labor Retirement Reserve. Before the end of the year, if it is estimated that the balance of the special account is insufficient to cover the estimated retirement benefits for workers expected to meet retirement conditions in the following year, the shortfall will be allocated in a lump sum by the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

The amounts included in parent company only balance sheets in respect of the defined benefit plans were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	$ 36,090	$ 52,589
Fair value of plan assets	(18,720)	(24,312)
Net defined benefit liabilities	$ 17,370	$ 28,277

Movements in net defined benefit liabilities (assets) were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2024	$ 73,348	($ 16,330)	$ 57,018
Service cost			
Current service cost	67	-	67
Interest expense (revenue)	827	(112)	715
Recognized in profit or loss	894	(112)	782
Remeasurement			
Return on plan assets (except the amount included in net interest)	-	(2,414)	(2,414)
Actuarial gain			
– Changes in financial assumptions	(890)	-	(890)
- Adjustments due to experience	(1,480)	-	(1,480)
Recognized in other comprehensive income	(2,370)	(2,414)	(4,784)
Contributions from the employer	-	(14,034)	(14,034)
Benefits paid	(19,283)	8,578	(10,705)
December 31, 2024	52,589	(24,312)	28,277
Service cost			
Current service cost	77	-	77
Interest expense (revenue)	789	(391)	398
Recognized in profit or loss	866	(391)	475
Remeasurement			
Return on plan assets (except the amount included in net interest)	-	(1,700)	(1,700)
Actuarial loss (gain)			
– Changes in financial assumptions	551	-	551
- Adjustments due to experience	(6,791)	-	(6,791)
Recognized in other comprehensive income	(6,240)	(1,700)	(7,940)
Contributions from the employer	-	(3,442)	(3,442)
Benefits paid	(11,125)	11,125	-
December 31, 2025	$ 36,090	($ 18,720)	$ 17,370

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2025	2024
Operating expenses	$ 475	$ 782

Through the pension system under the "Labor Standards Act", the Company is exposed to the following risks:

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests the labor retirement fund through self-management and entrusted management in domestic and foreign equity securities, debt securities, and cash in banks, among other targets. However, the distributable amount of the Company's plan assets is calculated based on earnings not less than the interest rate of a two-year fixed deposit at local banks.

B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of plan assets.

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

Qualified actuaries conducted the actuarial valuations of the present value of the defined benefit obligation. The significant assumptions were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.38%	1.50%
Expected rate(s) of salary increase	3.00%	3.00%

If a possible reasonable change in each of the significant actuarial assumptions will occur, and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2025	December 31, 2024
Discount rate		
Increase by 0.25%	($ 1,091)	($ 1,720)
Decrease by 0.25%	$ 1,137	$ 1,800
Expected rate(s) of salary increase		
Increase by 0.25%	$ 1,098	$ 1,741
Decrease by 0.25%	($ 1,060)	($ 1,673)

Due to the potential interrelation of actuarial assumptions, the likelihood of only a single assumption changing is low. Hence, the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	December 31, 2025	December 31, 2024
Expected contributions within one year	$ 2,915	$ 3,530
Average duration of the defined benefit obligation	12.3 years	13.4 years

19. Equity

(1) Share capital

Ordinary shares

	December 31, 2025	December 31, 2024
Authorized number of shares (thousand shares)	100,000	100,000
Authorized share capital	$ 1,000,000	$ 1,000,000
Issued and paid-up shares (thousand shares)	80,709	80,709
Share capital of issued shares	$ 807,087	$ 807,087

Each issued ordinary share with a par value of NT$10 per share carries one voting right and entitles the holder to receive dividends.

(2) Capital surplus

	December 31, 2025	December 31, 2024
Portion used to offset deficits, distributed as cash dividends, or transferred to share capital (Note)		
Share premium	$ 3,916,244	$ 3,916,244
Difference between the purchase price and book value of acquired subsidiary shares	352,831	352,831
Portion not used for any purpose		
Warrants for convertible bonds	85,600	-
	$ 4,354,675	$ 4,269,075

Note: This type of capital surplus may be used to offset deficits, and may also be distributed as cash dividends or transferred to share capital when the Company has no deficit, provided that the transfer is limited to a certain percentage of the Company’s paid-in capital each year.

(3) Retained earnings and dividend policy

Pan German Universal passed a resolution to amend its Articles of Incorporation at the annual general meeting on June 13, 2025, stipulating that the Company's earnings appropriation or loss compensation shall be made after the end of each semi-annual accounting period.

According to the amended articles regarding retained earnings appropriation policy, if there is a profit in the semi-annual or annual financial statements after paying taxes and offsetting accumulated losses, then 10% shall be allocated as legal reserve, and the remainder shall be allocated or reversed into special reserve in accordance with legal provisions. If there is still a balance, together with the accumulated unappropriated retained earnings, the Board of Directors shall draft an earnings appropriation proposal and submit it to the shareholders' meeting for resolution. The aforementioned profit distribution, if made in cash, shall be resolved by the Board of Directors; if made by issuing new shares, it shall be resolved by the shareholders' meeting. When distributing dividends or bonuses using the aforementioned legal reserve and capital surplus, the Board of Directors must convene with at least two-thirds of its members present and obtain approval from the majority of the directors in attendance. The resolution will then be reported to the shareholders' meeting.

Pen German Universal's dividend policy is based on factors such as the Company's profitability, capital structure, and future operational needs. The annual dividend distribution shall be no less than 50% of the net profit after tax for the current year. However, if the accumulated distributable surplus is less than 20% of the paid-in capital, no distribution may be made. The Company follows a balanced dividend policy between stock dividends and cash dividends, with the proportion of cash dividends no less than 10% of the total amount of dividends and bonuses distributed to shareholders. For policies regarding the distribution of employee and director remunerations, please refer to "Employee and director remuneration" in Note 21 (5).

When the balance of legal reserve reaches the total amount of Pan German Universal's paid-in share capital, no further allocation is required. The legal reserve may be used to offset a deficit. If the Company has no deficit, any portion of the legal reserve exceeding 25% of the paid-in share capital may be transferred to share capital or distributed in cash.

The Company's earnings appropriation proposals for 2024 and 2023 are as follows:

	Earnings appropriation proposals		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	$ 193,146	$ 178,930	$ -	$ -
Cash dividends	1,493,112	1,452,757	18.5	18

The above cash dividends were resolved by the Board of Directors on March 12, 2025, and March 13, 2024, respectively. The remaining items of earnings appropriation for 2024 were resolved at the annual shareholders' meeting on June 13, 2025. The remaining items of earnings appropriation for 2023 were also resolved at the annual shareholders' meeting on June 21, 2024.

The Board of Directors resolution of Pan German Universal Motors Ltd. regarding the 2025 earnings appropriation proposals is as follows:

	Second half of 2025	First half of 2025
Date of Board of Directors resolution	March 10, 2026	November 10, 2025
Legal reserve	$ 59,056	$ 88,819
Cash dividends	$ 645,670	$ 524,607
Cash dividends per share (NTD)	$ 8	$ 6.5

(4) Other equity

Remeasurement of defined benefit plans

	2025	2024
Opening balance	$ 27,499	$ 23,672
Remeasurement (Note 18)	7,940	4,784
Less: Related income tax (Note 22)	(1,588)	(957)
Closing balance	$ 33,851	$ 27,499

20. Revenue

(1) Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities – current			
Advance sales receipts	$ 1,364,333	$ 3,143,731	$ 3,701,580

The beginning contract liabilities recognized as revenue in 2025 and 2024 were NT$ 2,862,210 thousand and NT$ 3,282,032 thousand, respectively.

(2) Disaggregation of revenue from contracts with customers

	December 31, 2025	December 31, 2024
Type of goods or services		
Automobile sales revenue	$ 43,467,328	$ 49,654,111
Maintenance and repair revenue	4,776,405	4,670,756
	$ 48,243,733	$ 54,324,867

21. Net Income

(1) Net other income (expenses)

	2025	2024
Gains on disposals of property, plant and equipment	$ 184	$ -
Revenue arising from warranty extension	26,059	21,170
	$ 26,243	$ 21,170

(2) Finance costs

	2025	2024
Interest on bank loans	$ 2,184	$ 1,529
Convertible bonds	9,532	-
Interest on lease liabilities	39,404	39,608
Less: Amounts capitalized as part of the cost of qualifying assets	(4,604)	(3,549)
	$ 46,516	$ 37,588

Information on capitalized interest was as follows:

	2025	2024
Capitalized interest	$ 4,604	$ 3,549
Interest rate of capitalized interest	1.3%	1.3%

(3) Depreciation and amortization

	2025	2024
Depreciation expense		
Property, plant and equipment	$ 525,130	$ 553,259
Right-of-use assets	398,968	379,405
	924,098	932,664
Amortization expense		
Computer software	5,138	4,323
Long-term prepaid expenses	2,746	2,679
	7,884	7,002
Total depreciation and amortization expenses (recognized in operating expenses)	$ 931,982	$ 939,666

(4) Employee benefits expense

	2025	2024
Retirement benefits (Note 18)		
Defined contribution plan	$ 76,507	$ 72,911
Defined benefit plans	475	782
Other employee benefits	2,027,331	2,124,260
Total employee benefits expenses	$ 2,104,313	$ 2,197,953
Expenses summarized by function		
Operating costs	$ 224,667	$ 214,724
Operating expenses	1,879,646	1,983,229
	$ 2,104,313	$ 2,197,953

(5) Employee and director remuneration

According to the Articles of Incorporation of Pan German Universal, the compensation to employees and directors shall be allocated at rates no less than 0.1% and no higher than 3% of the annual pre-tax profit before deducting employee and directors' remuneration. In addition, according to the amendment of the Securities and Exchange Act in August 2024, Pan German Universal passed a resolution to amend its Articles of Incorporation at the annual general meeting on June 13, 2025, stipulating that no less than 40% of the employee compensation appropriated for the current year shall be allocated as compensation for grassroots employees.

The employee and directors' remunerations for 2025 and 2024 were resolved by the Board of Directors on March 10, 2026, and March 12, 2025, respectively, as follows:

Accrued ratio

	2025	2024
Employee remuneration	0.11%	0.11%
Director remuneration	1.01%	0.96%

Amount

	2025	2024
Employee remuneration	$ 2,070	$ 2,590
Director remuneration	18,600	23,310

If there is any change in the amounts after the issue date of the annual parent company only financial statements, such changes will be treated as changes in accounting estimates and recognized in the subsequent year.

The actual distribution amounts of employee and directors' remuneration for 2024 and 2023 were consistent with the amounts recognized in the 2024 and 2023 parent company only financial statements.

For information regarding the employees and director remuneration of the Company, as resolved by the Board of Directors for the years 2025 and 2024, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

22. Income Tax

(1) The main components of income tax expenses recognized in profit or loss

	2025	2024
Income tax for the period		
Incurred for the year	$ 353,151	$ 452,860
Adjustments from previous years	26	35
	353,177	452,895
Deferred income tax		
Incurred for the year	(7,354)	5,340
Income tax expense recognized in profit or loss	$ 345,823	$ 458,235

A reconciliation of accounting profit and tax expense is as follows:

	2025	2024
Profit from continuing operations before tax	$ 1,824,581	$ 2,389,699
Tax expense calculated based on profit before tax and statutory tax rate	$ 364,916	$ 477,940
Effect of income tax on earnings of subsidiaries	(27,449)	(25,956)
Nondeductible expenses in determining taxable income	8,330	6,216
Adjustments to prior years' current tax expense in the current year	26	35
Income tax expense recognized in profit or loss	$ 345,823	$ 458,235

(2) Income tax liabilities for the period

	December 31, 2025	December 31, 2024
Income tax payable	$ 125,523	$ 237,668

(3) Deferred tax assets

The changes of deferred tax assets were as follows:

2025

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary differences				
Defined benefit retirement plan	$ 5,656	($ 594)	($ 1,588)	$ 3,474
Provisions for liabilities	2,370	991	-	3,361
Allowance for inventory valuation losses	5,641	9,254	-	14,895
Sales revenue/deferred revenue	12,043	(2,297)	-	9,746
	$ 25,710	$ 7,354	($ 1,588)	$ 31,476

2024

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary differences				
Defined benefit retirement plan	$ 11,404	($ 4,791)	($ 957)	$ 5,656
Provisions for liabilities	1,380	990	-	2,370
Allowance for inventory valuation losses	2,591	3,050	-	5,641
Sales revenue/deferred revenue	16,632	(4,589)	-	12,043
	$ 32,007	($ 5,340)	($ 957)	$ 25,710

(4) Approval of income tax

The profit-seeking enterprise income tax filings of the Company have been assessed by the taxes authorities for the years up to 2023.

23. Earnings Per Share

The earnings and weighted-average number of ordinary shares used in the calculation of earnings per share were as follows:

Net income

	2025	2024
Net income attributable to owners of the Company		
Net income used in the calculation of basic EPS	$ 1,478,758	$ 1,931,464
Effects of dilutive potential ordinary shares:		
After-tax interest on convertible bonds	7,626	-
Net income used in the calculation of basic EPS	$ 1,486,384	$ 1,931,464

Shares

Unit: Thousand shares

	2025	2024
Weighted average number of ordinary shares used in the calculation of basic EPS	80,709	80,709
Effects of dilutive potential ordinary shares:		
Employee remuneration	9	10
Convertible bonds	3,598	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	84,316	80,719

If the Company elects to settle employee compensation in cash or shares, diluted earnings per share are calculated assuming the compensation is settled in shares and considering the potential dilutive effect of ordinary shares in the weighted average number of outstanding shares. The potential dilutive effect of these shares is still taken into account when calculating diluted earnings per share, until the number of shares to be distributed to employees is determined by the Board of Directors in the following year.

24. Capital Risk Management

The Company manages its capital to ensure it will continue as a going concern while maximizing shareholder returns by optimizing the balance between debt and equity. The Company’s overall strategy remains unchanged.

The capital structure of the Company consists of net debt and equity.

The Company is not subject to any externally imposed capital requirements.

25. Financial Instruments

(1) Information on fair value – financial instruments not measured at fair value

Except as listed in the table below, the management of the Company believes that financial assets and financial liabilities not measured at fair value are measured at amortized cost, and their carrying amounts approximate their fair values.

	December 31, 2025	
	Carrying amount	Fair value
Financial liabilities		
Convertible bonds	$ 1,952,627	$ 1,906,500

The fair value of convertible bonds is measured using Level 3 inputs, based on the binary tree valuation model for convertible bonds.

(2) Information on fair value – financial instruments at fair value on a recurring basis

A. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
– Domestic unlisted shares	$ -	$ -	$ 29,674	$ 29,674

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
– Domestic unlisted shares	$ -	$ -	$ 29,674	$ 29,674

B. Reconciliation of financial instruments measured at fair value - level 3

2025

Financial assets	Equity instruments of financial assets at fair value through other comprehensive income
Opening balance	$ 29,674
Closing balance	$ 29,674

2024

Financial assets	Equity instruments of financial assets at fair value through other comprehensive income
Opening balance	$ 29,674
Closing balance	$ 29,674

C. Valuation techniques and inputs for level 3 fair value measurement

(a) The redemption right of derivative instruments – convertible bonds is valued using a binary tree valuation model for convertible bonds, based on the conversion price, volatility, risk-free interest rate, risk discount rate, and remaining maturity.

(b) Investments in domestic unlisted (over-the-counter) equity are measured using an assets-based approach, which determines the fair value of the entire ordinary shares based on the balance sheet.

(3) Categories of financial instruments

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at amortized cost (Note 1)	$ 3,770,520	$ 3,734,368
Financial assets at fair value through other comprehensive income	29,674	29,674
Financial liabilities		
Measured at amortized cost (Note 2)	2,838,975	1,812,232

Note 1: The balance of financial assets at amortized cost includes cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets.

Note 2: The balance of financial liabilities at amortized cost includes short-term borrowings, notes payable, accounts payable, other payables (excluding wages, salaries, and bonuses payable, rents payable, dividends payable, employee and director remunerations), and bonds payable.

(4) Financial risk management objectives and policies

The major financial instruments of the Company include cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (including related parties), other receivables, guarantee deposits paid, other financial assets, equity investment, notes and accounts payable (including related parties), other payables, short-term borrowings, bonds payable, and lease liabilities. The financial risk management of the Company is to manage financial risks related to its operations. The Group manages financial risks arising from operations, which include market risk (primarily interest rate risk), credit risk, and liquidity risk.

With irregular reports by the financial management department, the management of the Company monitors risks and implements policies to mitigate risk exposures.

A. Market risk

The major financial risk of the Company due to its operating activities is interest rate risk.

Interest rate risk

The interest rate exposure occurred due to the short-term borrowings of the Company at a floating rate. However, since the borrowing terms are short, there is no significant interest rate risk.

Other price risk

The Company is exposed to equity price risk arising from investments in domestic unlisted shares. These equity investments are not held for trading but for strategic purposes, and the Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below is conducted based on the Group's equity price risks as of the balance sheet date.

If the equity price increases or decreases by 1%, pre-tax other comprehensive income for 2025 and 2024 will increase or decrease by NT$297 thousand due to the rise or fall in the fair value of financial assets at fair value through other comprehensive income.

B. Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in financial losses to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk from a counterparty's default on its contractual obligations primarily arises from:

The carrying amounts of financial assets recognized in the parent company only balance sheets.

The policy of the Company is to engage in transactions only with creditworthy counterparties. Additionally, since the customer base of the Company is diverse and unrelated, no significant credit risk is expected.

C. Liquidity risk

Liquidity risk refers to the risk of the Company being unable to provide cash or other financial assets to settle financial liabilities and thus failing to meet related obligations. At present, the Company's working capital is sufficient to meet its needs, so there is no liquidity risk due to the inability to raise funds to meet contractual obligations. The Company's unused financing facilities were NT$ 2,600,000 thousand and NT$ 1,900,000 thousand as of December 31, 2025, and 2024, respectively.

<u>Liquidity and interest rate risk table for non-derivative financial liabilities</u>

The maturity analysis of remaining contractual obligations for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities, using the earliest date on which the Company may be required to repay. The maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

For cash flows of interest payments at floating rates, the undiscounted interest amounts are derived from the yield curve as of the balance sheet date.

December 31, 2025

	Less than 1 year	1-5 years	Over 5 years
Non-interest-bearing liabilities	$ 899,864	$ -	$ -
Lease liabilities	428,990	1,110,084	1,567,340
Fixed-rate instruments	-	1,952,627	-
	$ 1,328,854	$ 3,062,711	$ 1,567,340

December 31, 2024

	Less than 1 year	1-5 years	Over 5 years
Non-interest-bearing liabilities	$ 1,121,999	$ -	$ -
Lease liabilities	362,852	1,097,693	1,744,978
Fixed-rate instruments	700,853	-	-
	$ 2,185,704	$ 1,097,693	$ 1,744,978

26. Related Party Transactions

Transactions between the Company and related parties are as follows:

(1) Related party names and relationships

Name of related party	Relationship with the Company
Jet-Li Motors Ltd.	Subsidiaries
Pan German Motors Ltd.	The entity is a joint venture
Union Capital Carleasing Ltd.	The entity is a joint venture
Yi Der International Ltd.	The entity is a joint venture
Universal Motor Traders Ltd.	The entity is a joint venture
Yung Hsin Car Rental Co., Ltd.	The entity is a joint venture
Yung Foong Imp. & Exp. Co., Ltd.	The entity is a joint venture

(2) Operating revenue

Related party category	2025	2024
The entity is a joint venture		
Union Capital Carleasing Ltd.	$ 2,387,544	$ 3,155,776
Yi Der International Ltd.	2,276,368	2,529,073
Pan German Motors Ltd.	290,086	335,640
Others	-	49
Subsidiaries	108,979	42,126
	$ 5,062,977	$ 6,062,664

The Company's sales terms to related parties are consistent with those of non-related parties, except for sales to Pan German Motors Ltd. and Jet-Li Motors Ltd., which are unique in nature and has no comparable transactions with non-related parties.

(3) Purchases

Related party category	2025	2024
The entity is a joint venture		
Pan German Motors Ltd.	$ 24,366,374	$ 30,943,780
Others	223,050	130,603
Subsidiaries	40,524	22,680
	$ 24,629,948	$ 31,097,063

The Company's purchase terms with related parties are unique in nature, and there are no comparable transactions with unrelated parties.

(4) Notes and accounts receivable – related parties

Item	Related party category	December 31, 2025	December 31, 2024
Notes receivable	The entity is a joint venture	$ -	$ 29
Accounts receivable	The entity is a joint venture		
	Pan German Motors Ltd.	$ 69,138	$ 199,323
	Others	552	2,419
	Subsidiaries	543	490
		$ 70,233	$ 202,232

Notes and accounts receivable – related parties arise from sales activities, and no guarantees were received for the outstanding balances of these receivables.

For the credit period and credit risk management policies related to the Company, please refer to Note 9.

All the Company's notes receivable – related parties are not overdue. For details on the allowance for losses on account receivables – related parties measured using the provision matrix, please refer to Note 9.

(5) Notes and accounts payable – related parties

Item	Related party category	December 31, 2025	December 31, 2024
Notes payable	The entity is a joint venture	$ -	$ 464
Accounts payable	The entity is a joint venture		
	Pan German Motors Ltd.	$ 296,793	$ 496,656
	Subsidiaries	38	1,112
		$ 296,831	$ 497,768

The outstanding balances of notes and accounts payable – related parties are not secured by any guarantees.

(6) Other receivables – related parties

Related party category	December 31, 2025	December 31, 2024
The entity is a joint venture		
Pan German Motors Ltd.	$ 645,218	$ 638,459
Others	229	926
Subsidiaries	47	853
	$ 645,494	$ 640,238

Other receivables – related parties primarily consist of target and image incentives receivables from the general agent and receivables from purchase returns.

(7) Prepayments to suppliers

Related party category	December 31, 2025	December 31, 2024
The entity is a joint venture		
Pan German Motors Ltd.	$ 1,929,158	$ 1,824,653

(8) Prepaid rents

Name of related party	December 31, 2025	December 31, 2024
The entity is a joint venture	$ 637	$ 291

(9) Contract liabilities

Name of related party	December 31, 2025	December 31, 2024
The entity is a joint venture	$ 4,512	$ 3,418

(10) Other payables

Name of related party	December 31, 2025	December 31, 2024
The entity is a joint venture	$ 60,988	$ 58,444
Subsidiaries	218	6
	$ 61,206	$ 58,450

Other payables – related parties primarily consist of payables to related parties for rents, advertisement expenses, payable on machinery and equipment, computer software maintenance fee payable, transportation fee payable, repairs and maintenance expenses, utilities expenses, and telephone and fax fee payable.

(11) Other transactions with related parties

Recognized item	Related party category	2025	2024
Operating expenses	The entity is a joint venture	$ 145,193	$ 131,107
Other income (expenses)	The entity is a joint venture	$ 12,600	$ 13,056
	Subsidiaries	(625)	190
		$ 11,975	$ 13,246
Target and image incentives (recognized as deductions of cost of sales)	The entity is a joint venture Pan German Motors Ltd.	$ 1,121,208	$ 838,859

Operating expenses – related parties primarily consist of warehouse rent, promotion expenses, miscellaneous purchases, repairs and maintenance expense, training expense, etc.

Other income – related parties mainly refer to income from marketing activity subsidies granted by the general agent.

Target and image incentives refer to bonuses granted by the general agent to distributors as rewards for achieving sales targets and for maintaining a positive brand image, and are recognized as deductions of cost of sales.

(12) Acquisition of property, plant and equipment

	Acquisition price	
Related party category	2025	2024
The entity is a joint venture	$ 7,135	$ 5,093

The amounts of acquisition for the years 2025 and 2024 include the year-end prepayments for business facilities.

(13) Lease agreement

Acquisition of right-of-use assets

Related party category/name	2025	2024
The entity is a joint venture		
Pan German Motors Ltd.	$ 87,176	$ 12,813
Universal Motor Traders Ltd.	8,429	-
Yung Foong Imp. & Exp. Co., Ltd.	1,601	-
	$ 97,206	$ 12,813

Lease liabilities

Related party category/name	December 31, 2025	December 31, 2024
The entity is a joint venture		
Pan German Motors Ltd.	$ 321,643	$ 290,307
Others	34,340	54,751
	$ 355,983	$ 345,058

Interest expense

Related party category/name	2025	2024
The entity is a joint venture		
Pan German Motors Ltd.	$ 4,736	$ 4,108
Others	575	745
	$ 5,311	$ 4,853

The Company leased real estate from related parties in 2025 and 2024, with lease terms ranging from 13 months to 43 years. The rental fees were negotiated with reference to the market prices and are based on the standard payment terms.

Lease expense

Related party category/name	2025	2024
The entity is a joint venture	$ 87,693	$ 70,071

(14) Remuneration of key management personnel

	2025	2024
Short-term employee benefits	$ 124,086	$ 131,826

The compensation to directors and other key management personnel was determined in accordance with individual performance and market trends.

27. Pledged Assets

The assets listed below have been pledged as collateral to secure the performance of leased land agreements and distribution contracts:

	December 31, 2025	December 31, 2024
Pledged time deposits (recognized as financial assets at amortized cost)	$ 15,394	$ 82,365

28. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Important contracts

As of December 31, 2025, the important commitments signed by the Company are summarized as follows:

Contract type	Contract counterparty	Contract period	Scope
Distribution contract	Pan German Motors Ltd.	2025.1.1-2025.12.31	Authorize the Company to sell vehicles and components provided by the Company within the distribution area, and to provide maintenance and repair services.
Distribution contract	Porsche Taiwan Motors Limited	Since 2018.1.1 with no expiry date Either party may terminate the distribution contract at the end of the month by giving 12 months' prior notice.	Authorize the Company to sell vehicles and components provided by the Company within the distribution area, and to provide maintenance and repair services.

(2) Capital expenditures that have been contracted but not yet incurred

	December 31, 2025	December 31, 2024
Construction-in-progress contract	$ 751,793	$ 1,293,450

29. Supplementary Disclosures

(1) Information on significant transactions and (2) Information on investees:

A. Loans to others. (None)

B. Endorsements/guarantees provided for other parties. (None)

C. Significant marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures). (None)

D. Related party transactions for purchases and sales reaching NT$100 million or 20% of paid-in capital. (Table 1)

E. Receivables from related parties amounting to NT$100 million or paid-in capital 20% or more. (Table 2)

F. Information on investees (Table 3)

(3) Information on investments in Mainland China:

A. Information on any investee in Mainland China, including the name of investees, main business activities, paid-in capital, investment method, inflows and outflows of investment funds, ownership percentage, investment gains or losses, ending carrying amount of investment, repatriated investment income, and the investment limit in Mainland China. (None)

B. Significant transactions with investees in Mainland China, either directly or indirectly through a third party, including their prices, payment terms, and unrealized gains or losses: (None)

(a) Purchase amounts and percentage, ending balances, and percentage of related payables.

(b) Sales amounts and percentage, ending balances, and percentage of related receivables.

(c) Amount of property transactions and the resulting gains or losses.

(d) Ending balances of endorsements, guarantees, or collateral provided and the purposes thereof.

(e) The highest balance, ending balance, interest rate range, and total interest incurred for the current period with respect to fund financing.

(f) Transactions that have a material effect on the current period's profit or loss or financial position, such as the rendering or receipt of services.

Pan German Universal Motors Ltd. and Subsidiaries

Related Party Transactions for Purchases and Sales Reaching NT$100 Million or 20% of Paid-in Capital

For the Year Ended December 31, 2025

Table 1

(In Thousands of NTD, Unless Otherwise Specified)

Purchaser (seller)	Transaction counterparty	Relationship	Transaction details				Situation and reason for difference in transaction terms and ordinary transactions		Notes and accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is a joint venture	Purchases	$ 24,366,374	57%	Note	No comparable transactions with non-related parties	No comparable transactions with non-related parties	($ 296,793)	(72%)	Prepayments to suppliers $ 1,929,158
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Purchases	223,050	1%	Immediate payment	Consistent with non-related parties	Consistent with non-related parties	-	-	-
Pan German Universal Motors Ltd.	Yi Der International Ltd.	The entity is a joint venture	Sales	2,276,368	5%	Immediate payment	Consistent with non-related parties	Consistent with non-related parties	44	-	Contract liabilities 3,981
Pan German Universal Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Sales	2,387,544	5%	Immediate payment	Consistent with non-related parties	Consistent with non-related parties	508	-	-
Pan German Universal Motors Ltd.	Pan German Motors Ltd.	The entity is a joint venture	Sales	290,086	1%	O/A 60 days	No comparable transactions with non-related parties	No comparable transactions with non-related parties	69,138	18%	Contract liabilities 531
Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	Subsidiary	Sales	108,979	-	Immediate payment	No comparable transactions with non-related parties	No comparable transactions with non-related parties	543	-	-
Jet-Li Motors Ltd.	Union Capital Carleasing Ltd.	The entity is a joint venture	Sales	347,991	10%	Immediate payment	Consistent with non-related parties	Consistent with non-related parties	-	-	

Note: Payment for vehicles must be fully settled before delivery; payment for parts is 45 day after month-end.

Pan German Universal Motors Ltd. and Subsidiaries

Receivables from Related Parties Amounting to NT$100 Million or Paid-in Capital 20% or More

December 31, 2025

Table 2 (In Thousands of NTD, Unless Otherwise Specified)

Entities with accounts receivable due	Transaction counterparty	Relationship	Balance of accounts receivable from related party	Turnover rate	Accounts receivable overdue from related party		Receivables from related party recovered in the subsequent period	Loss allowance
					Amount	Handling method		
Pan German Universal Motors Ltd.	Pan German Motors Ltd. (Note 1)	The entity is a joint venture	$ 714,356	-	$ 130	-	$ 370,079	$ 36

Note 1: The receivables from related parties of Pan German Universal Motors Ltd. due from Pan German Motors Ltd. totaled NT$ 714,356 thousand, comprising accounts receivable of NT$ 69,138 thousand and other receivables of NT$ 645,218 thousand.

Pan German Universal Motors Ltd. and Subsidiaries

Information on Investees (Including Locations)

For the Year Ended December 31, 2025

Table 3

(In Thousands of NTD, Unless Otherwise Specified)

Investor	Investee	Location	Main businesses	Initial investment amount		End-of-period holdings			Profit and loss of the investee	Investment profit and loss recognized for the period	Note
				End of the period	End of last year	Shares	Percentage	Carrying amount			
Pan German Universal Motors Ltd.	Jet-Li Motors Ltd.	Taiwan	Transactions of vehicles and components, as well as maintenance and repair service.	$ 393,338	$ 393,338	16,000,000	100%	$ 543,733	$ 137,244	$ 137,244	

§TABLE OF CONTENTS OF STATEMENT OF SIGNIFICANT ACCOUNTS§

Pan German Universal Motors Ltd.

Statement of Inventories

December 31, 2025

Statement 1 (In Thousands of NTD)

Item	Amount		Note
	Cost	Net realizable value	
Motor vehicles	$ 4,458,728	$ 4,393,074	
Automotive parts and accessories	512,390	503,569	
	4,971,118	$ 4,896,643	
Less: Allowance for inventory valuation losses	(74,475)		
	$ 4,896,643		

Pan German Universal Motors Ltd.

Statement of Prepayments to Suppliers

December 31, 2025

Statement 2 (In Thousands of NTD)

Supplier name	Description	Amount
Pan German Motors Ltd.	Purchases	$ 1,929,158
Porsche Taiwan Motors Limited	Purchases	214,137
Others (Note)	Purchases	58,807
		$ 2,202,102

Note: Individual counterparties with balances not exceeding 5% of the account balance are not disclosed.

Pan German Universal Motors Ltd.

Statement of Changes in Non-current Financial Assets at FVOCI

For the Year Ended December 31, 2025

Statement 3 (In Thousands of NTD)

Name	Beginning of period		Increase for the period		Decrease for the period		End of period		Accumulated impairment	Pledged as collateral (Y/N)	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value			
Investments in equity instruments											
Unlisted ordinary shares											
Yung Hsin Car Rental Co., Ltd.	212,000	$ 6,924	-	$ -	-	$ -	212,000	$ 6,924	Not applicable.	N	
Union Capital Carleasing Ltd.	475,200	22,750	-	-	-	-	475,200	22,750	Not applicable.	N	
		$ 29,674		$ -		$ -		$ 29,674			

Pan German Universal Motors Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

For the Year Ended December 31, 2025

Statement 4

(In Thousands of NTD)

	Opening amount		Increase for the period		Decrease for the period			Closing balance				
Name	Shares	Amount	Shares	Amount	Shares	Amount	Investment gain (loss)	Shares	Shareholding (%)	Amount	Valuation basis	Pledged as collateral (Y/N)
Jet-Li Motors Ltd.	16,000,000	$ 566,489	-	$ -	-	$ 160,000	$ 137,244	16,000,000	100	$ 543,733	Equity method	N

Note: The decrease for the period is due to the distribution of dividends.

Pan German Universal Motors Ltd.

Statement of Changes in Right-of-use Assets

For the Year Ended December 31, 2025

Statement 5 (In Thousands of NTD)

Item	Opening balance	Increase for the period	Decrease for the period: Expiry of contracts	Decrease for the period: Early termination of contract	Closing balance	Note
Land	$2,850,362	$ 71,639	($ 2,116)	($ 22,147)	$2,897,738	
Buildings	1,562,475	211,987	(129,107)	(71,458)	1,573,897	
Total	$4,412,837	$ 283,626	($ 131,223)	($ 93,605)	$4,471,635	

Pan German Universal Motors Ltd.

Statement of Changes in Accumulated Depreciations of Right-of-use Assets

For the Year Ended December 31, 2025

Statement 6

(In Thousands of NTD, Unless Otherwise Specified)

	Opening balance	Increase for the period	Decrease for the period: Expiry of contracts	Decrease for the period: Early termination of contract	Closing balance	Note
Land	$ 832,187	$ 167,188	($ 2,116)	($ 14,303)	$ 982,956	
Buildings	804,322	248,336	(129,107)	(48,557)	874,994	
Total	$1,636,509	$ 415,524	($ 131,223)	($ 62,860)	$1,857,950	

Pan German Universal Motors Ltd.

Statement of Current Contract Liabilities

December 31, 2025

Statement 7 (In Thousands of NTD)

Nature	Amount
Advance receipts for automobile sales (Note)	$ 1,364,333

Note: Individual counterparties with balances not exceeding 5% of the account balance are not disclosed.

Pan German Universal Motors Ltd.

Statement of Lease Liabilities

December 31, 2025

Statement 8 (In Thousands of NTD)

Item	Lease term	Discount rate	Closing balance	Note
Land	1-41 years	1.05-1.70%	$ 2,164,433	
Buildings	1-41 years	1.05-1.70%	744,281	
Total			$ 2,908,714	

Pan German Universal Motors Ltd.

Statement of Operating Costs

For the Year Ended December 31, 2025

Statement 9 (In Thousands of NTD)

Name	Amount
Purchased goods cost of sales	
Opening inventories – merchandise	$ 6,326,821
Add: Purchases in current period	42,772,432
Property, plant and equipment transferred in	1,249,574
Less: Closing inventories – merchandise	(4,971,118)
Inventories for self-use	(1,337,349)
Costs of purchases and sales	44,040,360
Cost of services	303,380
Target and image incentives (Note)	(1,500,454)
Other operating costs	
Inventory revaluation losses	46,270
	$ 42,889,556

Note: Target and image incentives are accounted for as deductions from cost of sales.

Pan German Universal Motors Ltd.

Statement of Selling and Administrative Expenses

For the Year Ended December 31, 2025

Statement 10 (In Thousands of NTD, Unless Otherwise Specified)

Name	Selling expenses	Administrative expenses	Total
Salaries and year-end bonuses	$ 1,361,838	$ 175,522	$ 1,537,360
Rent expense	79,144	118	79,262
Stationery supplies	11,754	316	12,070
Travel expense	2,513	606	3,119
Freight	22,972	-	22,972
Postage expenses	10,505	738	11,243
Repair and maintenance expense	63,613	503	64,116
Advertisement expense	40,188	-	40,188
Utilities expense	86,939	757	87,696
Insurance expense	176,988	11,409	188,397
Depreciation	917,691	6,407	924,098
Amortization	7,884	-	7,884
Meal expense	44,024	3,723	47,747
Employee benefits/welfare	41,282	2,399	43,681
Training expense	19,582	121	19,703
Miscellaneous purchases	13,509	533	14,042
Pension	71,982	5,000	76,982
Labor service fees	4,501	3,603	8,104
Other expenses	545,619	7,018	552,637
	$ 3,522,528	$ 218,773	$ 3,741,301

Pan German Universal Motors Ltd.

Statement of Employee Benefits, Depreciations, Depletion, and Amortization Expenses by Function

For the Years Ended December 31, 2025 and 2024

Statement 11 (In Thousands of NTD)

	2025			2024		
	Operating costs	Operations expenses	Total	Operating costs	Operations expenses	Total
Employee benefit expenses						
Wages and salaries	$ 224,667	$ 1,502,673	$ 1,727,340	$ 214,724	$ 1,611,097	$ 1,825,821
Labor and health insurance expense	-	152,042	152,042	-	141,774	141,774
Pension expense	-	76,982	76,982	-	73,693	73,693
Director remuneration	-	34,687	34,687	-	39,570	39,570
Other employee benefit expenses	-	113,262	113,262	-	117,095	117,095
	$ 224,667	$ 1,879,646	$ 2,104,313	$ 214,724	$ 1,983,229	$ 2,197,953
Depreciation expense	$ -	$ 924,098	$ 924,098	$ -	$ 932,664	$ 932,664
Amortization expense	$ -	$ 7,884	$ 7,884	$ -	$ 7,002	$ 7,002

Note:

1. The numbers of employees in the current year and the previous year were 1,620 and 1,645, respectively, of which the numbers of non-employee directors were both 7.
2. Companies whose stocks are TWSE-listed or TPEx-listed shall disclose the following information:
   (1) The average employee benefit expense for the year was NT$1,283 thousand (“Total employee benefit expenses for the year - Total director remuneration”/“Number of employees for the year - Number of non-employee directors”).
   The average employee benefit expense in the previous year was NT$1,318 thousand (“Total director remuneration - Director in the previous year”/“Number of employees in the previous year - Number of non-employee directors”).
   (2) The average employee salary for the year was NT$1,071 thousand (Total salary in the year/Number of employees in the year - Number of non-employee directors).
   The average employee salary expense in the previous year was NT$1,115 thousand (Total salary expense in the previous year/Number of employees in the previous year - Number of non-directors).
   (3) Change in average employee salary expenses was (3.9%) (“Average employee salary expenses for the current year - Average employee salary expenses for the previous year”/Average employee salary expenses for the previous year).
   (4) Supervisor remuneration for the year: The Company has set up the Audit Committee, so there are no supervisors.
   (5) The Company’s salary and remuneration policy (including directors, managerial officers and employees):
      (i) Director remuneration payment: The remuneration received by the directors of the Company includes director remuneration, travel expenses, business execution expenses and remuneration allocated in accordance with Articles of Incorporation regulations. According to Article 28 of the Company’s Articles of Incorporation, no more than 3% of profit for the year shall be distributed as director remuneration. In addition, the Remuneration Committee shall consider the overall performance of the Board of Directors, the Company’s operating performance, future operation, and risk appetite to formulate distribution recommendations. The remuneration distribution is based on the “Regulations Governing Performance Evaluation of the Board of Directors”.
      (ii) Remuneration of managerial officers: The Company’s managerial officer remuneration includes salary and bonus, which are determined based on the position held, the responsibilities undertaken, and the contribution to the Company, with reference to the standards of the industry and taking into account both the Company’s future operating risks and the relevance to its operating performance.
      (iii) Employee remuneration policy: The Company adjusts salary and distributes bonus based on the employee’s position, performance and contribution, and issues year-end bonuses according to the Company’s annual profit.