

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

appropriate to provide a basis for our opinion.

Key audit matters

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

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

Revenue recognition of export sales of green mechatronic solution business group

Description

Refer to Note 4(35) of the consolidated financial statements for the accounting policies on revenue recognition and Note 14 for the segment financial information. The Group disclosed the financial information of green mechatronic solution business group, intelligence energy business group and air and intelligent life business group in the segment financial information. Green mechatronic solution business group handles the manufacturing and sales of various machinery, equipment and motors. The sales revenue of the green mechatronic solution business group amounted to NT\$29,417,652 thousand, representing 50% of the consolidated total sales revenue for the year ended December 31, 2025. Aside from domestic sales in Taiwan, the customers of green mechatronic solution business group are from America, Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of green mechatronic solution business group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of green mechatronic solution business group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of green mechatronic solution business group to confirm their existence.

Other matter – Reference to the audits of other auditors

As described in Notes 4(3) and 6(7) of the consolidated financial statements, we did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$3,136,267 thousand and NT\$4,001,880 thousand, constituting 2% and 3% of the consolidated total assets as at December 31, 2025 and 2024, respectively, and total operating revenues amounted to NT\$2,978,183 thousand and NT\$2,947,748 thousand, both constituting 5% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,687,307 thousand and NT\$2,492,819 thousand, both constituting 2% of consolidated total assets as of December 31, 2025 and 2024, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$104,555 thousand and NT\$87,108 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2025 and 2024, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$41,549 thousand and NT\$106,182 thousand, constituting 1% and 21% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter –Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of TECO Electric & Machinery Co., Ltd. as of and for the years ended December 31, 2025 and 2024.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Sheng-Chung

Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		Restated December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 26,224,399	18	\$ 26,055,287	21
1110	Current financial assets at fair value through profit or loss	6(2)	34,481	-	24,058	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	286,220	-	302,648	-
1139	Current financial assets for hedging	6(17)	-	-	5,887	-
1140	Current contract assets		5,899,615	4	5,010,143	4
1150	Notes receivable, net	6(5) and 8	953,082	1	715,559	1
1160	Notes receivable - related parties	7	66	-	21	-
1170	Accounts receivable, net	6(5)	10,614,616	7	9,343,241	8
1180	Accounts receivable - related parties	7	181,481	-	203,543	-
1200	Other receivables		325,785	-	370,450	-
1210	Other receivables - related parties	7	25,838	-	76,774	-
130X	Inventories, net	6(6)	13,649,482	10	13,482,866	11
1410	Prepayments		799,576	1	890,288	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)	-	-	292,198	-
1470	Other current assets	6(1) and 8	476,762	-	493,129	-
11XX	Total current assets		<u>59,471,403</u>	<u>41</u>	<u>57,266,092</u>	<u>46</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	2,569,549	2	2,998,980	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	38,611,116	27	22,721,250	18
1535	Non-current financial assets at amortised cost, net	6(4) and 8	1,497,606	1	109,788	-
1550	Investments accounted for under the equity method	6(7) and 7	3,539,278	2	3,560,452	3
1600	Property, plant and equipment, net	6(8) and 8	20,914,161	15	20,493,419	17
1755	Right-of-use assets	6(9) and 8	6,970,374	5	7,498,397	6
1760	Investment property, net	6(10)	2,971,542	2	3,186,269	3
1780	Intangible assets	6(11)	6,234,677	4	4,831,491	4
1840	Deferred income tax assets	6(32)	1,154,120	1	1,228,081	1
1900	Other non-current assets	6(13)	642,052	-	539,216	-
15XX	Total non-current assets		<u>85,104,475</u>	<u>59</u>	<u>67,167,343</u>	<u>54</u>
1XXX	Total assets		<u>\$ 144,575,878</u>	<u>100</u>	<u>\$ 124,433,435</u>	<u>100</u>

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2025		Restated December 31, 2024	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14) and 8	\$ 2,960,800	2	\$ 1,137,121	1
2110	Short-term notes and bills payable	6(15)	5,997,595	4	-	-
2120	Current financial liabilities at fair value through profit or loss	6(16)	2,125	-	1,305	-
2130	Current contract liabilities	6(26)	1,663,705	1	2,075,068	2
2150	Notes payable		757,514	1	648,309	-
2160	Notes payable - related parties	7	1,189	-	466	-
2170	Accounts payable		9,607,141	7	9,479,935	8
2180	Accounts payable - related parties	7	42,727	-	56,107	-
2200	Other payables	6(18)	5,780,393	4	6,148,768	5
2230	Current income tax liabilities	6(32)	319,421	-	679,980	1
2250	Provisions for liabilities - current		430,539	-	410,738	-
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(12)	-	-	27,770	-
2280	Current lease liabilities		631,296	-	608,975	-
2320	Long-term liabilities, current portion	6(19)(20) and 8	395,572	-	6,260,101	5
2399	Other current liabilities, others		954,913	1	961,762	1
21XX	Total current liabilities		<u>29,544,930</u>	<u>20</u>	<u>28,496,405</u>	<u>23</u>
	Non-current liabilities					
2540	Long-term borrowings	6(20) and 8	7,154,749	5	4,534,475	4
2550	Provisions for liabilities - non-current		92,395	-	88,413	-
2570	Deferred income tax liabilities	6(32)	2,778,195	2	2,586,352	2
2580	Non-current lease liabilities		5,033,891	4	5,411,415	4
2600	Other non-current liabilities	6(7)(21)	1,608,085	1	1,548,571	1
25XX	Total non-current liabilities		<u>16,667,315</u>	<u>12</u>	<u>14,169,226</u>	<u>11</u>
2XXX	Total liabilities		<u>46,212,245</u>	<u>32</u>	<u>42,665,631</u>	<u>34</u>
	Equity attributable to owners of parent					
	Share capital	6(22)				
3110	Common stock		23,764,407	16	21,387,966	17
	Capital surplus	6(23)				
3200	Capital surplus		24,170,487	16	9,616,391	7
	Retained earnings	6(24)				
3310	Legal reserve		9,465,766	7	8,863,669	7
3320	Special reserve		3,640,779	2	3,640,779	3
3350	Unappropriated retained earnings		22,860,393	16	23,089,108	19
	Other equity interest	6(25)				
3400	Other equity interest		8,362,965	6	9,396,006	8
3500	Treasury stocks	6(22)	(636,762)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>91,628,035</u>	<u>63</u>	<u>75,482,209</u>	<u>61</u>
36XX	Non-controlling interest	6(36)	6,735,598	5	6,285,595	5
3XXX	Total equity		<u>98,363,633</u>	<u>68</u>	<u>81,767,804</u>	<u>66</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 144,575,878</u>	<u>100</u>	<u>\$ 124,433,435</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(9)(10)(26) and 7	\$ 59,093,897	100	\$ 55,234,746	100
5000	Operating costs	6(6)(8)(9)(21)(31)				
		and 7	(45,014,763)	(76)	(41,094,708)	(75)
5900	Net operating margin		14,079,134	24	14,140,038	25
5910	Unrealized profit from sales		(9,855)	-	(10,953)	-
5920	Realized profit from sales		10,953	-	10,419	-
5950	Net operating margin		14,080,232	24	14,139,504	25
	Operating expenses	6(8)(9)(21)(31)				
6100	Selling expenses		(4,805,450)	(8)	(4,230,560)	(7)
6200	General and administrative expenses		(2,779,132)	(5)	(2,629,902)	(5)
6300	Research and development expenses		(1,170,184)	(2)	(1,016,565)	(2)
6450	Expected credit impairment losses	12(2)	(37,920)	-	(30,872)	-
6000	Total operating expenses		(8,792,686)	(15)	(7,907,899)	(14)
6900	Operating profit		5,287,546	9	6,231,605	11
	Non-operating income and expenses					
7100	Interest income	6(4)(27) and 7	664,681	1	773,618	2
7010	Other income	6(3)(10)(28) and 7	1,682,096	3	1,872,072	3
7020	Other gains and losses	6(2)(16)(29)	(79,742)	-	(550,863)	(1)
7050	Finance costs	6(9)(30)	(442,973)	(1)	(378,687)	(1)
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(18,852)	-	132,084	-
7000	Total non-operating income and expenses		1,805,210	3	1,848,224	3
7900	Profit before income tax		7,092,756	12	8,079,829	14
7950	Income tax expense	6(32)	(1,467,580)	(2)	(1,828,548)	(3)
8200	Profit for the year		\$ 5,625,176	10	\$ 6,251,281	11

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2025		2024	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive (loss) income, before tax, actuarial (losses) gains on defined benefit plans	6(21)			
			(\$ 46,345)	-	\$ 36,005
8316	Unrealized losses on valuation of investments measured at fair value through other comprehensive income	6(3)	(1,184,653)	(2)	(6,829,917)
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(9,040)	-	20,805
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(252)	-	548
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(1,240,290)	(2)	(6,772,559)
Other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(25)	97,623	-	1,257,067
8368	Gains on hedging instrument	6(25)	2,715	-	25,095
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(32)	45,357	-	(254,654)
8360	Components of other comprehensive income that will be reclassified to profit or loss		145,695	-	1,027,508
8300	Other comprehensive loss for the year		(\$ 1,094,595)	(2)	(\$ 5,745,051)
8500	Total comprehensive income for the year		\$ 4,530,581	8	\$ 506,230
Profit attributable to:					
8610	Owners of the parent		\$ 5,242,070	9	\$ 5,767,637
8620	Non-controlling interest		383,106	1	483,644
			\$ 5,625,176	10	\$ 6,251,281
Comprehensive income attributable to:					
8710	Owners of the parent		\$ 4,057,479	7	\$ 52,311
8720	Non-controlling interest		473,102	1	453,919
			\$ 4,530,581	8	\$ 506,230
Earnings per share (in dollars)					
9750	Basic earnings per share	6(33)	\$	2.42	\$ 2.73
9850	Diluted earnings per share		\$	2.42	\$ 2.73

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
Notes	Share capital - common stock	Capital surplus	Retained earnings				Other equity interest			Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury stocks			
For the year ended December 31, 2024												
Balance at January 1, 2024	\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	(\$ 2,280,016)	\$ 17,649,701	(\$ 5,025)	(\$ 511,710)	\$ 80,148,590	\$ 6,294,190	\$ 86,442,780
Profit for the year	-	-	-	-	5,767,637	-	-	-	-	5,767,637	483,644	6,251,281
Other comprehensive income (loss) for the year 6(25)	-	-	-	-	35,153	978,202	(6,753,776)	25,095	-	(5,715,326)	(29,725)	(5,745,051)
Total comprehensive income (loss)	-	-	-	-	5,802,790	978,202	(6,753,776)	25,095	-	52,311	453,919	506,230
Appropriations of 2023 earnings 6(24)	-	-	626,570	-	(626,570)	-	-	-	-	-	-	-
Legal reserve	-	-	626,570	-	(626,570)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,705,353)	-	-	-	-	(4,705,353)	-	(4,705,353)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	74,195	-	-	-	-	-	-	-	74,195	-	74,195
Transactions with non-controlling interest	-	(87,534)	-	-	-	-	-	-	-	(87,534)	(169,966)	(257,500)
Changes in other non-controlling equity	-	-	-	-	-	-	-	-	-	-	(292,548)	(292,548)
Disposal of investments in equity instrument at fair value through other comprehensive income 6(3)(25)	-	-	-	-	218,175	-	(218,175)	-	-	-	-	-
Balance at December 31, 2024	\$ 21,387,966	\$ 9,616,391	\$ 8,863,669	\$ 3,640,779	\$ 23,089,108	(\$ 1,301,814)	\$ 10,677,750	\$ 20,070	(\$ 511,710)	\$ 75,482,209	\$ 6,285,595	\$ 81,767,804
For the year ended December 31, 2025												
Balance at January 1, 2025 (Restated)	\$ 21,387,966	\$ 9,616,391	\$ 8,863,669	\$ 3,640,779	\$ 23,089,108	(\$ 1,301,814)	\$ 10,677,750	\$ 20,070	(\$ 511,710)	\$ 75,482,209	\$ 6,285,595	\$ 81,767,804
Profit for the year	-	-	-	-	5,242,070	-	-	-	-	5,242,070	383,106	5,625,176
Other comprehensive (loss) income for the year 6(25)	-	-	-	-	(48,633)	154,320	(1,292,993)	2,715	-	(1,184,591)	89,996	(1,094,595)
Total comprehensive income (loss)	-	-	-	-	5,193,437	154,320	(1,292,993)	2,715	-	4,057,479	473,102	4,530,581
Appropriations of 2024 earnings 6(24)	-	-	602,097	-	(602,097)	-	-	-	-	-	-	-
Legal reserve	-	-	602,097	-	(602,097)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,694,353)	-	-	-	-	(4,694,353)	-	(4,694,353)
Exchange of shares for issuance of common stock 6(22)	2,376,441	14,294,291	-	-	-	-	-	-	-	16,670,732	-	16,670,732
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	12,972	-	-	-	-	-	-	-	12,972	-	12,972
Repurchase of treasury shares 6(22)	-	-	-	-	-	-	-	-	(249,012)	(249,012)	-	(249,012)
Treasury shares transferred to employees 6(22)	-	157,208	-	-	-	-	-	-	104,222	261,430	-	261,430
Disposal of Treasury Shares by a Subsidiary	-	69,611	-	-	-	-	-	-	19,738	89,349	-	89,349
Transactions with non-controlling interest 6(37)	-	20,014	-	-	-	-	-	-	-	20,014	53,660	73,674
Changes in other non-controlling equity	-	-	-	-	-	-	-	-	-	-	(76,759)	(76,759)
Disposal of investments in equity instrument at fair value through other comprehensive income 6(3)(25)	-	-	-	-	(125,702)	-	125,702	-	-	-	-	-
Losses on hedging instrument that will be reclassified to profit or loss 6(17)	-	-	-	-	-	-	-	(22,785)	-	(22,785)	-	(22,785)
Balance at December 31, 2025	\$ 23,764,407	\$ 24,170,487	\$ 9,465,766	\$ 3,640,779	\$ 22,860,393	(\$ 1,147,494)	\$ 9,510,459	\$ -	(\$ 636,762)	\$ 91,628,035	\$ 6,735,598	\$ 98,363,633

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 7,092,756	\$ 8,079,829
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(2)(29)	24,410	50,593
Net loss on financial liabilities at fair value through profit or loss	6(16)(29)		
Provision for decline in value of inventories	6(6)	32,463	13,656
Expected credit impairment losses	12(2)	387,765	250,380
Interest income	6(27)	37,920	30,872
Dividend income	6(28)	(664,681)	(773,618)
Interest expense	6(30)	(1,122,163)	(1,147,495)
Depreciation and amortization	6(8)(9)(10)(31)	442,973	378,687
Gain on disposal of non-current assets held for sale	6(12)(29)	2,253,167	2,049,006
Gain on disposal of property, plant and equipment	6(29)	(335,476)	-
Gain on disposal of right of use assets	6(29)	(22,859)	(92,115)
Loss (gain) on lease modification	6(29)	(107,430)	-
Impairment loss	6(29)	2,798	(2)
(Gain) loss on disposal of investment property	6(8)(11)	-	105,060
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(915)	31,024
Changes in operating assets and liabilities		18,852	(132,084)
Changes in operating assets			
Current contract assets		(889,472)	(1,151,391)
Notes receivable		(237,541)	153,407
Notes receivable - related parties		(45)	78
Accounts receivable		(1,274,002)	1,143,627
Accounts receivable - related parties		21,771	9,454
Other receivables		15,408	(19,213)
Other receivables - related parties		50,936	(3,498)
Inventories		(449,870)	(2,101,453)
Prepayments		90,712	(316,220)
Other current assets		59,630	(137,862)
Non-current financial assets at fair value through profit or loss		17,529	11,322
Changes in operating liabilities			
Current contract liabilities		(411,363)	(230,793)
Notes payable		109,205	101,165
Notes payable - related parties		723	(622)
Accounts payable		(421,392)	828,148
Accounts payable - related parties		(13,380)	17,918
Other payables		(466,041)	(390,092)
Provisions for liabilities		23,783	(152,356)
Other current liabilities		(204,874)	132,659
Other non-current liabilities		(59,808)	(414,441)
Cash inflow generated from operations		4,001,489	6,323,630
Interest received	6(27)	664,681	773,618
Dividend received		62,457	41,791
Interest paid		(308,557)	(241,147)
Income tax paid		(1,588,392)	(2,295,767)
Net cash flows from operating activities		<u>2,831,678</u>	<u>4,602,125</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of current financial assets at fair value through other comprehensive income		(\$ 31,442)	\$ -
Acquisition of non-current financial assets at fair value through other comprehensive income		(473,252)	(145,607)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		146,743	1,131,422
Acquisition of non-current financial assets at amortized cost	6(4)	(1,387,818)	(94,231)
(Increase) decrease in current financial assets at fair value through profit or loss		(7,438)	3,189
Proceeds from disposal of non-current financial assets at fair value through profit or loss		384,507	480,851
Decrease in pledged and restricted bank and time deposits	6(1) and 8	32,746	82,329
Acquisition of property, plant and equipment	6(8)(34)	(1,207,833)	(1,640,767)
Proceeds from disposal of property, plant and equipment		58,608	223,216
Acquisition of investment properties	6(10)	-	(16,044)
Increase in other non-current assets		(162,549)	(53,673)
Net cash outflow on acquisitions of subsidiaries	6(34)	(707,925)	(120,810)
Proceeds from disposal of non-current assets classified as held for sale	6(12)	599,904	-
Dividends received from investments of financial instruments		1,109,366	1,147,495
Proceeds from disposal of right of use assets		143,378	-
Net cash flows (used in) from investing activities		(1,503,005)	997,370
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(35)	1,625,654	(219,990)
Increase in short-term notes and bills payable	6(35)	5,997,595	-
Repayments of bonds	6(35)	(5,000,000)	-
Proceeds from long-term debts	6(35)	1,755,745	2,244,730
Lease liabilities paid	6(9)(35)	(820,006)	(733,852)
Treasury stocks repurchase	6(22)	(249,012)	-
Cash dividends paid to non-controlling interests		(272,359)	(279,855)
Consideration paid to non-controlling interests	6(37)	-	(257,500)
Cash capital increase of non-controlling interest	6(37)	73,674	-
Cash dividends paid	6(24)(35)	(4,694,353)	(4,705,353)
Treasury shares transferred to employees		104,222	-
Treasury shares disposed by the subsidiaries		89,349	-
Net cash flows used in financing activities		(1,389,491)	(3,951,820)
Exchange rate effect		229,930	767,076
Net increase in cash and cash equivalents		169,112	2,414,751
Cash and cash equivalents at beginning of year		26,055,287	23,640,536
Cash and cash equivalents at end of year		\$ 26,224,399	\$ 26,055,287

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

1. History and Organization

Teco Electric & Machinery Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture, installation, wholesale, retail of various types of electronic equipment, telecommunication equipment, office equipment, and home appliances.

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

These consolidated financial statements were reported to the Board of Directors on March 12, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘ Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature- dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027(Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 28, 'Restated for Hyperinflation'	January 1, 2027

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc. and subsidiaries	Holding company investing in companies in North America and Taiwan. Its investees are primarily engaged in the manufacturing and sales of motors, generators, winding and related parts.	100	100	Note 6
Teco Electric & Machinery Co., Ltd.	United View Global Investment Co., Ltd. and subsidiaries	A holding company whose investees are primarily engaged in the manufacturing, sales and agents of motors, home appliances, green power and other various electrical and electronic products in Mainland China, Southeast Asia and Australia.	100	100	Note 4
Teco Electric & Machinery Co., Ltd.	Temico International Pte. Ltd. and subsidiaries	Holding company investing in companies in India. Its investees are primarily engaged in the manufacturing and sales of motors.	60	60	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	
Teco Electric & Machinery Co., Ltd.	Teco Electric & Machinery (Pte) Ltd. and subsidiaries	Distribution of mechatronic products. Its investees are primarily engaged in the sales of mechatronic products in Singapore, India and neighbouring countries.	100	100	
Teco Electric & Machinery Co., Ltd.	Tong Dai Co., Ltd. and subsidiaries	Distribution of mechatronic products	83.53	83.53	Note 3
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd. and subsidiaries	Manufacturing and sales of step-servo motors. Its investees are primarily engaged in the trading, various investments and manufacturing and sales of motors in Mainland China.	0	0	Note 5
Teco Electric & Machinery Co., Ltd.	Yatec Engineering Corporation and subsidiaries	Development and maintenance of various electric appliances	64.95	64.95	
Teco Electric & Machinery Co., Ltd.	Taian (Subic) Electric Co., Inc.	Manufacturing and sales of switches	76.7	76.7	
Teco Electric & Machinery Co., Ltd.	Taian-Etacom Technology Co., Ltd.	Manufacturing of busway and related components	89.26	94.73	Notes 7 and 8

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI) and subsidiaries	International trading. Its investees are primarily engaged in the investment holdings and manufacturing, sales and technical services of fiber electric equipment and aerogenerator components in Mainland China.	100	100	
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.07	98.07	
Teco Electric & Machinery Co., Ltd.	A-Ok Technical Co., Ltd.	Repair of electric appliances	86.67	86.67	
Teco Electric & Machinery Co., Ltd.	Tecom Co., Ltd. and subsidiaries	Manufacturing and sales of touch-tone phone system and billing box. Its investees are primarily engaged in the various investments, research and development of software and hardware products related to fiber optic communications products in domestic area and Mainland China and technology development, manufacturing, sales and technology services of products related to communication network information.	63.52	63.52	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd. and subsidiaries	Import sales, leases of franking machines and mail processing and delivery. Its investees are primarily engaged in the services related to information software, data processing and electronic information supply in domestic area and Mainland China.	49.01	49.01	Note 2
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd. and subsidiaries	Various productions, investments in securities and construction of commercial buildings. Its investees are primarily engaged in the various investments and sales of motors in Japan.	100	100	
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd. and subsidiaries	Various investments. Its investees are primarily engaged in the building management servicing in domestic area, development and sales of software in Mainland China and Science Park development and business operations consulting services.	100	100	
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd. and subsidiaries	Delivery and logistics services. Its investees are primarily engaged in the storage services in Mainland China.	33.38	33.38	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of mechatronic products	100	100	
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co. and subsidiaries	Holding company investing in companies in Europe. Its investees are primarily engaged in the manufacturing and sales of reducers and motors.	100	100	
Teco Electric & Machinery Co., Ltd.	Century Development Corporation and subsidiaries	Real estate and industrial park management and development. Its investees are primarily engaged in the construction industry, trades and related operation and investment of materials and sandstone used in construction and machinery, and investment consultancy service for domestic and foreign industrial parks and land.	52.75	52.75	
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	Tong An Energy Co., Ltd.	Energy technical services	100	100	
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd. (B.V.I.) and subsidiaries	Trading, investment holdings and manufacturing and sales of motors in Mainland China.	100	100	Note 5
Teco Electric & Machinery Co., Ltd.	Shenchang Electric Co., Ltd.	Power generation, transmission and distribution machinery manufacturing industry.	57.21	57.21	Note 9
Teco Electric & Machinery Co., Ltd.	NCL EnergySdn. Bhd. and subsidiaries	Providing mechatronic and solar power engineering services	80	0	Note 10

Note 1: The Company sold part of its ownership in Taiwan Pelican Express Co., Ltd. in August, 2012, and accordingly, its ownership fell below 50% of the voting shares of Taiwan Pelican Express Co., Ltd. However, the Company still has control over the finance, operations and personnel affairs of Taiwan Pelican Express Co., Ltd., thus Taiwan Pelican Express Co., Ltd. continues to be included in the consolidated financial statements.

Note 2: The Company has control over the Board of Directors of Information Technology Total Services Co., Ltd., and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 3: Tong Dai Co., Ltd. has control over the Board of Directors of Top-Tower Enterprises Co., Ltd. and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 4: United View Global Investment Co., Ltd. obtained 78.49% equity of EVK Company through equity purchase and cash capital increase in January 2025 through its owned subsidiaries. Please refer to Note 6(38).

Note 5: On April 10, 2024, the Board of Directors of the Company and the Company's subsidiary, Teco Electro Devices Co., Ltd., both resolved to conduct a merger with the Company as the surviving company. The effective date of the merger was August 31, 2024.

Note 6: Teco Holding USA Inc. established Safe & Green Energy Company through its wholly-owned subsidiary in September 2024.

Note 7: The company obtained 10% equity of Taian-Etacom Technology Co., Ltd. from ETA Beheer B.V. on September, 2024. Please refer to Note 6(37).

Note 8: Taian-Etacom Technology Co., Ltd. established Tecobar Smartpower Solution SDN. BHD. on September, 2025.

Note 9: The company obtained 57.21% equity of Shen Chang Electric Co., Ltd. through equity purchase and cash capital increase in October 2024. Please refer to Note 6(38).

Note 10: The company obtained 80% equity of NCL Energy Sdn. Bhd. through equity purchase and cash capital increase in April 2025. Please refer to Note 6(38).

We did not audit the financial statements of certain consolidated subsidiaries which statements reflect total assets of \$3,136,267 and \$4,001,880 as at December 31, 2025 and 2024, respectively, and net operating revenue of \$2,978,183 and \$2,947,748 for the years then ended, respectively.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	Note
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel agency services	89.58	89.58	Note
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of air-conditioning equipment	100	100	Note
Teco Electric & Machinery Co., Ltd.	Teco (Philippines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	Note
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electric and automatic control technology development and consultation service	100	100	Note

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Tong-An Investment Co., Ltd.	Eurasia Food Service Co., Ltd.and its	Restaurant chain	100	100	Note
Tong-An Investment Co., Ltd.	Jinglaoman Food&Beverage Co., Ltd.	Restaurant chain	66.79	66.79	Note

Note: The above subsidiaries were not included in the consolidated financial statements as their respective total assets and operating revenues did not exceed the materiality threshold of the Company's total assets and operating revenues.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Details of significant non-controlling interests: Please refer to Note 6(36).

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - I. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

II. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

III. All resulting exchange differences are recognized in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is an associate exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate entity after losing significant influence over the former foreign associate such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at balance sheet date.

(5) Classification of current and non-current items

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

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

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

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established,

future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred;

however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Disposal groups held for sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) Investments accounted for under the equity method – associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over

this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- G. At the balance sheet date, the Group performs an impairment test for an investment in an associate when there is an indication that the investment may be impaired. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 50 years
Machinery and equipment	3 ~ 15 years
Transportation equipment	3 ~ 5 years
Other equipment	2 ~ 15 years
Leasehold improvements	3 ~ 5 years

(18) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is

remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 60 years.

(20) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Intangible assets, except goodwill are mainly computer software, which is stated at cost and amortized on the straight-line basis over the estimated economic useful life.

(21) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(22) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are

recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(23) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(25) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(26) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(27) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Group measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognised.

(29) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Group designates the hedging relationship as follows:

Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to

a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

- (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - ii. the cumulative change in fair value of the hedged item from inception of the hedge.
- (b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.
- (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
 - ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
 - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(30) Provisions

- A. Provisions (including product warranties, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(31) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

II. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

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

(32) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates

positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. Based on the “Income Basic Tax Act”, if the regular income tax is equal or more than the basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas, if the regular income tax is less than basic tax, the income tax payable shall be equal to the basic tax. The difference between the regular income tax and basic tax shall not be subject to deductions of investment tax credits granted under the provisions of other laws.

(33) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders.

(34) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities.

(35) Revenue recognition

- A. Sales of goods—wholesale
 - (a) The Group manufactures and sells various types of mechanical equipment, airconditioning units and electronic equipment products. Sales are recognised when control of the products has transferred, being when the products are delivered to the

wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Electronic and machinery, electronic equipment and power generation equipment are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts and sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales are made with a credit term of 30 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
 - (c) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
 - (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- B. Installation and construction service of electrification products
- (a) The Group provides installation and construction service of electrification products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
 - (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Group recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation. Conversely, the Group recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total expected costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Group procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.
 - (c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(36) Government grants

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

(37) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(38) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including

identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of the assessment of goodwill impairment.

The amount of the Group's goodwill after recognising the impairment loss was \$5,747,576 as at December 31, 2025.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 6,075	\$ 6,972
Checking accounts and demand deposits	12,327,206	11,821,210
Time deposits and notes issued under repurchase agreement	<u>13,891,118</u>	<u>14,227,105</u>
	<u>\$ 26,224,399</u>	<u>\$ 26,055,287</u>

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

B. As of December 31, 2025 and 2024, certain bank deposits amounting to \$53,122 and \$85,868, respectively, were restricted due to earmarked construction projects and loans for purchasing materials (listed as '1470 Other current assets'). Please refer to Note 8 for details.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market fund	\$ 37,692	\$ 27,127
Derivative instruments	<u>74</u>	<u>211</u>
	37,766	27,338
Valuation adjustments	<u>(3,285)</u>	<u>(3,280)</u>
	<u>\$ 34,481</u>	<u>\$ 24,058</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks	\$ 86,530	\$ 307,553
Non-listed and OTC stocks	810,394	810,394
Fund beneficiary certificate	<u>651,508</u>	<u>658,875</u>
	1,548,432	1,776,822
Valuation adjustments	<u>1,021,117</u>	<u>1,222,158</u>
	<u>\$ 2,569,549</u>	<u>\$ 2,998,980</u>

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

	For the year ended December 31, 2025	For the year ended December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ <u>24,410</u>)	(\$ <u>50,593</u>)

B. The non-hedging derivative instrument transactions and contract information are as follows:

December 31, 2025				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	December 9, 2025~January 9, 2026	USD	1,500,000	\$ <u>74</u>
December 31, 2024				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL EUR/BUY AUD	November 20, 2024~February 11, 2025	EUR	243,878	\$ <u>211</u>

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

D. Information relating to the price risk and fair value information of financial assets at fair value through profit or loss is provided in Notes 12(2)(3).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2025	December 31, 2024
Current items:		
Listed and OTC stocks	\$ 184,099	\$ 153,754
Valuation adjustments	<u>102,121</u>	<u>148,894</u>
	<u>\$ 286,220</u>	<u>\$ 302,648</u>
Non-current items:		
Listed and OTC stocks	\$ 28,016,212	\$ 11,247,336
Emerging stocks	163,252	142,669
Non-listed and OTC stocks	<u>508,812</u>	<u>451,027</u>
	28,688,276	11,841,032
Valuation adjustments	<u>9,922,840</u>	<u>10,880,218</u>
	<u>\$ 38,611,116</u>	<u>\$ 22,721,250</u>

A. The Group has elected to classify investments in Hon Hai Precision Industry Co., Ltd., etc. that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$38,897,336 and \$23,023,898 as at December 31, 2025 and 2024, respectively.

B. For the years ended December 31, 2025 and 2024, the Group sold stocks with fair values of \$146,743 and \$1,131,422, respectively, to raise the capital for operations; the cumulative (losses) gains on disposal are (\$125,702) and \$218,175, respectively, and the realised (losses) gains were carried forward from other equity to retained earnings.

C. Amounts recognised in other comprehensive income in relation to the financial assets at fair

value through other comprehensive income are listed below:

	For the year ended December 31, 2025	For the year ended December 31, 2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 1,385,119)	(\$ 6,829,917)
Cumulative (losses) gains reclassified to retained earnings due to derecognition	(\$ 125,702)	\$ 218,175
Dividend income recognised in profit or loss		
Held at end of period	\$ 810,531	\$ 933,266
Derecognised during the period	179	20,194
	<u>\$ 810,710</u>	<u>\$ 953,460</u>

D. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

E. Information relating to the price risk and fair value information of financial assets at fair value through other comprehensive income is provided in Note 12(2)(3).

F. On July 30, 2025, the Company passed a resolution of the Board of Directors and conducted a share exchange with Hon Hai Precision Industry Co., Ltd. for the purpose of strategic collaboration. By combining the strengths of both companies and capitalizing on the global trends in AI data center development, we aim to enhance our operational momentum. The Company issued 1 share of its common stock in exchange for 0.305 shares of Hon Hai Precision Industry Co., Ltd.'s common stock at the effective date for the share exchange on September 25, 2025. In total, the Company issued 237,644,068 new common shares to acquire 72,481,441 shares of Hon Hai Precision Industry Co., Ltd.'s common stock. The amount of the Company's financial assets at fair value through other comprehensive income acquired at the effective date for the share exchange was \$16,670,731.

(4) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Non-current items:		
Ordinary corporate bond	\$ 1,317,705	\$ -
Government bond	163,362	90,560
Time deposits	10,253	12,675
Structured bonds	6,286	6,554
	<u>\$ 1,497,606</u>	<u>\$ 109,789</u>

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

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income	<u>\$ 16,245</u>	<u>\$ 3,778</u>

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other

credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$1,497,606 and \$109,788, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit and ordinary corporate bonds are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ 954,720	\$ 717,180
Less: Allowance for bad debts	(1,638)	(1,621)
	<u>\$ 953,082</u>	<u>\$ 715,559</u>
Accounts receivable	10,819,187	\$ 9,545,185
Less: Allowance for bad debts	(204,571)	(201,944)
	<u>\$ 10,614,616</u>	<u>\$ 9,343,241</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 9,541,314	\$ 8,105,233
Up to 30 days	833,974	903,784
31 to 90 days	696,432	544,966
91 to 180 days	238,249	231,168
Over 180 days	463,938	477,214
	<u>\$ 11,773,907</u>	<u>\$ 10,262,365</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, the balances of receivables (including notes receivable) from contracts with customers amounted to \$11,396,820 and \$9,878,645, respectively.

C. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$953,082 and \$715,559 and accounts receivable were \$10,614,616 and \$9,343,241, respectively.

D. Details of the Group's notes receivable pledged to others are provided in Note 8.

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

(6) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,085,263	(\$ 243,707)	\$ 3,841,556
Work in progress	1,762,975	(70,298)	1,692,677
Finished goods	7,544,425	(619,361)	6,925,064
Inventory in transit	735,291	-	735,291
Merchandise inventories	460,496	(5,602)	454,894
	<u>\$ 14,588,450</u>	<u>(\$ 938,968)</u>	<u>\$ 13,649,482</u>
	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,499,696	(\$ 220,834)	\$ 3,278,862
Work in progress	1,702,405	(44,097)	1,658,308
Finished goods	7,656,581	(549,360)	7,107,221
Inventory in transit	923,348	-	923,348
Merchandise inventories	546,235	(31,108)	515,127
	<u>\$ 14,328,265</u>	<u>(\$ 845,399)</u>	<u>\$ 13,482,866</u>

- A. The cost of inventories recognised as expense for the years ended December 31, 2025 and 2024 were \$28,608,744 and \$26,859,207, respectively, including \$387,765 and \$250,380 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the years ended December 31, 2025 and 2024, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 2,426,069	\$ 2,401,899
2. Lien Chang Electronic Enterprise Co., Ltd.	368,038	461,299
3. Others	745,171	697,254
	<u>3,539,278</u>	<u>3,560,452</u>
Less: Credit balance of investments accounted for under the equity method such as Royal Host Taiwan Co., Ltd. (shown as deductions on accounts receivable - related parties as well as other receivables - related parties, and other non-current liabilities)	(104,555)	(87,108)
	<u>\$ 3,434,723</u>	<u>\$ 3,473,344</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the years ended December 31, 2025 and 2024, are as follows:

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 67,029	\$ 101,220
2. Lien Chang Electronic Enterprise Co., Ltd.	(78,704)	(23,733)
3. Others	(7,177)	54,597
	<u>(\$ 18,852)</u>	<u>\$ 132,084</u>

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2025	December 31, 2024		
Tung Pei Industrial Co., Ltd.	R.O.C.	31.14%	31.14%	Financial investment	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C.	33.84%	33.84%	Financial investment	Equity method

(b) The summarized financial information of the associates that are material to the Group is shown below:

Balance sheet

	Tung Pei Industrial Co., Ltd.	
	December 31, 2025	December 31, 2024
Current assets	\$ 5,083,340	\$ 5,386,630
Non-current assets	6,628,374	7,115,339
Current liabilities	(2,659,129)	(3,066,786)
Non-current liabilities	(541,158)	(912,011)
Total assets	<u>\$ 8,511,427</u>	<u>\$ 8,523,172</u>

Share in associate's net assets	\$ 2,426,069	\$ 2,401,899
Goodwill	-	-
Carrying amount of the associate	<u>\$ 2,426,069</u>	<u>\$ 2,401,899</u>

	Lien Chang Electronic Enterprise Co., Ltd.	
	December 31, 2025	December 31, 2024
Current assets	\$ 1,000,795	\$ 1,155,305
Non-current assets	295,722	431,052
Current liabilities	(184,661)	(188,869)
Non-current liabilities	(24,404)	(34,473)
Total net assets	<u>\$ 1,087,452</u>	<u>\$ 1,363,015</u>

Share in associate's net assets	\$ 368,038	\$ 461,299
Goodwill	-	-
Carrying amount of the associate	<u>\$ 368,038</u>	<u>\$ 461,299</u>

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue	\$ 6,800,290	\$ 6,716,076
Profit for the year from continuing operations	212,078	362,990
Other comprehensive (loss) income, net of tax	(24,123)	50,909
Total comprehensive income	<u>\$ 187,955</u>	<u>\$ 413,899</u>
Dividends received from associates	<u>\$ 58,718</u>	<u>\$ 39,145</u>

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue	\$ 375,211	\$ 403,642
Loss for the year from continuing operations	(232,548)	(70,125)
Other comprehensive (loss) income, net of tax	(43,015)	96,185
Total comprehensive (loss) income	(\$ 275,563)	\$ 26,060
Dividends received from associates	\$ -	\$ -

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2025 and 2024, the carrying amount of the Group's individually immaterial associates amounted to \$745,171 and \$697,254, respectively.

	For the year ended December 31, 2025	For the year ended December 31, 2024
(Loss) profit for the year from continuing operations	(\$ 7,177)	\$ 54,597
Total comprehensive (loss) income	(\$ 7,177)	\$ 54,597

(d) The fair values of the Group's material associates with quoted market prices are as follows:

	December 31, 2025	December 31, 2024
Lien Chang Electronic Enterprise Co., Ltd.	\$ 426,104	\$ 521,836

(e) The Group is the single largest shareholder of Lien Chang Electronic Enterprise Co., Ltd. with a 33.84% equity interest. The company is a listed company and its ownership is dispersed. Also, since the Group's shareholding ratio in the company is lower than 50%, which indicates that the Group has no current ability to direct the relevant activities of Lien Chang Electronic Enterprise Co., Ltd., the Group has no control, but only has significant influence, over the investee.

B. Investments accounted for using equity method for the years ended December 31, 2025 and 2024, are based on investees' financial statements audited by independent accountants. Gains on investments accounted for using equity method and other comprehensive net income for the years ended December 31, 2025 and 2024 were \$41,549 and \$106,182, respectively. As of December 31, 2025 and 2024, the balances of investments accounted for using equity method were \$2,687,307 and \$2,492,819, respectively. The credit balances of investments accounted for using equity method were \$104,555 and \$87,108, respectively.

C. The Group has no investments accounted for using equity method pledged to others as collateral.

(8) Property, plant and equipment

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Unfinished construction	Total
<u>At January 1, 2025</u>										
Cost	\$ 5,453,763	\$ 8,090,424	\$ 9,840,359	\$ 13,069,728	\$ 577,846	\$ 1,328,581	\$ 728,250	\$ 8,039,168	\$ 612,898	\$ 47,741,017
Accumulated depreciation and impairment	-	(4,659,213)	(3,047,909)	(10,638,629)	(512,678)	(853,208)	(581,492)	(6,954,469)	-	(27,247,598)
	<u>\$ 5,453,763</u>	<u>\$ 3,431,211</u>	<u>\$ 6,792,450</u>	<u>\$ 2,431,099</u>	<u>\$ 65,168</u>	<u>\$ 475,373</u>	<u>\$ 146,758</u>	<u>\$ 1,084,699</u>	<u>\$ 612,898</u>	<u>\$ 20,493,419</u>
<u>2025</u>										
Opening net book amount	\$ 5,453,763	\$ 3,431,211	\$ 6,792,450	\$ 2,431,099	\$ 65,168	\$ 475,373	\$ 146,758	\$ 1,084,699	\$ 612,898	\$ 20,493,419
Additions	-	49,693	50,252	305,387	-	39,787	57,039	386,021	352,493	1,240,672
Acquired from business combinations	-	28,043	-	317,274	-	1,992	-	48,750	10,526	406,585
Disposals	(5,691)	(154)	-	(21,676)	-	(2,871)	(39)	(5,318)	-	(35,749)
Reclassifications	5,166	132,642	106,991	80,946	4,441	4,443	11,634	(22,111)	(192,101)	132,051
Depreciation charge	-	(195,688)	(255,802)	(399,780)	(5,420)	(91,830)	(45,707)	(310,261)	-	(1,304,488)
Net exchange differences	(850)	(36,403)	60	20,300	-	(129)	(3,121)	1,814	-	(18,329)
Closing net book amount	<u>\$ 5,452,388</u>	<u>\$ 3,409,344</u>	<u>\$ 6,693,951</u>	<u>\$ 2,733,550</u>	<u>\$ 64,189</u>	<u>\$ 426,765</u>	<u>\$ 166,564</u>	<u>\$ 1,183,594</u>	<u>\$ 783,816</u>	<u>\$ 20,914,161</u>
<u>At December 31, 2025</u>										
Cost	\$ 5,452,388	\$ 8,417,558	\$ 9,997,603	\$ 13,337,750	\$ 565,510	\$ 1,327,390	\$ 796,763	\$ 8,383,602	\$ 783,816	\$ 49,062,380
Accumulated depreciation and impairment	-	(5,008,214)	(3,303,652)	(10,604,200)	(501,321)	(900,625)	(630,199)	(7,200,008)	-	(28,148,219)
	<u>\$ 5,452,388</u>	<u>\$ 3,409,344</u>	<u>\$ 6,693,951</u>	<u>\$ 2,733,550</u>	<u>\$ 64,189</u>	<u>\$ 426,765</u>	<u>\$ 166,564</u>	<u>\$ 1,183,594</u>	<u>\$ 783,816</u>	<u>\$ 20,914,161</u>

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Unfinished construction	Total
<u>At January 1, 2024</u>										
Cost	\$ 5,537,731	\$ 8,271,906	\$ 9,726,751	\$ 12,684,730	\$ 522,171	\$ 1,312,043	\$ 688,387	\$ 7,650,845	\$ 503,776	\$ 46,898,340
Accumulated depreciation and impairment	(34,697)	(4,828,446)	(2,802,290)	(10,369,172)	(504,694)	(817,103)	(540,013)	(6,711,421)	-	(26,607,836)
	<u>\$ 5,503,034</u>	<u>\$ 3,443,460</u>	<u>\$ 6,924,461</u>	<u>\$ 2,315,558</u>	<u>\$ 17,477</u>	<u>\$ 494,940</u>	<u>\$ 148,374</u>	<u>\$ 939,424</u>	<u>\$ 503,776</u>	<u>\$ 20,290,504</u>
<u>2024</u>										
Opening net book amount	\$ 5,503,034	\$ 3,443,460	\$ 6,924,461	\$ 2,315,558	\$ 17,477	\$ 494,940	\$ 148,374	\$ 939,424	\$ 503,776	\$ 20,290,504
Additions	-	314,586	80,500	322,777	-	32,853	26,743	383,169	524,949	1,685,577
Acquired from business combinations	237,942	25,910	-	-	49,680	-	-	-	-	313,532
Disposals	- (94,794)	- (20,824)	- (1,320)	- (299)	- (13,864)	- (415,827)	- (131,101)			
Reclassifications	(292,252)	(149,094)	33,108	146,661	2,708	40,458	5,083	24,686	(415,827)	(604,469)
Depreciation charge	- (183,903)	(245,619)	(313,228)	(4,697)	(91,897)	(35,191)	(273,405)	- (1,147,940)		
Impairment loss	-	-	- (26)	-	- (513)	- (363)	- (902)			
Net exchange differences	5,039	75,046	- (19,819)	-	339	2,561	25,052	-	88,218	
Closing net book amount	<u>\$ 5,453,763</u>	<u>\$ 3,431,211</u>	<u>\$ 6,792,450</u>	<u>\$ 2,431,099</u>	<u>\$ 65,168</u>	<u>\$ 475,373</u>	<u>\$ 146,758</u>	<u>\$ 1,084,699</u>	<u>\$ 612,898</u>	<u>\$ 20,493,419</u>
<u>At December 31, 2024</u>										
Cost	\$ 5,453,763	\$ 8,090,424	\$ 9,840,359	\$ 13,069,728	\$ 577,846	\$ 1,328,581	\$ 728,250	\$ 8,039,168	\$ 612,898	\$ 47,741,017
Accumulated depreciation and impairment	- (4,659,213)	(3,047,909)	(10,638,629)	(512,678)	(853,208)	(581,492)	(6,954,469)	-	(27,247,598)	
	<u>\$ 5,453,763</u>	<u>\$ 3,431,211</u>	<u>\$ 6,792,450</u>	<u>\$ 2,431,099</u>	<u>\$ 65,168</u>	<u>\$ 475,373</u>	<u>\$ 146,758</u>	<u>\$ 1,084,699</u>	<u>\$ 612,898</u>	<u>\$ 20,493,419</u>

- A. For the years ended December 31, 2025 and 2024, borrowing cost capitalised as part of property, plant and equipment were \$292 and \$0, respectively.
- B. The Group entered into a development contract for the joint construction and allocation of housing units with Kindom Development Co., Ltd. Using the 16 lots located in No. 148, Hong Fu Section, Xin Zhuang District, New Taipei City which were provided by the subsidiary, Tong-An Investment Co., Ltd., as resolved by the Board of Directors on March 23, 2021. Kindom Development Co., Ltd. is responsible for planning and designing, dismantling the existing buildings, constructing and assuming all other expenses. The expected equity ratio is 52%~55% by reference to the appraisal report issued by real estate appraiser firm. As of December 31, 2025, as the competent authority of the area where the land located, New Taipei City government, denied the Company's application for the development, resulting in a default of the joint construction contract. On October 23, 2023, Kindom Development Co., Ltd. sent a letter to Tong-An Investment Co., Ltd. to ask Tong-An Investment Co., Ltd. returning the development guarantee and input development cost in the amount of \$350,000 and \$188,544, respectively. On September 24, 2024, both parties had entered into an agreement for the termination of the contract. In addition to returning the development guarantee in the amount of \$350,000, Tong-An Investment Co., Ltd. also needed to pay the termination fee in the amount of \$68,000. The Group had fully accrued and recorded the amount.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. The Group was unable to transfer the title of certain farmland to the Group's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Group entered into an agreement with the said individual to secure the title and the first mortgage right.
- E. The Board of Directors of the Group's subsidiary, Tong-An Assets Management & Development Co., Ltd., approved the investment proposal for the construction of the Taipei City Songjiang building on July 1, 2020, which was in line with the government's promotion to expedite the reconstruction of unsafe and old buildings. Additionally, on February 10, 2023, the company entered into the agreement of land joint construction with MSIG Mingtai Insurance Company, Limited. The agreement stipulates that the construction will be carried out and invested jointly by TECO and Tong-An Assets. Subsequently, TECO and Tong-An Assets entered into an agreement with Fuchu General Contractor Co, Ltd. on June 17, 2023 and commissioned Fuchu General Contractor Co, Ltd. to perform the construction. In accordance with the agreement, the Group was required to pay \$1,430,000 for the construction. As of December 31, 2025, the Group has paid \$199,667.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 2 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but certain leased assets may not be used as security for borrowing purposes.
- B. On January 14, 2005, the Group's subsidiary, Century Development Corporation, completed the registration of right of superficies and paid royalties to Taipei City Government for acquiring land used for construction of the Nankang Software Park. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to Taipei City Government unconditionally upon expiry of the right of superficies. Century Development Corporation's right-of-use assets are amortized over the useful life of right of superficies of 50 years.
- C. On July 4, 2018, the Group's subsidiary, Century Biotech Development Corp., completed the registration of right of superficies and paid royalties to the Taipei City Government for acquiring land used for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to the Taipei City Government unconditionally upon expiry of the right of superficies. Century Biotech Development Corp.'s prepaid rents are amortized over the useful life of right of superficies of 50 years.
- D. The Group's subsidiary, CDC Development India Private Limited, acquired the land use right from the local government agency, KIADB, for India industrial park development. The total amount remitted for the land use right was INR 1,752,409 thousand and acquired land ownership of certificate for 99 years. On July 16, 2021, an agreement was signed with KIADB with a transfer of ownership term, agreeing to transfer the ownership to the lessee at the end of the 10-year lease term for the amount of royalties paid by the lessee and recognised by the landlord, if the lessee completes the development conditions specified in the terms.
- E. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$272,001 and \$594,884 and the sublease income were \$1,452,188 and \$1,260,112, respectively.
- F. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>Carrying amount</u>	<u>Carrying amount</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land (including royalties)	\$ 4,310,495	\$ 4,541,823
Buildings	2,596,345	2,892,761
Machinery and equipment	27,529	26,986
Transportation equipment (Business vehicles)	<u>36,005</u>	<u>36,827</u>
	<u>\$ 6,970,374</u>	<u>\$ 7,498,397</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land (including royalties)	\$ 114,041	\$ 120,797
Buildings	616,873	508,127
Machinery and equipment	11,219	11,285
Transportation equipment (Business vehicles)	<u>17,949</u>	<u>15,434</u>
	<u>\$ 760,082</u>	<u>\$ 655,643</u>

G. Interest expenses on lease liabilities for the years ended December 31, 2025 and 2024, were \$134,416 and \$137,540 and the cash outflows were \$820,006 and \$733,852, respectively.

H. Expenses on short-term leases were \$351,315 and \$279,667 and leases of low-value assets were \$30,628 and \$28,610 which are not subject to IFRS 16 for the years ended December 31, 2025 and 2024, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2025</u>				
Cost	\$ 1,776,359	\$ 3,602,163	\$ 78,729	\$ 5,457,251
Accumulated depreciation and impairment	(34,697)	(2,190,081)	(46,204)	(2,270,982)
	<u>\$ 1,741,662</u>	<u>\$ 1,412,082</u>	<u>\$ 32,525</u>	<u>\$ 3,186,269</u>
<u>2025</u>				
Opening net book amount	\$ 1,741,662	\$ 1,412,082	\$ 32,525	\$ 3,186,269
Reclassification	(5,166)	(126,885)	-	(132,051)
Depreciation charge	-	(78,046)	(7,657)	(85,703)
Net exchange differences	(8,292)	(2,774)	14,093	3,027
Closing net book amount	<u>\$ 1,728,204</u>	<u>\$ 1,204,377</u>	<u>\$ 38,961</u>	<u>\$ 2,971,542</u>
<u>At December 31, 2025</u>				
Cost	\$ 1,762,901	\$ 3,305,936	\$ 119,861	\$ 5,188,698
Accumulated depreciation and impairment	(34,697)	(2,101,559)	(80,900)	(2,217,156)
	<u>\$ 1,728,204</u>	<u>\$ 1,204,377</u>	<u>\$ 38,961</u>	<u>\$ 2,971,542</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2024</u>				
Cost	\$ 1,436,681	\$ 3,280,847	\$ 59,941	\$ 4,777,469
Accumulated depreciation and impairment	<u>-</u>	<u>(1,955,900)</u>	<u>(36,382)</u>	<u>(1,992,282)</u>
	<u>\$ 1,436,681</u>	<u>\$ 1,324,947</u>	<u>\$ 23,559</u>	<u>\$ 2,785,187</u>
<u>2024</u>				
Opening net book amount	\$ 1,436,681	\$ 1,324,947	\$ 23,559	\$ 2,785,187
Additions	-	16,044	-	16,044
Reclassification	292,252	152,751	-	445,003
Depreciation charge	-	(115,467)	(8,065)	(123,532)
Net exchange differences	<u>12,729</u>	<u>49,423</u>	<u>1,415</u>	<u>63,567</u>
Closing net book amount	<u>\$ 1,741,662</u>	<u>\$ 1,427,698</u>	<u>\$ 16,909</u>	<u>\$ 3,186,269</u>
 <u>At December 31, 2024</u>				
Cost	\$ 1,776,359	\$ 3,617,779	\$ 63,113	\$ 5,457,251
Accumulated depreciation and impairment	<u>(34,697)</u>	<u>(2,190,081)</u>	<u>(46,204)</u>	<u>(2,270,982)</u>
	<u>\$ 1,741,662</u>	<u>\$ 1,427,698</u>	<u>\$ 16,909</u>	<u>\$ 3,186,269</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Rental income from investment property	<u>\$ 211,174</u>	<u>\$ 155,563</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 39,278</u>	<u>\$ 71,673</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 5,970</u>	<u>\$ 8,319</u>

B. The fair value of the investment property held by the Group as at December 31, 2025 and 2024, were \$6,548,872 and \$6,589,565, respectively, which is categorised within Level 3 in the fair value hierarchy.

(11) Goodwill (listed as '1780 Intangible assets')

	<u>2025</u>	<u>2024</u>
<u>At January 1</u>		
Cost	\$ 5,076,100	\$ 5,045,600
Accumulated amortization and impairment	(419,442)	(315,284)
	<u>\$ 4,656,658</u>	<u>\$ 4,730,316</u>
Opening net book amount	\$ 4,656,658	\$ 4,730,316
Additions	741,355	118,137
Impairment loss	-	(104,158)
Net exchange differences	349,563	24,107
Closing net book amount	<u>\$ 5,747,576</u>	<u>\$ 4,768,402</u>
<u>At December 31</u>		
Cost	\$ 6,167,018	\$ 5,187,844
Accumulated amortization and impairment	(419,442)	(419,442)
	<u>\$ 5,747,576</u>	<u>\$ 4,768,402</u>

Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Green mechatronic solution business group	\$ 5,590,164	\$ 4,656,658
Intelligence energy business group	157,412	-
	<u>\$ 5,747,576</u>	<u>\$ 4,656,658</u>

- A. On October 15, 2015, the Group acquired 100% equity and obtained control over Motovario S.p.A., which is headquartered in Italy and is primarily engaged in manufacturing and sales of power transmission equipment such as motors and gear reducers, and its subsidiaries for a cash consideration of \$3,989,850 (EUR 108,214 thousand). As of December 31, 2025, the goodwill arising from the merger amounted to \$4,988,013.
- B. Due to the impact of market conditions in the industry, the actual revenue growth following the consolidation of Motovario S.p.A and its subsidiaries was lower than expected. Upon evaluation, the recoverable amount of the Group was determined to be less than its carrying amount, resulting in the recognition of a goodwill impairment loss of \$104,158 for the year ended December 31, 2024.
- C. On September 24, 2024, the Group acquired 57.21% equity and obtained control over Shen Chang Electric Co., Ltd., which is primarily engaged in design and manufacturing of transformers, for a cash consideration of \$548,330. As of December 31, 2025, the goodwill arising from the merger amounted to \$6,393.
- D. On January 3, 2025, the Group acquired 78.49% equity and obtained control over EVK Company, which is primarily engaged in development, manufacture and sales of high-performance hair-pin machines, for a cash consideration of \$1,119,500 (RMB\$250,000 thousand). As of December 31, 2025, the goodwill arising from the merger amounted to \$559,813.
- E. On April 30, 2025, the Group acquired 80% equity and obtained control over NCL Energy Sdn. Bhd., which is primarily engaged in providing mechatronic and solar power engineering services, for a cash consideration of \$489,828 (MYR 70,000 thousand). As of December 31,

2025, the goodwill arising from the acquisition of NCL Energy Sdn. Bhd. amounted to \$157,412.

(12) Non-current assets held for sale and discontinued operations

A. On November 12, 2024, the Group passed the resolution of the Board of Directors and approved the sale of the entire equity in AnTai Innovative Technology (Xiamen) Co., Ltd. to a non-affiliated party. The assets and liabilities related to this company have been reclassified as a disposal group held for sale. The transaction had been completed in February 2025. As of December 31, 2024, the assets and liabilities of the disposal group held for sale are \$292,198 and \$27,770, respectively.

B. Assets of disposal group classified as held for sale:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash and cash equivalents	\$ -	\$ 119,150
Accounts receivable	-	1,965
Other receivables	-	398
Inventories	-	-
Prepayments	-	1,162
Property, plant and equipment	-	169,417
Other non-current assets	-	106
	<u>\$ -</u>	<u>\$ 292,198</u>

C. Liabilities directly relating to non-current assets held for sale:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable and other payables	\$ -	\$ 11,936
Other current liabilities	-	15,834
	<u>\$ -</u>	<u>\$ 27,770</u>

D. The disposal group was remeasured to the lower of its carrying amount and fair value less costs to sell and no impairment loss was incurred.

E. The consideration received by the Group due to the transaction amounted to \$599,904 in cash. In addition, the Group disposed the disposal group held for sale and recognised gains on disposal of \$335,476 in February 2025.

(13) Other non-current assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayment of equipment	\$ 293,807	\$ -
Refundable deposits	225,743	336,621
Prepayment of investment	-	72,963
Long-term notes and accounts receivable	42,248	59,788
Deferred expenses	33,593	28,893
Other assets	46,661	40,951
	<u>\$ 642,052</u>	<u>\$ 539,216</u>

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	\$ <u>2,960,800</u>	1.80%~8.50%	Notes receivable, land, buildings and structures, demand deposits and time deposits
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	\$ <u>1,137,121</u>	1.26%~7.50%	Notes receivable, land, buildings and structures, demand deposits and time deposits

(15) Short-term notes and bills payable

<u>Items</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Commercial papers payable	\$ 6,000,000	1.70%	None
Less: unamortized discount	(<u>2,405</u>)		
	\$ <u>5,997,595</u>		

A. As of December 31, 2024, there was no such transaction.

B. The above commercial papers payable was issued under securities and acceptance offered by the financial institutions to fund short-term capital.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ <u>2,125</u>	\$ <u>1,305</u>

A. The Group recognised net loss of \$32,463 and \$13,656 on financial liabilities held for trading for the years ended December 31, 2025 and 2024, respectively.

B. Explanations of the transactions and contract information in respect of non-hedged derivative financial liabilities are as follows:

				<u>December 31, 2025</u>	
<u>Derivative instrument</u>	<u>Contract period</u>	<u>Contract amount (Notional principal)</u>		<u>Fair value</u>	
Forward foreign exchange contracts					
SELL USD/BUY RMB	December 16, 2025~February 27, 2026	USD	3,000,000	\$	503
BUY EUR/SELL AUD	December 9, 2025~February 5, 2026	EUR	111,812		32
Exchange rate swap					
SELL USD/BUY TWD	November 27, 2025~June 1, 2026	USD	3,000,000		<u>1,590</u>
					<u>\$ 2,125</u>
				<u>December 31, 2024</u>	
<u>Derivative instrument</u>	<u>Contract period</u>	<u>Contract amount (Notional principal)</u>		<u>Fair value</u>	
Exchange rate swap					
SELL TWD/BUY USD	November 22, 2024~January 27, 2025	USD	3,000,000	\$	<u>1,305</u>

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

(17) Hedging financial assets and liabilities

	December 31, 2024			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Cash flow hedges:				
<u>Exchange rate risk</u>				
Forward foreign exchange contracts	\$ 5,887	\$ -	\$ -	\$ -

A. As of December 31, 2025, the Group has no hedging financial assets and liabilities.

B. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. To hedge the risk arising from foreign currency denominated future commercial transactions, the Group uses forward foreign exchange transactions to control the exchange rate risk under their acceptable range as the exchange rate fluctuations will change future cash flows.

C. Transaction information associated with the Group adopting hedge accounting is as follows:

Hedging instruments	Notional amount	Contract period	December 31, 2024			For the year ended December 31, 2024	
			Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognising hedge ineffectiveness basis	Average price or fee (in dollars)	Gains (losses) on valuation of ineffective hedge that will be recognised in financial assets/liabilities at fair value through profit or loss
Cash flow hedges							
<u>Exchange rate risk</u>							
Forward foreign exchange transactions	USD 8,328	October 24, 2024 ~ January 24, 2025	\$ 5,887	\$ -	\$ -	32.15	\$ -

D. Cash flow hedge:

	2025	2024
<u>Other equity - cash flow hedge reserve</u>		
At January 1	\$ 20,070	(\$ 5,025)
Add: Gains on hedge effectiveness- amount recognised in other comprehensive income	2,715	25,095
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	(15,353)	-
Less: Reclassified to profit or loss – forecast transaction is no longer expected to occur	(7,432)	-
At December 31	<u>\$ -</u>	<u>\$ 20,070</u>

Exchange rate risk

To hedge exposed exchange rate risk arising from forecast input cost of construction in progress, the Group entered into a forward forecast purchase agreement of US dollar, and the hedge ratio is 1:1. The effective portion with respect to the changes in the fair value of the hedging instruments is deferred to recognise in the cash flow hedge reserve, which is under other comprehensive income, and will be directly included in the cost of construction in progress when the hedged items are subsequently recognised in construction in progress.

(18) Other payables

	December 31, 2025	December 31, 2024
Salary and wages payable	\$ 1,781,917	\$ 2,109,453
Employees' compensation payable	732,526	788,153
Dealers' bonus commission payable	190,274	166,317
Directors' and supervisors' remuneration payable	158,551	148,059
Equipment payable	208,437	175,598
Dividends payable	53,640	55,896
Others	2,655,048	2,705,292
	<u>\$ 5,780,393</u>	<u>\$ 6,148,768</u>

(19) Bonds payable

	December 31, 2024
Issuance of bonds payable	\$ 5,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	(5,000,000)
	<u>\$ -</u>

A. As of December 31, 2025, the Group has no bonds payable.

B. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:

The Company issued \$3,000,000, 0.70% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 9, 2020. The bonds mature 5 years from the issue date (June 12, 2020 ~ June 12, 2025). The unsecured ordinary corporation bonds had been settled on June 12, 2025.

C. The terms of the second domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:

The Company issued \$2,000,000, 0.60% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 4, 2020. The bonds mature 5 years from the issue date (September 15, 2020 ~ September 15, 2025) and had been settled on September 15, 2025.

(20) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2025
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 12, 2020 to October 28, 2035; payable based on the agreed terms.	1.35%~9.35%	Note	\$ 7,550,321
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(395,572)
				<u>\$ 7,154,749</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 12, 2020 to May 2, 2035; payable based on the agreed terms.	1.90%~9.35%	Note	\$ 5,794,576
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(1,260,101)
				<u>\$ 4,534,475</u>

Note: Details of the Group's assets pledged to others as collateral for borrowings are provided in Note 8.

Under the long-term contracts with certain financial institutions, the Group is required to maintain certain financial ratios and capital requirements as well as meet certain restrictions relative to significant asset acquisitions or disposals.

(21) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution to cover the deficit by next March.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations (\$	1,425,559)	(\$ 1,480,146)
Fair value of plan assets	<u>351,115</u>	<u>364,816</u>
Net defined benefit liability	<u>(\$ 1,074,444)</u>	<u>(\$ 1,115,330)</u>

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

	<u>2025</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 1,480,146)	\$ 364,816	(\$ 1,115,330)
Current service cost	(4,272)	-	(4,272)
Interest (expense) income	(23,196)	4,571	(18,625)
Past service cost	(262)	-	(262)
Settlement profit or loss	<u>(1,066)</u>	<u>-</u>	<u>(1,066)</u>
	<u>(1,508,942)</u>	<u>369,387</u>	<u>(1,139,555)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	24,562	24,562
Change in demographic assumptions	2,121	-	2,121
Change in financial assumptions	(20,467)	-	(20,467)
Experience adjustments	<u>(52,561)</u>	<u>-</u>	<u>(52,561)</u>
	<u>(70,907)</u>	<u>24,562</u>	<u>(46,345)</u>
Pension fund contribution	-	97,137	97,137
Paid pension	143,300	(139,971)	3,329
Paid from the account	9,467	-	9,467
Effect of business combination changes	<u>1,523</u>	<u>-</u>	<u>1,523</u>
At December 31	<u>(\$ 1,425,559)</u>	<u>\$ 351,115</u>	<u>(\$ 1,074,444)</u>

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 1,592,266)	\$ 306,377	(\$ 1,285,889)
Current service cost	(5,508)	-	(5,508)
Interest (expense) income	(23,306)	3,533	(19,773)
	<u>(1,621,080)</u>	<u>309,910</u>	<u>(1,311,170)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	31,091	31,091
Change in demographic assumptions	(611)	-	(611)
Change in financial assumptions	15,614	-	15,614
Experience adjustments	(10,089)	-	(10,089)
	<u>4,914</u>	<u>31,091</u>	<u>36,005</u>
Pension fund contribution	-	151,867	151,867
Paid pension	128,052	(128,052)	-
Paid from the account	8,272	-	8,272
Effect of business combination changes	(304)	-	(304)
At December 31	<u>(\$ 1,480,146)</u>	<u>\$ 364,816</u>	<u>(\$ 1,115,330)</u>

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

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

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Discount rate	<u>1.30%~6.22%</u>	<u>1.50%~7.07%</u>
Future salary increases	<u>0.50%~5.00%</u>	<u>0.50%~5.00%</u>

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

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ 43,502)	\$ 45,719	\$ 43,733	(\$ 42,018)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 41,252)	\$ 43,442	\$ 41,827	(\$ 40,132)

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2026 amount to \$145,526.

(g) The weighted average duration of the defined benefit obligation was 5.3~22.9 years as of December 31, 2025.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2025 and 2024 ranged from 14%~20%. Other than the monthly contributions, the Group has no further obligations.

(c) Monthly contributions to an independent fund administered by the local pension managing agency are based on a certain percentage of monthly salaries and wages of the Group’s other overseas subsidiaries’ employees.

(d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were \$496,488 and \$429,025, respectively.

(22) Share capital

A. As of December 31, 2025, the Company's authorized capital was \$30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 100 million shares reserved for employee stock options, and the paid-in capital was \$23,764,407 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

	2025	2024
At January 1	2,138,797	2,138,797
Issue of ordinary shares	237,644	-
At December 31	<u>2,376,441</u>	<u>2,138,797</u>

Note: Shares in thousands.

B. The Company issued 1 share of its common stock in exchange for 0.305 shares of Hon Hai Precision Industry Co., Ltd.'s common stock. In total, the Company will issue 237,644,068 new common shares to acquire 72,481,441 shares of Hon Hai Precision Industry Co., Ltd.'s common stock. The effective date for the share exchange was set on September 25, 2025, and the registration for changes was completed on October 14, 2025. The Company's paid-in capital after the share exchange was \$23,764,407.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2025	
		Number of shares (thousand shares)	Carrying amount
The Company	To be reissued to employees	<u>2,907</u>	<u>\$ 144,790</u>

Not applicable until December 31, 2024.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) The information on employee stock options transferred from treasury shares is as follows:

Employee stock options transferred from treasury shares	For the year ended December 31, 2025	
	Number of shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	2,669	49.8
Options exercised	(2,093)	49.8
Options outstanding at December 31	<u>576</u>	
Weighted-average fair value of employee stock options transferred from treasury shares granted for the year (in dollars)	<u>\$ 58.91</u>	

	November 3, 2025	December 31, 2025
Stock price on the grant date (in dollars)	115.5	84.0
Exercise price (in dollars)	49.8	49.8
Expected price volatility	64.01%	33.64%
Option life (year)	0.003	0.027
Expected dividend yield	-	-
Risk-free interest rate	1.215%	1.215%

The Company executed the transfer of treasury stocks to employees on November 3 and December 31, 2025, respectively. A total of 2,669 thousand shares of treasury stock were transferred at a buyback cost of \$132,906. The subscription dates for employees were September 1 and November 14, 2025, respectively, and the stock delivery dates to employees were November 3, 2025, and January 9, 2026, respectively. The Company has recognised employee compensation expenses of \$157,208 on the grant dates. As of December 31, 2025, the consideration received from the transfer of treasury stocks amounted to \$104,222. Additionally, capital surplus from treasury stock transactions of \$157,208 was recognised on the stock delivery dates.

- D. All of the shares of the Company held by the Company's subsidiaries-Tong-An Investment Co., Ltd. and An-Tai International Investment Co., Ltd. were acquired in or before 2000 for the purpose of general investment. In addition, Top-Tower Enterprises Co., Ltd. also held the Company's shares before the Company obtained control of Top-Tower Enterprises Co., Ltd. In August 2013, and Top-Tower Enterprises Co., Ltd acquired the Company's shares. Furthermore, the subsidiary - Taiwan Pelican Express Co., Ltd. is a subsidiary over which the Company has substantial control, and such investment on the Company's shares is a general investment. As of December 31, 2025 and 2024, book value of the shares of the Company held by the subsidiaries and second-tier subsidiaries were \$491,972 and \$511,710, respectively.

Details are as follows:

	December 31, 2025		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 84.00
An-Tai International Investment Co., Ltd.	2,826	10.37	84.00
Taiwan Pelican Express Co., Ltd.	6,363	26.89	84.00
	<u>28,729</u>		
	December 31, 2024		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 52.20
An-Tai International Investment Co., Ltd.	2,826	10.37	52.20
Top-Tower Enterprises Co., Ltd.	77	9.37	52.20
Taiwan Pelican Express Co., Ltd.	7,070	26.89	52.20
	<u>29,513</u>		

(23) Capital surplus

Pursuant to the R.O.C Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(24) Retained earnings

A. As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

- (a) Payment of taxes and duties.
- (b) Covering prior years' accumulated deficit, if any.
- (c) After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.
- (d) Set aside a certain amount as special reserve, if any.
- (e) Distributing the remaining amount plus prior years' retained earnings to shareholders according to their shareholding percentage. The distribution rate is principally 80%, of which cash dividends shall account for 5% ~ 50% of the distributed amount. Stock dividends shall be approved by the shareholders at the shareholders' meeting while cash dividends shall be approved by the Board of Directors under a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and reported to the shareholders at the shareholders' meeting.

B. The Company's dividend policy is summarized below:

The Company's operating environment is in the stable growth stage. However, investee companies are still in the growth stage. In view of the future plant expansion and investment plans, the appropriations of earnings are based on the distributable earnings and appropriate principally 80% to shareholders as dividends. Cash dividends shall account for at least 5% up to maximum of 50% of total dividends distributed.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2011, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use periods if the assets are investment property other than land. As of December 31, 2025, the amount previously set aside as special reserve on initial application of IFRSs and yet to be reversed amounted to \$3,640,779.
- E. The appropriations of the 2024 and 2023 net income was respectively resolved by the stockholders on June 3, 2025 and May 27, 2024 as follows:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Dividend per share		Dividend per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 602,097		\$ 626,570	
Cash dividends	4,694,353	\$ 2.2	4,705,353	\$ 2.2

Note: For the year ended December 31, 2024, the amount of cash dividends was changed due to the Company repurchasing treasury stocks before the effective date, resulting in a change of outstanding shares of common shares. The distribution amount of cash dividends was adjusted under the unchanged shareholder yield as approved by the Board of Directors.

- F. The appropriations of the 2025 net income was respectively resolved by the stockholders on March 12, 2026 as follows:

	For the year ended December 31, 2025	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 506,773	
Cash dividends	4,752,881	\$ 2.0

(25) Other equity items

	<u>Unrealised gains (losses) on valuation</u>	<u>Hedging reserve</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2025	\$ 10,677,750	\$ 20,070	(\$ 1,301,814)	\$ 9,396,006
Unrealised gains and losses on financial assets:				
Revaluation - group	(1,283,953)	-	-	(1,283,953)
Revaluation - associates	(9,040)	-	-	(9,040)
Revaluation transferred to retained earnings	125,702	-	-	125,702
Cash flow hedge:				
Fair value gain	-	2,715	-	2,715
Transfer to profit or loss	-	(22,785)	-	(22,785)
Currency translation differences:				
-Group	-	-	154,320	154,320
At December 31, 2025	<u>\$ 9,510,459</u>	<u>\$ -</u>	<u>(\$ 1,147,494)</u>	<u>\$ 8,362,965</u>
	<u>Unrealised gains (losses) on valuation</u>	<u>Hedging reserve</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2024	\$ 17,649,701	(\$ 5,025)	(\$ 2,280,016)	\$ 15,364,660
Unrealised gains and losses on financial assets:				
Revaluation - group	(6,774,285)	-	-	(6,774,285)
Revaluation - associates	20,509	-	-	20,509
Revaluation transferred to retained earnings	(218,175)	-	-	(218,175)
Cash flow hedge:				
Fair value loss	-	25,095	-	25,095
Currency translation differences:				
-Group	-	-	978,202	978,202
At December 31, 2024	<u>\$ 10,677,750</u>	<u>\$ 20,070</u>	<u>(\$ 1,301,814)</u>	<u>\$ 9,396,006</u>

(26) Operating revenue

	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Revenue from customers	\$ 57,545,828	\$ 53,950,283
Others - rental revenue	1,548,069	1,284,463
	<u>\$ 59,093,897</u>	<u>\$ 55,234,746</u>

A. Disaggregation of revenue from customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	For the year ended December 31, 2025	For the year ended December 31, 2024
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of green mechatronic solution business group products	\$ 29,421,954	\$ 29,353,545
Sales of intelligence energy business group product	14,205,832	10,850,480
Sales of air and intelligent life business group product	6,463,157	6,657,568
Others	7,454,885	7,088,690
	<u>\$ 57,545,828</u>	<u>\$ 53,950,283</u>

B. Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 786,332</u>	<u>\$ 837,999</u>

(27) Interest income

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income from bank deposits	\$ 648,436	\$ 769,840
Interest income from financial assets measured at amortised cost	16,245	3,778
	<u>\$ 664,681</u>	<u>\$ 773,618</u>

(28) Other income

	For the year ended December 31, 2025	For the year ended December 31, 2024
Rental revenue	\$ 245,686	\$ 170,814
Dividend income	1,122,163	1,147,495
Other non-operating income	314,247	553,763
	<u>\$ 1,682,096</u>	<u>\$ 1,872,072</u>

(29) Other gains and losses

	For the year ended December 31, 2025	For the year ended December 31, 2024
Gain on disposal of property, plant and equipment	\$ 22,859	\$ 92,115
Gain (loss) on disposal of investments	915	(31,024)
Gain on disposal of non-current assets held for sale	335,476	-
Gain on disposal of right-of-use assets	107,430	-
(Loss) gain arising from lease modifications	(2,798)	2
Net currency exchange gain	143,457	56,756
Loss on financial assets at fair value through profit or loss	(24,410)	(50,593)
Loss on financial liabilities at fair value through profit or loss	(32,463)	(13,656)
Impairment loss (Note)	-	(105,060)
Miscellaneous disbursements	(630,208)	(499,403)
	<u>(\$ 79,742)</u>	<u>(\$ 550,863)</u>

Note: Information relating to impairment loss is provided in Notes 6(8) and 6(11).

(30) Finance costs

	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest expense	\$ 435,308	\$ 376,664
Other finance expenses	7,665	2,023
	<u>\$ 442,973</u>	<u>\$ 378,687</u>

(31) Expenses by nature (including employee benefit expense)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Wages and salaries	\$ 8,544,196	\$ 7,959,591
Employees' compensation and directors' remuneration	763,204	822,091
Labor and health insurance fees	1,121,164	1,143,635
Pension costs	520,713	454,306
Other personnel expenses	472,138	411,675
Depreciation charges on property, plant and equipment as well as investment property	1,390,191	1,271,472
Depreciation charges on right-of- use assets and amortization charges on intangible assets	862,976	777,534

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%~10% for employees' compensation (No less than 25% of this should be allocated to rank-and-file employees) and shall not be higher than 5% for directors' remuneration.
- B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$341,493 and \$443,013, respectively; while directors' remuneration was accrued at \$121,259 and \$109,745, respectively. The aforementioned amounts were recognised in salary expenses.
- C. For the year ended December 31, 2025, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$357,972 and \$95,737, and the employees' compensation will be distributed in the form of cash.

The difference of (\$42,530) between employees' compensation of \$443,013 and the difference of (\$1,418) between directors' remuneration of \$109,745 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2024 financial statements had been adjusted in the profit or loss of 2025.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Current tax:		
Current tax on profits for the year	\$ 1,275,268	\$ 2,132,248
Tax on undistributed surplus earnings	36,754	42,726
Prior year income tax over estimation	(84,189)	(135,827)
Total current tax	<u>1,227,833</u>	<u>2,039,147</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>239,747</u>	(210,599)
Total deferred tax	<u>239,747</u>	(210,599)
Income tax expense	<u>\$ 1,467,580</u>	<u>\$ 1,828,548</u>

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

	For the year ended December 31, 2025	For the year ended December 31, 2024
Deferred tax:		
Currency translation differences	(\$ 45,357)	\$ 254,654
Remeasurement of defined benefit obligations	252	(548)
Total deferred tax	(45,105)	254,106
Income tax charge relating to components of other comprehensive income	(\$ 45,105)	\$ 254,106

B. Reconciliation between income tax expense and accounting profit:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Tax calculated based on profit before tax and statutory tax rate	\$ 2,147,585	\$ 2,244,630
Expenses disallowed by tax regulation	(485,763)	(342,959)
Effect from investment tax credits	(57,083)	(33,388)
Prior year income tax overestimation	(84,189)	(135,827)
Under (over) estimation of prior year's net deferred tax assets and liabilities	113	(5,028)
Tax on undistributed surplus earnings	36,754	42,726
Others	(89,837)	58,394
Income tax expense	\$ 1,467,580	\$ 1,828,548

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

	2025				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect of business combinations	December 31
Temporary differences:					
—Deferred tax assets:					
Impairment loss	\$ 96,779	\$ -	\$ -	\$ -	\$ 96,779
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	48,689	1,207	-	-	49,896
Unrealised expenses	259,942	(19,840)	-	-	240,102
Permanent loss on investments	35,080	5,121	-	-	40,201
Loss on inventory	106,160	9,518	-	-	115,678
Bad debt exceeded the limit stated by Income Tax Law	7,474	4	-	-	7,478
Amortisation on capitalisation of research and development expense	181,957	(181,957)	-	-	-
Others	310,073	73,502	(252)	-	383,323
Tax losses	181,927	38,736	-	-	220,663
	<u>\$ 1,228,081</u>	<u>(\$ 73,709)</u>	<u>(\$ 252)</u>	<u>\$ -</u>	<u>\$ 1,154,120</u>
—Deferred tax liabilities:					
Investment income from foreign investments	\$ 1,163,292	\$ 204,222	\$ -	\$ -	\$ 1,367,514
Currency translation differences	66,534	-	(45,357)	-	21,177
Land value incremental reserve	1,051,820	(45,154)	-	-	1,006,666
Others	304,706	6,970	-	71,162	382,838
	<u>\$ 2,586,352</u>	<u>\$ 166,038</u>	<u>(\$ 45,357)</u>	<u>\$ 71,162</u>	<u>\$ 2,778,195</u>
	<u>(\$ 1,358,271)</u>	<u>(\$ 239,747)</u>	<u>\$ 45,105</u>	<u>(\$ 71,162)</u>	<u>(\$ 1,624,075)</u>

	2024				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect of business combinations	December 31
Temporary differences:					
— Deferred tax assets:					
Impairment loss	\$ 96,779	\$ -	\$ -	\$ -	\$ 96,779
Currency translation differences	188,120	-	(188,120)	-	-
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	46,937	1,752	-	-	48,689
Unrealised expenses	220,568	39,374	-	-	259,942
Permanent loss on investments	35,080	-	-	-	35,080
Loss on inventory	100,885	5,275	-	-	106,160
Bad debt exceeded the limit stated by Income Tax Law	7,441	33	-	-	7,474
Amortisation on capitalisation of research and development expense	167,519	14,438	-	-	181,957
Others	291,665	17,860	548	-	310,073
Tax losses	191,621	(9,694)	-	-	181,927
	<u>\$ 1,346,615</u>	<u>\$ 69,038</u>	<u>(\$ 187,572)</u>	<u>\$ -</u>	<u>\$ 1,228,081</u>
— Deferred tax liabilities:					
Investment income from foreign investments	\$ 1,370,914	(\$ 207,622)	\$ -	\$ -	\$ 1,163,292
Currency translation differences	-	-	66,534	-	66,534
Land value incremental reserve	1,052,761	(941)	-	-	1,051,820
Others	209,137	67,002	-	28,567	304,706
	<u>\$ 2,632,812</u>	<u>(\$ 141,561)</u>	<u>\$ 66,534</u>	<u>\$ 28,567</u>	<u>\$ 2,586,352</u>
	<u>(\$ 1,286,197)</u>	<u>\$ 210,599</u>	<u>(\$ 254,106)</u>	<u>(\$ 28,567)</u>	<u>(\$ 1,358,271)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	Amount assessed	\$ 278,639	\$ 113,670	2025
2016	Amount assessed	142,273	43,004	2026
2017	Amount assessed	145,489	28,849	2027
2018	Amount assessed	112,594	36,066	2028
2019	Amount assessed	199,711	112,836	2029
2020	Amount assessed	119,497	115,784	2030
2021	Amount assessed	116,463	92,151	2031
2022	Amount filed	145,770	115,530	2032
2023	Amount filed	153,628	142,880	2033
2024	Amount filed	173,706	173,706	2034
		<u>\$ 1,587,770</u>	<u>\$ 974,476</u>	

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	Amount assessed	\$ 135,719	\$ 135,719	2024
2015	Amount assessed	278,639	113,670	2025
2016	Amount assessed	142,273	43,004	2026
2017	Amount assessed	149,189	32,549	2027
2018	Amount assessed	115,790	39,262	2028
2019	Amount assessed	200,652	151,074	2029
2020	Amount assessed	129,469	125,756	2030
2021	Amount assessed	110,078	85,766	2031
2022	Amount filed	33,609	3,386	2032
2023	Amount filed	9,904	9,904	2033
		<u>\$ 1,305,322</u>	<u>\$ 740,090</u>	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Deductible temporary differences	<u>\$ 588,983</u>	<u>\$ 642,169</u>

F. The Board of Directors of certain subsidiaries resolved to not repatriate earnings and to reserve earnings for local operation use, therefore, the Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2025 and 2024, the amounts of temporary differences unrecognised as deferred tax liabilities were \$5,107,288 and \$5,107,288, respectively.

G. As of December 31, 2025, the Company and its subsidiaries' income tax returns through various years between 2021 and 2024, respectively, have been assessed and approved by the Tax Authority.

H. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

I. The Group had no current tax expense related to Pillar Two income taxes for the years ended December 31, 2025 and 2024.

J. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). As of December 31, 2025, Pillar Two legislation has been enacted in certain jurisdictions where the Group's subsidiaries are incorporated, including Singapore, Malaysia and Thailand.

Under the Pillar Two legislation, the Group was liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

For 2025, the average effective tax rate calculated in accordance with IAS 12 of subsidiaries of the Group operating in jurisdiction should be higher than 15%. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income as well as the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist it with applying the legislation.

(33) Earnings per share

	<u>For the year ended December 31, 2025</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,242,070	2,169,899	\$ 2.42

Note: The earnings per share of \$2.38 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

	<u>For the year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,767,637	2,109,284	\$ 2.73

Note: The earnings per share of \$2.70 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Acquisition of property, plant and equipment	\$ 1,240,672	\$ 1,685,577
Add:		
Payables at beginning of the period	175,598	130,788
Less:		
Payables at end of the period	(208,437)	(175,598)
Cash paid	<u>\$ 1,207,833</u>	<u>\$ 1,640,767</u>

B. October 21, 2024 is used as the base date to acquire Shen Chang Electric Co., Ltd. in the current period, and the book value of its assets and liabilities is as follows:

	October 21, 2024
Cash	\$ 68,322
Cash - issue of shares	400,000
Accounts and notes receivable	37,575
Inventory	286,217
Other current assets	18,267
Property, plant and equipment	313,532
Intangible assets	69,219
Other non-current assets	53,098
Bank borrowings	(133,542)
Accounts and notes payable	(77,785)
Other payables	(30,836)
Current income tax liabilities	(6,550)
Other current liabilities	(21,501)
Other non-current liabilities	(28,740)
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	(405,339)
	<u>\$ 541,937</u>
Consideration for the acquisition of the subsidiary	\$ 548,330
Balance of cash in the subsidiary	(468,322)
Effect on net cash from the consolidated subsidiary	<u>\$ 80,008</u>

C. January 3, 2025 is used as the base date to acquire EVK Company in the current period, and the book value of its assets and liabilities is as follows:

	<u>January 3, 2025</u>	
Cash	\$	16,929
Subscriptions receivable		486,006
Accounts and notes receivable		233,256
Other receivables		4,113
Inventory		104,511
Other current assets		44,060
Property, plant and equipment		333,555
Other non-current assets		11,975
Bank borrowings	(	179,120)
Accounts payable	(	464,901)
Other payables	(	31,810)
Other current liabilities	(	887)
Other non-current liabilities	(	89,560)
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	(	<u>100,694</u>)
	\$	<u>367,433</u>
Consideration for the acquisition of the subsidiary	\$	1,119,500
Paid capital increase	(	486,006)
Balance of cash in the subsidiary	(	<u>16,929</u>)
Effect on net cash from the consolidated subsidiary	\$	<u>616,565</u>

D. April 30, 2025 is used as the base date to acquire NCL Energy Sdn. Bhd. in the current period, and the book value of its assets and liabilities is as follows:

	<u>April 30, 2025</u>	
Cash	\$	34,449
Subscriptions receivable		364,019
Accounts and notes receivable		58,676
Other receivables		56
Other current assets		31,949
Property, plant and equipment		73,030
Other non-current assets		1,275
Bank borrowings	(	18,905)
Accounts payable	(	83,697)
Other payables	(	33,017)
Other non-current liabilities	(	12,315)
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	(	<u>83,104</u>)
	\$	<u>332,416</u>
Consideration for the acquisition of the subsidiary	\$	489,828
Paid capital increase	(	364,019)
Balance of cash in the subsidiary	(	<u>34,449</u>)
Effect on net cash from the consolidated subsidiary	\$	<u>91,360</u>

(35) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2025	\$ 1,137,121	\$ -	\$ 55,896	\$ 5,000,000	\$ 5,794,576	\$ 6,020,390	\$ 18,007,983
Interest expenses on lease liabilities	-	-	-	-	-	134,416	134,416
Recognised in right-of-use assets	-	-	-	-	-	272,001	272,001
Remeasurement	-	-	-	-	-	(12,666)	(12,666)
Changes in cash flow from financing activities	1,625,654	5,997,595	-	(5,000,000)	1,755,745	(820,006)	3,558,988
Effect of business combinations	198,025	-	-	-	-	-	198,025
Cash dividends declared	-	-	4,694,353	-	-	-	4,694,353
Cash dividends paid	-	-	(4,694,353)	-	-	-	(4,694,353)
Other	-	-	(2,256)	-	-	-	(2,256)
Effect of foreign exchange	-	-	-	-	-	71,052	71,052
December 31, 2025	<u>\$ 2,960,800</u>	<u>\$ 5,997,595</u>	<u>\$ 53,640</u>	<u>\$ -</u>	<u>\$ 7,550,321</u>	<u>\$ 5,665,187</u>	<u>\$ 22,227,543</u>

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2024	\$ 1,357,111	\$ 62,359	\$ 5,000,000	\$ 3,549,846	\$ 5,877,521	\$ 15,846,837
Interest expenses on lease liabilities	-	-	-	-	137,540	137,540
Recognised in right-of-use assets	-	-	-	-	594,884	594,884
Remeasurement	-	-	-	-	110,608	110,608
Changes in cash flow from financing activities (219,990)		-	-	2,244,730	(733,852)	1,290,888
Cash dividends declared	-	4,705,353	-	-	-	4,705,353
Cash dividends paid	-	(4,705,353)	-	-	-	(4,705,353)
Other	-	(6,463)	-	-	-	(6,463)
Effect of foreign exchange	-	-	-	-	33,689	33,689
December 31, 2024	<u>\$ 1,137,121</u>	<u>\$ 55,896</u>	<u>\$ 5,000,000</u>	<u>\$ 5,794,576</u>	<u>\$ 6,020,390</u>	<u>\$ 18,007,983</u>

Note 1: Shown as 'other payables'.

Note 2: Including the portion shown as '2320 long-term liabilities, current portion'.

(36) Details of significant non-controlling interests

A. As of December 31, 2025 and 2024, the non-controlling interest amounted to \$6,735,598 and \$6,285,595, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2025		December 31, 2024	
		Amount	Ownership	Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 283,240	36.48%	\$ 279,224	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,367,230	66.62%	1,365,681	66.62%
Century Development Corporation and subsidiaries	R.O.C	3,147,446	47.25%	3,064,227	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	316,843	50.99%	305,299	50.99%

B. Summarized financial information of the subsidiaries:

Balance sheets

	Tecom Co., Ltd. and subsidiaries	
	December 31, 2025	December 31, 2024
Current assets	\$ 641,162	\$ 656,666
Non-current assets	584,711	636,170
Current liabilities	(398,879)	(646,008)
Non-current liabilities	(382,835)	(205,749)
Total net assets	<u>\$ 444,159</u>	<u>\$ 441,079</u>
	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	December 31, 2025	December 31, 2024
Current assets	\$ 1,322,025	\$ 1,419,974
Non-current assets	2,722,665	2,850,608
Current liabilities	(876,222)	(927,620)
Non-current liabilities	(1,116,186)	(1,293,006)
Total net assets	<u>\$ 2,052,282</u>	<u>\$ 2,049,956</u>
	Century Development Corporation and subsidiaries	
	December 31, 2025	December 31, 2024
Current assets	\$ 1,583,138	\$ 1,266,894
Non-current assets	10,675,867	11,053,171
Current liabilities	(843,807)	(872,324)
Non-current liabilities	(4,272,207)	(4,502,223)
Total net assets	<u>\$ 7,142,991</u>	<u>\$ 6,945,518</u>
	Information Technology Total Services Co., Ltd. and subsidiaries	
	December 31, 2025	December 31, 2024
Current assets	\$ 850,801	\$ 794,523
Non-current assets	180,129	211,350
Current liabilities	(399,844)	(395,774)
Non-current liabilities	(9,789)	(11,451)
Total net assets	<u>\$ 621,297</u>	<u>\$ 598,648</u>

Statements of comprehensive income

	<u>Tecom Co., Ltd. and subsidiaries</u>	
	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Revenue	\$ 732,508	\$ 631,414
Loss before income tax	(5,374)	(16,963)
Income tax (expense) benefit	(245)	115
Loss for the year	(5,619)	(16,848)
Other comprehensive income (net of tax)	3,218	8,371
Total comprehensive loss for the year	(<u>\$ 2,401</u>)	(<u>\$ 8,477</u>)
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 3,337</u>	<u>(\$ 7,514)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	<u>Taiwan Pelican Express Co., Ltd. and subsidiaries</u>	
	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Revenue	\$ 3,809,181	\$ 4,051,174
Loss before income tax	(131,069)	(18,179)
Income tax benefit	31,586	8,874
Loss for the year	(99,483)	(9,305)
Other comprehensive income (loss) (net of tax)	149,543	(89,453)
Total comprehensive income (loss) for the year	<u>\$ 50,060</u>	<u>(\$ 98,758)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 33,350</u>	<u>(\$ 65,793)</u>
Dividends paid to non-controlling interest	<u>\$ 31,800</u>	<u>\$ 50,880</u>

	Century Development Corporation and subsidiaries	
	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue	\$ 1,535,732	\$ 1,375,581
Profit before income tax	752,245	662,031
Income tax expense	(142,405)	(100,648)
Profit for the year	609,840	561,383
Other comprehensive (loss) income	(61,162)	48,961
Total comprehensive income for the year	<u>\$ 548,678</u>	<u>\$ 610,344</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 281,580</u>	<u>\$ 121,481</u>
Dividends paid to non-controlling interest	<u>\$ 165,803</u>	<u>\$ 155,855</u>
	Information Technology Total Services Co., Ltd. and subsidiaries	
	For the year ended December 31, 2025	For the year ended December 31, 2024
Revenue	\$ 1,342,713	\$ 1,186,477
Profit before income tax	105,855	85,217
Income tax expense	(22,901)	(13,776)
Profit for the year	82,954	71,441
Other comprehensive (loss) income (net of tax)	(2,926)	3,885
Total comprehensive income for the year	<u>\$ 80,028</u>	<u>\$ 75,326</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 42,305</u>	<u>\$ 36,683</u>
Dividends paid to non-controlling interest	<u>\$ 29,258</u>	<u>\$ 30,651</u>

Statements of cash flows

	<u>Tecom Co., Ltd. and subsidiaries</u>	
	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Net cash (used in) provided by operating activities	(\$ 7,720)	\$ 53,410
Net cash (used in) provided by investing activities	(5,496)	109,829
Net cash used in financing activities	(67,198)	(81,393)
(Decrease) increase in cash and cash equivalents	(\$ 80,414)	\$ 81,846
Cash and cash equivalents, beginning of year	\$ 225,484	\$ 143,638
Cash and cash equivalents, end of year	<u>\$ 145,070</u>	<u>\$ 225,484</u>
	<u>Taiwan Pelican Express Co., Ltd. and subsidiaries</u>	
	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Net cash provided by operating activities	\$ 290,438	\$ 238,777
Net cash provided by (used in) investing activities	18,276	(153,181)
Net cash used in financing activities	(329,848)	(294,567)
Effect of exchange rates on cash and cash equivalents	(540)	113
Decrease in cash and cash equivalents	(\$ 21,674)	(\$ 208,858)
Cash and cash equivalents, beginning of year	\$ 718,642	\$ 927,500
Cash and cash equivalents, end of year	<u>\$ 696,968</u>	<u>\$ 718,642</u>

<u>Century Development Corporation and subsidiaries</u>		
	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Net cash provided by operating activities	\$ 1,165,224	\$ 966,651
Net cash used in investing activities	(510,683)	(563,551)
Net cash used in financing activities	(530,871)	(273,453)
Effect of exchange rates on cash and cash equivalents	<u>4,229</u>	<u>3,436</u>
Increase in cash and cash equivalents	<u>\$ 127,899</u>	<u>\$ 133,083</u>
Cash and cash equivalents, beginning of year	<u>\$ 322,662</u>	<u>\$ 189,579</u>
Cash and cash equivalents, end of year	<u>\$ 450,561</u>	<u>\$ 322,662</u>
<u>Information Technology Total Services Co., Ltd. and subsidiaries</u>		
	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Net cash provided by operating activities	\$ 199,290	\$ 52,926
Net cash provided by investing activities	33,609	1,315
Net cash used in financing activities	(62,609)	(64,721)
Effect of exchange rates on cash and cash equivalents	<u>(2,287)</u>	<u>4,835</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 168,003</u>	<u>(\$ 5,645)</u>
Cash and cash equivalents, beginning of year	<u>\$ 301,109</u>	<u>\$ 306,754</u>
Cash and cash equivalents, end of year	<u>\$ 469,112</u>	<u>\$ 301,109</u>

(37) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

A. On August 31, 2024, the Group acquired an additional 38.93% of shares of its subsidiary—Teco Electro Devices Co., Ltd. for a total cash consideration of \$236,671. The carrying amount of non-controlling interest in Teco Electro Devices Co., Ltd. was \$153,047 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$153,047 and a decrease in the equity attributable to owners of the parent by \$83,624.

B. On July 19, 2024, the Group acquired an additional 10% of shares of its subsidiary—Taian-Etacom Technology Co., Ltd. for a total cash consideration of \$20,829. The carrying amount of non-controlling interest in Taian-Etacom Technology Co., Ltd. was \$16,919 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$16,919 and a decrease in the equity attributable to owners of the parent by \$3,910.

The effect of changes in interests in Teco Electro Devices Co., Ltd. and Taian-Etacom Technology Co., Ltd. on the equity attributable to owners of the parent for the year 2024 is shown below:

	2024
Carrying amount of non-controlling interest acquired	\$ 169,966
Consideration paid to non-controlling interest	(257,500)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 87,534)

C. The Group's subsidiary, Taian-Etacom Technology Co., Ltd., increased its capital by issuing new shares on December 11, 2025. The Group's shareholding ratio decreased by 5.47% due to not acquiring shares proportionately to its ownership. The transaction increased non-controlling interest by \$53,660 and increased the equity attributable to owners of parent by \$20,014. The effect of changes in interests in Taian-Etacom Technology Co., Ltd. on the equity attributable to owners of the parent for the year ended December 31, 2025 is shown below:

	2025
Cash	\$ 73,674
Increase in the carrying amount of non-controlling interest	(53,660)
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$ 20,014

(38) Business combinations

A. On September 24, 2024, the Group passed a resolution of the Board of Directors and approved the acquisition of 6,449,112 shares from the original shareholders of Shen Chang Electric Co., Ltd. at \$23 (in dollars) per share, amounting to \$148,330, and obtained a cash capital increase of \$23 (in dollars) per share from Shen Chang Electric Co., Ltd. to issue 17,391,304 new shares, amounting to \$400,000, accounting for 57.21% of the total shares. The total transaction price is \$548,330, and the delivery date is October 21, 2024. Shen Chang Electric Co., Ltd. is concentrated on high-efficiency and energy-saving transformer technology. The Group expected that the gap of electrical product portfolio was filled after the acquisition, which is an important milestone that the Group become an integrator of industrial electrification.

- (a) The following table summarises the consideration paid for Shen Chang Electric Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	October 21, 2024
Purchase consideration	
Cash paid	\$ 548,330
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	405,339
	<u>953,669</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	68,322
Cash-issuance of shares	400,000
Accounts and notes receivable	37,575
Inventories	286,217
Other current assets	18,267
Property, plant and equipment	313,532
Intangible assets	69,219
Other non-current assets	53,098
Bank borrowings	(133,542)
Accounts and notes payable	(77,785)
Other payables	(30,836)
Current income tax liabilities	(6,550)
Other current liabilities	(21,501)
Other non-current liabilities	(28,740)
Total identifiable net assets	<u>947,276</u>
Goodwill	<u>\$ 6,393</u>

- (b) The assessment and adjustment of the fair value of the acquired identifiable net assets of Shen Chang Electric Co., Ltd. was completed, and the measured amount on December 31, 2024 had been retrospectively adjusted, resulting in a decrease in other assets and intangible assets amounting to \$14,939 and \$42,525, respectively, and an increase of property, plant and equipment, deferred income tax liabilities and non-controlling interest amounting to \$180,782, \$28,567, and \$94,751, respectively.
- (c) Had Shen Chang Electric Co., Ltd. been consolidated from January 1, 2024, the consolidated statement of comprehensive income for the year ended December 31, 2024 would show operating revenue of \$55,816,850 and profit before income tax of \$8,160,742.
- B. On December 17, 2024, the Company's subsidiaries, Wuxi Teco and Jiangxi Teco, passed the resolution of the Board of Directors and approved the acquisition of 6,340,675 shares and 2,508,896 shares, respectively, from the original shareholders of EVK Company at RMB\$11.99 per share, amounting to RMB\$141,468 thousand. In addition, EVK Company was expected to increase its capital by issuing 11,999,780 new shares at RMB\$9.04 per share in February 2025. Wuxi Teco and Jiangxi Teco would acquire 7,001,872 shares and 4,997,908 shares, respectively, amounting to RMB\$108,532 thousand. The total transaction price was RMB\$250,000 thousand. The total shares acquired by Wuxi Teco and Jiangxi Teco were 13,342,547 shares and 7,506,804 shares, accounting for 50.23% and 28.26% of the total shares, respectively. The effective date for the acquisition as stipulated in the contracts was set on January 3, 2025. The company is primarily engaged in technique development, production and sales of hairpin motor. The Group expected to acquire hairpin motor technique, production line, team and customer resources, and enter the commercial electric vehicle drivetrain in the European and American markets.

- (a) The following table summarises the consideration paid for EVK Company and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>January 3, 2025</u>
Purchase consideration	
Cash paid	\$ 1,119,500
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>146,057</u>
	<u>1,265,557</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	16,929
Subscriptions receivable	486,006
Accounts and notes receivable	233,256
Other receivables	4,113
Inventories	104,511
Other current assets	44,060
Property, plant and equipment	333,555
Intangible assets	284,649
Other non-current assets	11,975
Bank borrowings	(179,120)
Accounts payable	(464,901)
Other payables	(31,810)
Other current liabilities	(887)
Other non-current liabilities	(160,722)
Total identifiable net assets	<u>681,614</u>
	<u>\$ 583,943</u>

- (b) The assessment and adjustment of the fair value of the acquired identifiable net assets of EVK Company was completed. Consequently, adjustments were made to the provisional amounts recognised as of the acquisition date (January 3, 2025), resulting in an increase in intangible assets by \$116,526, deferred tax liabilities by \$71,162, and non-controlling interests by \$45,364.
- (c) Had EVK Company been consolidated from January 1, 2025, the consolidated statement of comprehensive income for the year ended December 31, 2025 would show operating revenue of \$59,095,433 and profit before income tax of \$7,091,860.
- C. On March 14, 2025, the Group passed a resolution of the Board of Directors and approved the acquisition of 375,000 shares from the original shareholders of NCL Energy Sdn. Bhd. and the subscription to 1,125,000 newly issued shares from the company at MRD\$46.67 per share, for a total acquisition of 1,500,000 shares, accounting for 80% of the total shares. The total transaction price was MRD\$70,000 thousand and the effective date for the acquisition as stipulated in the contracts was set on April 30, 2025. The company is primarily engaged in mechatronic and solar power engineering business in Malaysia. Through this acquisition, the Group expected to provide completely mechatronics engineering service in Malaysia for the customer who is a leading global cloud provider.

- (a) The following table summarises the consideration paid for NCL Energy Sdn. Bhd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	April 30, 2025
Purchase consideration	
Cash paid	\$ 489,828
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	83,104
	<u>572,932</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	34,449
Subscriptions receivable	364,019
Accounts and notes receivable	58,676
Other receivables	56
Other current assets	31,949
Property, plant and equipment	73,030
Other non-current assets	1,275
Bank borrowings	(18,905)
Accounts payable	(83,697)
Other payables	(33,017)
Other non-current liabilities	(12,315)
Total identifiable net assets	<u>415,520</u>
	<u>\$ 157,412</u>

- (b) The fair value of the identifiable net assets acquired has yet to be finalized.

- (c) Had NCL Energy Sdn. Bhd. been consolidated from January 1, 2025, the consolidated statement of comprehensive income for the year ended December 31, 2025 would show operating revenue of \$59,161,498 and profit before income tax of \$7,076,047.

7. Related Party Transactions

(1) Names of related parties and relationship with the Group

Names of related parties	Relationship with the Group	Names of related parties	Relationship with the Group
Teco (PHILIPPINES) 3C & Appliances, Inc. (Teco 3C)	Associate	Shanghai Tungpei Enterprise Co., Ltd. (Shanghai Tungpei)	Associate
Taian-Jaya Electric Sdn. Bhd. (Taian-Jaya)	"	ABC Cooking Studio Taiwan Co., Ltd. (ABC Cooking)	"
An-Sheng Travel Co., Ltd. (An-Sheng)	"	Qingdao Teco Century Advanced HighTech Mechatronics Co., Ltd. (Teco Century)	"
Le-Li Co., Ltd. (Le-Li)	"	Teco EV Philippines Corporation (Teco EV)	"
Lien Chang Electronic Enterprise Co., Ltd. (Lien Chang)	"	Fujio Food System Taiwan Co., Ltd. (Fujio Food)	"
Tung Pei Industrial Co., Ltd. (Tung Pei)	"	Teco Group Science Technology (Han Zou) Co., Ltd. (Teco Group)	"
Taian Electric Co., Ltd. (Taian Electric)	"	An-shin Food Service Co., Ltd. (An-shin)	Other related party

Names of related parties	Relationship with the Group	Names of related parties	Relationship with the Group
Royal Host Taiwan Co., Ltd. (Royal Host)	Associate	Taiwan Art & Business Interdisciplinary Foundation (Taiwan Art)	Other related party
Taisan Electric Co.,Ltd. (Taisan Electric)	"	YUBAN & COMPANY (YUBAN)	"
Tension Envelope Taiwan Co., Ltd. (Tension)	"	An-Hui Information Technology., Ltd. (An-Hui Technology)	"
Teco-Motech Co., Ltd. (Teco-Motech)	"	Xia Men An-Shin Food Management Co., Ltd. (Xia Men An-Shin)	Note 1
ZEPT Inc. (ZEPT)	"	MOS BURGER AUSTRALIA PTY. LTD. (MOS BURGER AUSTRALIA)	Note 2
Jinglaoman Food & Beverage Co., Ltd. (Jinglaoman)	"		

Note 1: The company has been liquidated according to the resolution of the Board of Directors in May 2024.

Note 2: The company had completed the retirement procedure on March 21, 2025.

(2) Significant related party transactions

A. Operating revenue:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Sales of goods and services:		
Associates	\$ 267,869	\$ 317,501
Other related parties	441,500	357,181
	<u>\$ 709,369</u>	<u>\$ 674,682</u>

The Group sells commodities and services to related parties based on mutually agreed selling price and terms as there is no similar transaction to be compared with.

B. Purchases of goods:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Purchases of goods:		
Associates	\$ 154,699	\$ 159,065
Other related parties	38,799	15,636
	<u>\$ 193,498</u>	<u>\$ 174,701</u>

The purchase terms, including pricing and payments, were based on mutual agreement and have no similar transaction to be compared with.

C. Receivables from related parties:

	December 31, 2025	December 31, 2024
Receivables from related parties:		
Associates	\$ 106,983	\$ 100,664
Other related parties	74,564	102,900
	<u>181,547</u>	<u>203,564</u>
Other receivables - others		
Associates	\$ 21,269	\$ 73,154
Other related parties	4,569	3,620
	<u>25,838</u>	<u>76,774</u>
	<u>\$ 207,385</u>	<u>\$ 280,338</u>

(a) The receivables from related parties arise mainly from sale transactions. The receivables are due 30 to 90 days after the date of sale, unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

(b) The other receivables arise mainly from other receivables for rental and reimbursement.

D. Payables to related parties:

	December 31, 2025	December 31, 2024
Payables to related parties:		
Associates	\$ 35,730	\$ 52,002
Other related parties	8,186	4,571
	<u>\$ 43,916</u>	<u>\$ 56,573</u>

The payables to related parties arise mainly from purchase transactions and are due 180 days after the date of purchase. The payables bear no interest.

E. Property transactions:

Acquisition of property, plant and equipment:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Other related parties	<u>\$ 290</u>	<u>\$ -</u>

F. Rent income:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Associates	\$ 28,621	\$ 28,085
Other related parties	24,488	22,968
	<u>\$ 53,109</u>	<u>\$ 51,053</u>

The Group leases offices from the related parties. Rent was determined based on rental terms by reference to market prices and collected within the mutually agreed terms.

(3) Key management compensation

	For the year ended December 31, 2025	For the year ended December 31, 2024
Salaries and other short-term employee benefits	\$ 229,382	\$ 220,738
Long-term employee benefits	54,826	42,375
Post-employment benefits	7,737	11,244
	<u>\$ 291,945</u>	<u>\$ 274,357</u>

8. Pledged Assets

Pledged asset	December 31, 2025	December 31, 2024	Purpose
Notes receivable	\$ 18,127	\$ 17,061	Short-term borrowings
Other current assets			
Demand deposits	11,618	49,676	Short-term borrowings, guarantee deposits for lease, performance guarantee and engineering bond
Time deposits	41,504	36,192	Short-term borrowings, performance guarantee, engineering bond
Financial assets at fair value through other comprehensive income - non-current			
Taiwan High Speed Rail Corporation	227,136	219,620	Long-term borrowings
Non-current financial assets at amortised cost	21,045	10,000	Performance guarantee
Property, plant, and equipment			
Land	17,411	186,539	Long-term borrowings, short-term borrowings
Buildings and structures	104,840	39,626	"
Leased asset-buildings and structures	4,193,186	4,293,483	"
Machinery and equipment	682,968	726,261	"
Right-of-use assets	782,231	794,438	"
Other non-current assets			
Refundable deposits	23,959	31,247	Exercise guarantee or warranty for construction and exercise guarantee for tender
	<u>\$ 6,124,025</u>	<u>\$ 6,404,143</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

On August 20, 2024, a workplace accident occurred at HAI LONG wind farm which was the construction site contracted by the Company. As of March 12, 2026, the related amount of the claim is primarily paid by insurance unit.

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2025	December 31, 2024
Property, plant and equipment	\$ 1,371,916	\$ 1,411,695
Intangible assets	144	750
	<u>\$ 1,372,060</u>	<u>\$ 1,412,445</u>

B. As of December 31, 2025, the outstanding unance L/C used for acquiring raw materials and equipment was \$35,660.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. The Company issued \$6,000,000, 1.80% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on January 12, 2026. The bonds mature 5 years from the issue date (January 12, 2026 ~ January 12, 2031) and will be redeemed at face value at the maturity date.

B. On February 11, 2026, the Company's Board of Directors resolved to participate in the solar and energy storage project in Malaysia with a maximum investment amount of NT\$804 million (MYR 100 million), the Company will announce in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" after the investment details have been confirmed.

12. Others

(1) Capital management

The Group's objectives when managing capital are based on the industrial scale, considering industrial future growth and product development, and setting appropriate market share, as well as plan of corresponding capital expenditure, calculation of operating capital needed for financial operations, and considering operating profit and cash inflows arising from product competitiveness, to determine appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

The related information of the Company's financial assets (cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, restricted bank deposits, financial assets for hedging, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income) and financial liabilities (short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, bonds payable (including current portion), long-term borrowings (including current portion), financial liabilities at fair value through profit or loss) is provided in the consolidated balance sheet and Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2), 6(16) and 6(17).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the

- exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2), 6(16) and 6(17).
 - iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 77,343	31.4300	\$ 2,430,890	1%	\$ 24,309	\$ -
EUR:NTD	EUR	7,632	36.9000	281,621	1%	2,816	-
USD:RMB	USD	24,165	6.9907	759,506	1%	7,595	-
RMB:NTD	RMB	45,219	4.4960	203,305	1%	2,033	-
AUD:NTD	AUD	12,256	21.0100	257,499	1%	2,575	-
USD:SGD	USD	8,339	1.2855	262,095	1%	2,621	-
USD:EUR	USD	5,618	0.8518	176,574	1%	1,766	-
USD:MRD	USD	4,993	4.0585	156,930	1%	1,569	-
MRD:SGD	MRD	13,623	0.3167	105,499	1%	1,055	-
CAD:USD	CAD	4,741	0.7299	108,759	1%	1,088	-
<u>Non-monetary items</u>							
USD:NTD	USD	840,159	31.4300	26,406,197			
EUR:NTD	EUR	139,948	36.9000	5,164,081			
SGD:NTD	SGD	99,775	24.4500	2,439,499			
VND:NTD	VND	166,279,167	0.0012	199,535			
MRD:NTD	MRD	82,505	7.7442	638,935			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	36,723	31.4300	1,097,881	1%	10,979	-
USD:VND	USD	3,894	26,191.6667	122,388	1%	1,224	-
USD:SGD	USD	1,723	1.2855	54,154	1%	542	-
USD:EUR	USD	3,487	0.8518	109,596	1%	1,096	-
USD:RMB	USD	1,567	6.9907	49,534	1%	495	-

December 31, 2024

	Foreign		Sensitivity Analysis			
	currency amount		Book value (NTD)	Degree of variation	Effect on other	
	(In thousands)	Exchange rate			Effect on profit	comprehensive
				or loss	income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD	\$ 72,508	32.7850	\$ 2,377,175	1%	\$ 23,772 \$ -
EUR:NTD	EUR	6,773	34.1400	231,230	1%	2,312 -
USD:RMB	USD	60,966	7.3213	1,998,770	1%	19,988 -
RMB:NTD	RMB	28,438	4.4780	127,345	1%	1,273 -
AUD:NTD	AUD	10,895	20.3900	222,149	1%	2,221 -
USD:SGD	USD	9,913	1.3587	324,998	1%	3,250 -
USD:EUR	USD	5,758	0.9603	188,776	1%	1,888 -
USD:MRD	USD	6,979	4.4728	228,807	1%	2,288 -
<u>Non-monetary items</u>						
USD:NTD	USD	761,249	32.7850	24,957,548		
EUR:NTD	EUR	143,247	34.1400	4,890,453		
SGD:NTD	SGD	104,671	24.1300	2,525,711		
VND:NTD	VND	191,896,923	0.0013	249,466		
MRD:NTD	MRD	8,871	7.3299	65,024		
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	54,115	32.7850	1,774,160	1%	17,742 -
USD:VND	USD	3,778	25,219.2308	123,862	1%	1,239 -
USD:MRD	USD	5,495	4.4728	180,154	1%	1,802 -
USD:AUD	USD	4,621	1.6079	151,499	1%	1,515 -
USD:SGD	USD	4,249	1.3587	139,303	1%	1,393 -
USD:EUR	USD	5,987	0.9603	196,284	1%	1,963 -

- v. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to \$143,457 and \$56,756, respectively.

Price risk

- i. The Group's financial instruments, which are exposed to price risk, are those characterized as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from such investments the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$74,174 and \$94,580, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,924,051 and \$1,134,760, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least 30% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. For the years ended December 31, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in NTD, USD, MRD and EUR.
 - ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at December 31, 2025 and 2024, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024, would have been \$33,017 and \$13,863 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
 - ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer and credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group uses the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As of December 31, 2025 and 2024, the loss rate methodology is as follows:

December 31, 2025			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 9,541,314	(\$ 35,909)
Up to 30 days	0%~2%	833,974	(6,462)
31 to 90 days	1%~20%	696,432	(19,653)
91 to 180 days	1%~100%	238,249	(8,894)
Over 180 days	1%~100%	463,938	(135,291)
		<u>\$ 11,773,907</u>	<u>(\$ 206,209)</u>
December 31, 2024			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 8,105,233	(\$ 18,001)
Up to 30 days	0%~2%	903,784	(7,345)
31 to 90 days	1%~20%	544,966	(25,711)
91 to 180 days	1%~100%	231,168	(31,394)
Over 180 days	1%~100%	477,214	(121,114)
		<u>\$ 10,262,365</u>	<u>(\$ 203,565)</u>

December 31, 2025			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 25,250	(\$ 25,250)
Group A	0%~5%	6,866,391	(50,987)
Group B	0%~10%	1,636,270	(8,929)
Group C	1%~20%	1,441,357	(18,987)
Group D	1%~40%	562,335	(9,322)
Group E	1%~100%	1,242,304	(92,734)
		<u>\$ 11,773,907</u>	<u>(\$ 206,209)</u>
December 31, 2024			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 25,250	(\$ 25,250)
Group A	0%~5%	4,824,109	(20,905)
Group B	0%~10%	2,102,597	(26,650)
Group C	1%~20%	1,450,274	(29,357)
Group D	1%~40%	602,136	(11,888)
Group E	1%~100%	1,257,999	(89,515)
		<u>\$ 10,262,365</u>	<u>(\$ 203,565)</u>

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

	<u>2025</u>
	<u>Notes receivable and accounts receivable</u>
At January 1	\$ 203,565
Reversal of impairment	4,494
Write-offs during the period	(14,322)
Acquired from business combinations	9,083
Effect of foreign exchange	3,389
At December 31	<u>\$ 206,209</u>
	<u>2024</u>
	<u>Notes receivable and accounts receivable</u>
At January 1	\$ 202,273
Provision for impairment	22,589
Write-offs during the period	(29,839)
Effect of foreign exchange	8,542
At December 31	<u>\$ 203,565</u>

For the years ended December 31, 2025 and 2024, the Group recognised impairment losses from other receivables at amortised cost amounting to \$33,426 and \$8,283, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. As of December 31, 2025 and 2024, the undrawn credit amounts are \$15,349,375 and \$11,407,263, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2025</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,960,800	\$ -	\$ -	\$ -	\$ -
Short-term notes and bills payable	5,997,595	-	-	-	-
Notes payable	758,703	-	-	-	-
Accounts payable	9,649,868	-	-	-	-
Lease liabilities	779,748	587,192	647,361	1,041,225	4,028,939
Other payables	5,780,393	-	-	-	-
Long-term borrowings (including current portion)	4,472,746	377,088	461,223	1,048,576	1,384,107

Non-derivative financial liabilities:

<u>December 31, 2024</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,137,121	\$ -	\$ -	\$ -	\$ -
Notes payable	648,775	-	-	-	-
Accounts payable	9,536,042	-	-	-	-
Lease liabilities	760,318	700,825	622,941	1,092,465	4,312,471
Other payables	6,148,768	-	-	-	-
Bonds payable (including current portion)	5,000,000	-	-	-	-
Long-term borrowings (including current portion)	3,543,288	357,527	351,643	599,062	1,279,914

iv. As of December 31, 2025 and 2024, the derivative financial liabilities which were executed by the Group were all due within one year.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in derivative instruments is included in Level 3.

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instrument/equity securities	\$ 1,483,476	\$ -	\$ 1,120,480	\$ 2,603,956
Non-hedging derivatives	-	74	-	74
Financial assets at fair value through other comprehensive income				
Equity instrument/equity securities	<u>38,481,016</u>	<u>-</u>	<u>416,320</u>	<u>38,897,336</u>
	<u>\$ 39,964,492</u>	<u>\$ 74</u>	<u>\$ 1,536,800</u>	<u>\$ 41,501,366</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 2,125</u>	<u>\$ -</u>	<u>\$ 2,125</u>

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instrument/equity securities	\$ 1,891,590	\$ -	\$ 1,131,237	\$ 3,022,827
Non-hedging derivatives	-	211	-	211
Financial assets at fair value through other comprehensive income				
Equity instrument/equity securities	22,725,193	-	298,705	23,023,898
Financial assets for hedging	-	5,887	-	5,887
	<u>\$ 24,616,783</u>	<u>\$ 6,098</u>	<u>1,429,942</u>	<u>\$ 26,052,823</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	\$ -	\$ 1,305	\$ -	\$ 1,305

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value
(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.		
(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.		
(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.		

E. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	Non-derivative equity	
	For the year ended December 31, 2025	For the year ended December 31, 2024
Beginning balance	\$ 1,429,942	\$ 1,297,962
Gains and losses recognised in profit or loss	(3,390)	43,429
Gain and loss recognised in other comprehensive income	3,678	42,043
Acquired during the year	138,490	145,607
Sold during the year	-	(46,235)
Transfer out of the Level 3	(31,920)	(52,864)
Ending balance	<u>\$ 1,536,800</u>	<u>\$ 1,429,942</u>

- G. Since International Integrated Systems, Inc. began to register for emerging stock market in September 2024, sufficient observable market information was available. Therefore, the group transferred the fair value used from Level 3 to Level 1 at the end of the month when the event occurred.
- H. Since TAHO Pharmaceuticals Ltd. began to register for emerging stock market in December 2024, sufficient observable market information was available. Therefore, the Group transferred the fair value used from Level 3 to Level 1 at the end of the month when the event occurred.
- I. Since HanchorBio Inc. began to register for emerging stock market in June 2025, sufficient observable market information was available. Therefore, the Group transferred the fair value used from Level 3 to Level 1 at the end of the month when the event occurred.
- J. Finance and Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,536,800	Market comparable companies	Price to earnings ratio multiple	0.76~2.98	The higher the multiple, the higher the fair value
Private equity fund		Net asset value methods	Not applicable	Not applicable	Not applicable
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,429,942	Market comparable companies	Price to earnings ratio multiple	1.27~1.79	The higher the multiple, the higher the fair value
Private equity fund		Net asset value methods	Not applicable	Not applicable	Not applicable

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

December 31, 2025						
Input	Change	Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 56,024	(\$ 56,024)	\$ 20,816	(\$ 20,816)

December 31, 2024

				Recognised in other		
		Recognised in profit or loss		comprehensive income		
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 56,562	(\$ 56,562)	\$ 14,935	(\$ 14,935)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of significant marketable securities at the end of the periods (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third party, transactions with the investee companies in Mainland Area: Please refer to table 9.

14. Segment Information

(1) General information

- A. Information provided to Chief Operating Decision-Maker for allocating resources and assessing segment's performance focus on the category of each delivery or provision of products or services. The Group's reportable operating segments are as follows:
 - (a) Green Mechatronic Solution Segment (GM): This segment is primary engaged in manufacture and sales of various motors and generators.
 - (b) Intelligence Energy Segment (IE): This segment is primarily engaged in research, design, manufacture and sales of electrical equipment and contracting construction of transportation and electricity.
 - (c) Air and Intelligent Life Segment (AI): This segment is primarily engaged in manufacture and sales of various home appliances and providing data processing, electronic information and logistics services.
 - (d) Others Segment: This segment is primarily engaged in investment in various businesses and leasing and development of real estate.

B. In order to meet the Group's overall business development and operational needs and to improve the organisational momentum, the Group proposes to adjust the organisation as follows:

- (a) Establish a new business group: Energy & System Automation Business Group
- (b) Rename the business groups: Green Mechatronic Solution Business Group will be renamed as Mechatronic Solution Business Group, Intelligence Energy Business Group will be renamed as Power & Energy Business Group and Air and Intelligent Life Business Group will be renamed as HVAC Technologies Business Group
- (c) Staff organisation - Strategic Development Center will change to Integrated Marketing & Communication Center

The abovementioned organisation adjustments are proposed to be effective from January 1, 2026.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Financial information by industry

The segment information of the reportable segments provided to the Chief Operating Decision-Maker for the years ended December 31, 2025 and 2024 is as follows:

	For the year ended December 31, 2025					
	Green mechatronic Segment	Intelligence energy Segment	Air and intelligent life Segment	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 29,421,954	\$ 14,205,832	\$ 6,463,157	\$ 9,002,954	\$ -	\$ 59,093,897
Operating revenues from internal segments	<u>16,812,098</u>	<u>814,536</u>	<u>3,972,606</u>	<u>909,544</u>	<u>(22,508,784)</u>	<u>-</u>
Total operating revenues	<u>\$ 46,234,052</u>	<u>\$ 15,020,368</u>	<u>\$ 10,435,763</u>	<u>\$ 9,912,498</u>	<u>(\$ 22,508,784)</u>	<u>\$ 59,093,897</u>
Segment profits and losses	<u>\$ 3,698,656</u>	<u>\$ 760,660</u>	<u>(\$ 165,907)</u>	<u>\$ 994,137</u>	<u>\$ -</u>	<u>\$ 5,287,546</u>
	For the year ended December 31, 2024					
	Green mechatronic solution Segment	Intelligence energy Segment	Air and intelligent life Segment	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 29,353,545	\$ 10,850,480	\$ 6,657,568	\$ 8,373,153	\$ -	\$ 55,234,746
Operating revenues from internal segments	<u>18,053,560</u>	<u>825,847</u>	<u>4,158,418</u>	<u>1,332,269</u>	<u>(24,370,094)</u>	<u>-</u>
Total operating revenues	<u>\$ 47,407,105</u>	<u>\$ 11,676,327</u>	<u>\$ 10,815,986</u>	<u>\$ 9,705,422</u>	<u>(\$ 24,370,094)</u>	<u>\$ 55,234,746</u>
Segment profits and losses	<u>\$ 4,745,034</u>	<u>\$ 410,966</u>	<u>\$ 171,215</u>	<u>\$ 904,390</u>	<u>\$ -</u>	<u>\$ 6,231,605</u>

(4) Reconciliation for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2025 and 2024 is provided as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Adjusted operating income of reportable segments	\$ 4,293,409	\$ 5,327,215
Adjusted operating income of other operating segments	994,137	904,390
Interest income	664,681	773,618
Dividend income	1,122,163	1,147,495
Losses on financial instruments	(56,873)	(64,249)
Financial cost	(442,973)	(378,687)
Associates' and joint ventures' profit and loss accounted for under the equity method	(18,852)	132,084
Gains on disposals of property, plant and equipment	22,859	92,115
Gain on disposal of non-current assets held for sale	335,476	-
Others	178,729	145,848
Income before income tax	<u>\$ 7,092,756</u>	<u>\$ 8,079,829</u>

(5) Information on products and services

Revenue from external customers are derived from the manufacture, installation and wholesale, retail of various types of electrical and mechanical equipment. Details of revenues are as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Sales revenue	\$ 39,725,461	\$ 38,742,029
Construction revenue	10,267,658	7,591,713
Service revenue	7,552,709	7,616,541
Rental revenue	1,548,069	1,284,463
	<u>\$ 59,093,897</u>	<u>\$ 55,234,746</u>

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows (revenue recognition is based on the operating locations where revenue is earned):

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 32,055,930	\$ 23,663,721	\$ 29,100,591	\$ 23,880,051
America	9,934,108	2,103,814	9,791,984	2,058,860
China	6,797,073	2,784,683	6,694,092	2,806,144
Others	10,306,786	2,588,019	9,648,079	2,284,824
	<u>\$ 59,093,897</u>	<u>\$ 31,140,237</u>	<u>\$ 55,234,746</u>	<u>\$ 31,029,879</u>

(7) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2025 and 2024.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	U.V.G.	Teco Netherlands	Other receivables	Yes	\$ 258,300	\$ 258,300	\$ 258,300	-	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 535,966	\$ 893,276	Note 2
2	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	214,020	214,020	214,020	2.65%	Short-term financing	-	For operating capital	-	-	-	313,366	522,277	Note 3
3	Motovario Corp.	Motovario S.p.A.	"	"	152,743	106,862	106,862	4.12%	Short-term financing	-	For operating capital	-	-	-	284,597	355,746	Note 4
4	TECO Holdings. USA, Inc.	Teco Electric & Machinery S.A. DE C.V.	"	"	234,527	221,990	221,990	4.00%	Short-term financing	-	For operating capital	-	-	-	1,600,095	3,200,191	Note 5

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

(1)The Company is '0'.

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

Note 2: In accordance with U.V.G.'s policy, limit on total loans shall not exceed 10% of U.V.G.'s net assets based on the latest financial statements (December 31, 2025), and limit on loans to a single party shall not exceed 6% of U.V.G.'s net assets based on the latest financial statements (December 31, 2025).

Note 3: Great Teco Motor (PTE) Ltd.'s limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (December 31, 2025), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (December 31, 2025).

Note 4: In accordance with Motovario Corp.'s policy, limit on total loans shall not exceed 40% of Motovario Corp.'s net assets based on the latest audited financial statement (December 31, 2025), and limit on loans to a single party shall not exceed 30% of Motovario Corp.'s net assets based on the latest audited financial statements (December 31, 2025). Limit on total loans between wholly-owned subsidiaries shall not exceed 100% of Motovario Corp.'s net assets based on the latest audited financial statements (December 31, 2025), and limit on loans to a single party shall not exceed 80% of Motovario Corp.'s net assets based on the latest audited financial statements (December 31, 2025).

Note 5: In accordance with TECO Holdings. USA, Inc.'s policy, limit on total loans shall not exceed 20% of TECO Holdings. USA, Inc.'s net assets based on the latest audited financial statement (December 31, 2025), and limit on loans to a single party shall not exceed 10% of TECO Holdings. USA, Inc.'s net assets based on the latest audited financial statements (December 31, 2025).

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Motorvario S.p.A.	(4)	\$ 18,325,607	\$ 885,600	\$ 885,600	\$ 885,600	-	0.97	\$ 54,976,821	Y	N	N	Note 3
1	Teco Westinghouse	Teco Electric & Machinery S.A. DE C.V.	(4)	523,445	66,410	62,860	62,860	-	1.20	1,046,891	Y	N	N	Note 4
2	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	477,222	164,503	129,446	129,446	-	2.71	954,443	Y	N	N	Note 5
3	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	537,641	123,377	97,085	97,085	-	1.81	1,072,728	N	N	N	Note 6
4	Tong-An Investment Co., Ltd.	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	123,377	97,085	97,085	-	0.67	200,000	N	N	N	Note 7

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

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with the Company's policy, the total guarantee amount shall not exceed 60% of Company's net assets based on the latest financial statements (December 31, 2025), and the guarantee to a single party shall not exceed 20% of the Company's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 4: In accordance with the Teco Westinghouse's policy, the total guarantee amount shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (December 31, 2025), and the guarantee to a single party shall not exceed 10% of Teco Westinghouse's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 5: In accordance with Century Development's policy, the total guarantee amount shall not exceed 20% of Century Development's net assets based on the latest financial statements (December 31, 2025), and the guarantee to a single party shall not exceed 10% of Century Development's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 6: In accordance with Tong-An Asset's policy, the total guarantee amount shall not exceed 20% of Tong-An Asset's net assets based on the latest financial statements (December 31, 2025), and the guarantee to a single party shall not exceed 10% of Tong-An Asset's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 7: In accordance with Tong-An Investment Co., Ltd.'s policy, the total guarantee amount shall not exceed NTS200 million, and the guarantee to a single party shall not exceed NTS50 million. If due to special needs, the guarantee amount exceeds the limit, stockholders' resolution is required.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2025				Footnote	
				Number of shares	Book value	Ownership (%)	Fair value		
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	The Company is a director of the investee	Note 1	10,666	\$ 421,293	14.01	\$ 421,293		
	Stock 2	None	"	210,333	6,688,580	4.75	6,688,580		
	Stock 3	The Company is a director of the investee	"	190,061	5,321,696	3.38	5,321,696		
	Stock 4	None	"	72,481	16,706,972	0.52	16,706,972		
	Stock 5	"	"	6,494	161,374	12.92	161,374		
	Stock 6, etc.	"	Note 4	15,796	6,739	-	6,739		
	Stock 7	The Company is a director of the investee	"	12,217	499,074	1.67	499,074		
	Stock 8	"	"	32,980	251,637	10.99	251,637		
	Stock 9	None	"	7,500	540,225	5.00	540,225		
	Stock 10, etc.	"	"	18,302	173,540	-	173,540		
	Fund 1	"	"	-	13,222	-	13,222		
	Fund 2	"	"	-	101,969	-	101,969		
	Teco International	Stock 11	"	Note 1	720	48,272	0.50	48,272	
		Stock 12	Related company is a director of the investee	"	320	66,344	0.12	66,344	
		Stock 13	None	"	3,177	475,018	0.63	475,018	
Stock 7		The Company is a corporate director of the investee	"	830	33,890	0.11	33,890		
Stock 14, etc.		None	"	6,160	220,524	-	220,524		
Stock 15, etc.	"	Note 3	1,849	170,341	-	170,341			
Tong-An Investment	Stock 11	"	Note 1	1,225	82,064	0.85	82,064		
	Stock 16	An investee company accounted for under the equity method by the Company	"	19,540	1,641,364	0.82	1,641,364		
	Stock 14	Related party in substance	"	5,639	131,941	5.01	131,941		
	Stock 17	None	"	8,692	767,500	0.24	767,500		
	Stock 18	"	"	1,285	139,423	0.03	139,423		
	Stock 12	The Company is a director of the investee	"	26,581	5,515,569	10.03	5,515,569		
	Stock 19	None	"	1,217	45,955	0.37	45,955		
	Stock 2	"	"	22,093	702,549	0.50	702,549		
	Stock 20	"	"	2,500	50,000	0.54	50,000		
	Stock 21	"	"	214	31,945	-	31,945		
Stock 22	"	"	388	43,262	0.75	43,262			
Stock 23	"	"	454	40,201	0.06	40,201			

		As of December 31, 2025						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Tong-An Investment	Stock 24	None	Note 1	1,530	\$ 33,155	1.24	\$ 33,155	
	Stock 25	Related company is a director of the investee	"	3,000	30,000	-	30,000	
	Stock 26	The Company is a director of the investee	"	313	-	-	-	
	Stock 27	None	"	7,500	75,000	4.55	75,000	
	Stock 28	"	"	4,000	115,000	2.00	115,000	
	Stock 29, etc.	"	"	17,657	329,377	-	329,377	
	Stock 30	"	Note 3	500	19,200	0.41	19,200	
	Stock 12	The Company is a director of the investee	Note 4	1,323	274,495	0.50	274,495	
	Fund 3	"	"	50,000	675,500	-	675,500	
	Fund 4	"	"	625	21,113	-	21,113	
U.V.G	Stock 31, etc.	"	Note 1	118	8,154	-	8,154	
An-Tai International	Stock 16	An investee company accounted for under the equity method by the Company	"	2,826	237,363	0.12	237,363	
	Stock 14	Related party in substance	"	261	6,111	0.23	6,111	
	Stock 32	"	"	2,756	171,403	8.51	171,403	
	Stock 33	None	"	237	19,376	0.15	19,376	
	Stock 7	The Company is a corporate director of the investee	"	830	33,890	0.11	33,890	
	Stock 15, etc.	None	Note 3	1,162	96,679	-	96,679	
Jie-Zheng Property	Fund 5, etc.	"	Note 2	-	12,428	-	12,428	
Information Technology Total Service	Stock 34, etc.	"	Note 1	3,269	33,291	-	33,291	
Teco Singapore	Stock 12, etc.	"	"	394	81,688	-	81,688	
Taiwan Pelican Express	Stock 16	An investee company accounted for under the equity method by the Company	"	6,363	534,492	0.27	534,492	
	Stock 12	None	"	868	180,188	0.33	180,188	
Teco Australia	Stock 12	"	"	403	83,653	0.15	83,653	
Teco Japan	Stock 35	"	"	68	4,629	-	4,629	
Tecom and its subsidiaries	Stock 3	The Company is a corporate director of the investee	"	8,112	227,136	0.14	227,136	
	Stock 6, etc.	None	"	1,067	87	-	87	
	Fund 6, etc.	"	Note 2	1,342	21,978	-	21,978	
Shen Chang	Fund 7, etc.	"	Note 4	-	18,775	-	18,775	
	Fund 8	"	Note 5	-	6,286	-	6,286	
Teco Indonesia	Bond 1	"	"	-	163,362	-	163,362	
Teco Holdings	Bond 2, etc.	"	"	-	1,317,705	-	1,317,705	

Note 1: Financial assets at fair value through other comprehensive income-non-current.

Note 2: Financial assets at fair value through profit or loss - current.

Note 3: Financial assets at fair value through other comprehensive income-current.

Note 4: Financial assets at fair value through profit or loss - non-current.

Note 5: Financial assets at amortised cost - non-current.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	\$ 2,763,806	13%	30 days	Note 1	Note 1	\$ -	-	
	Taian (Subic) Electric	"	"	292,015	1%	"	"	"	(106,108)	(2%)	
	Wuxi Teco	An indirect investee accounted for under the equity method	"	1,362,868	6%	"	"	"	(345,331)	(7%)	
	TECO (VIETNAM)	"	"	825,669	4%	"	"	"	(150,969)	(3%)	
	Tai-An Wuxi	"	"	725,842	3%	"	"	"	(155,566)	(3%)	
	Teco Electric & Machinery S.A. DE C.V.	"	"	218,211	1%	"	"	"	-	-	
	Jiangxi Teco	"	"	162,549	1%	"	"	"	(61,502)	(1%)	
	Tong Dai	An investee accounted for under the equity method	Sales	(1,078,488)	(4%)	90 days	"	"	233,563	5%	
	Teco Singapore	"	"	(660,923)	(2%)	"	"	"	47,708	1%	
	E-Joy International	"	"	(492,438)	(2%)	"	"	"	108,299	2%	
	Taisan Electric	"	"	(206,634)	(1%)	"	"	"	21,065	-	
	A-Ok Technical	"	"	(108,768)	-	"	"	"	1,560	-	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(3,041,061)	(11%)	"	"	"	296,799	7%	
	Teco Australia	"	"	(1,024,585)	(4%)	"	"	"	387,660	9%	
	Teco Westinghouse Canada	"	"	(923,810)	(3%)	"	"	"	60,386	1%	
	Teco Netherlands	"	"	(275,052)	(1%)	"	"	"	60,290	1%	
	Teco Japan	"	"	(257,290)	(1%)	"	"	"	82,587	2%	
	Top-Tower	"	"	(208,250)	(1%)	"	"	"	43,986	1%	
	Motovario S.p.A.	"	"	(206,568)	(1%)	"	"	"	86,669	2%	
	Teco Electric & Machinery S.A. DE C.V.	"	"	(200,648)	(1%)	"	"	"	99,519	2%	
TECO-Westinghouse Motor Company S.A	"	"	(104,410)	-	"	"	"	24,980	1%		

Note 1: Comparable with other types of transactions, trading conditions are handled in accordance with the agreement of the conditions.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 December 31, 2025

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	An investee accounted for under the equity method	\$ 233,720	4.31	\$ -	-	\$ 142,609	
"	Tesen	"	444,063	0.03	-	-	121,029	
"	E-Joy International	"	108,980	4.82	-	-	-	
"	A-Ok Technical	"	108,213	1.34	-	-	17,275	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	455,595	6.75	-	-	164,761	
"	Teco Australia	"	387,668	3.37	-	-	109,474	
"	Teco Electric & Machinery S.A. DE C.V.	"	322,052	0.99	-	-	-	
"	Motovario S.p.A.	"	155,948	1.47	-	-	46,222	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	An indirect investee accounted for under the equity method	347,382	3.10	-	-	77,564	
Tai-An Wuxi	"	"	162,812	3.25	-	-	-	
TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	151,088	4.67	-	-	75,217	
Taian (Subic) Electric U.V.G.	"	"	107,105	2.39	-	-	25,943	
	Teco Netherlands	An investee accounted for under the equity method	258,300	-	-	-	-	
Teco Holdings USA Inc.	Teco Electric & Machinery S.A. DE C.V.	"	221,990	-	-	-	-	
Great Teco Motor (PTE) Ltd.	Teco Netherlands	Fellow subsidiary	214,020	-	-	-	-	
Motovario Corp.	Motovario S.p.A.	An investee accounted for under the equity method	106,862	-	-	-	-	Total amount was \$20,876

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 233,720	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	-
0	"	Teco Westinghouse	"	Accounts receivable and other receivables	455,595	"	-
0	"	Teco Australia	"	"	387,668	"	-
0	"	Teco Electric & Machinery S.A. DE C.V.	"	"	322,052	"	-
0	"	Motovario S.p.A	"	"	155,948	"	-
0	"	E-Joy International	"	"	108,980	"	-
0	"	A-Ok Technical	"	"	108,213	"	-
0	"	Tesen	"	Other receivables	444,063	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable and other receivables	347,382	"	-
2	Tai-An Wuxi	"	"	"	162,812	"	-
3	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	151,088	"	-
4	Taian (Subic) Electric	"	"	"	107,105	"	-
5	U.V.G	Teco Netherlands	(3)	Other receivables	258,300	"	-
6	Teco Holding USA Inc.	Teco Electric & Machinery S.A. DE C.V.	"	"	221,990	"	-
7	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	214,020	"	-
8	Motovario Corp.	Motovario S.p.A	"	"	106,862	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	3,041,061	"	5%
0	"	Tong Dai	"	"	1,078,488	"	2%
0	"	Teco Australia	"	"	1,024,585	"	2%
0	"	Teco Westinghouse Canada	"	"	923,810	"	2%
0	"	Teco Singapore	"	"	660,923	"	1%
0	"	E-Joy International	"	"	492,438	"	1%
0	"	Teco Netherlands	"	"	275,052	"	-
0	"	Teco Japan	"	"	257,290	"	-
0	"	Top-Tower	"	"	208,250	"	-
0	"	Taisan Electric	"	"	206,634	"	-
0	"	Motovario S.p.A.	"	"	206,568	"	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Electric & Machinery S.A. DE C.V.	(1)	Sales	\$ 200,648	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	-
0	"	A-Ok Technical	"	"	108,768	"	-
0	"	TECO-Westinghouse Motor Company S.A	"	"	104,410	"	-
8	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	2,763,806	"	5%
1	Wuxi Teco	"	"	"	1,362,868	"	2%
3	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	825,669	"	1%
2	Tai-An Wuxi	"	"	"	725,842	"	1%
9	Taian (Subic) Electric	"	"	"	292,015	"	-
10	Teco Electric & Machinery S.A. DE C.V.	"	"	"	218,211	"	-
11	Jiangxi Teco	"	"	"	162,549	"	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship with the transaction company:

(1) The parent company to the subsidiary.

(2) The subsidiary to the parent company.

(3) The subsidiary to another subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investees
For the year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14%	\$ 2,426,109	\$ 189,492	\$ 67,069	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	19,228,898	63.52%	112,006	(12,251)	(5,985)	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	91,603,000	100%	2,052,903	58,166	63,586	None
	Teco Holdings and its subsidiaries	U.S.A	Manufacturing and distribution of motors and generators, and investment and trading in USA	726,428	726,428	1,680	100%	16,000,953	1,194,066	1,196,900	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	2,439,491	121,441	109,297	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	605,510,234	99.60%	12,793,271	516,552	471,669	None
	UVG and its subsidiaries	Cayman Islands	Manufacturing and distribution of the Company's motor products and home appliances, and investment holdings	8,505,434	8,505,434	195,416,844	100%	8,932,763	991,409	1,021,793	None
	ITTS	Taiwan	E-business service, mailing and data management	111,286	111,286	11,467,248	41.97%	260,750	82,954	34,815	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	228,605	16,977	27,657	None
	Lien Chang	Taiwan	Manufacturing of color flybacks transformers, mono flyback transformers and mono deflection yokes	117,744	117,744	37,542,159	33.84%	368,038	(232,548)	(78,704)	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	\$ 22,444	\$ 22,444	6,615,234	83.53%	\$ 433,395	\$ 97,722	\$ 81,488	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	540,453	540,453	-	100%	199,780	(30,798)	(30,471)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,800,000	66.67%	138,747	12,621	8,414	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	400,000,000	100%	5,363,639	133,124	133,124	None
	Taian (Subic) Electric	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	285,223	24,797	20,536	None
	Micropac (BVI) and its subsidiaries	British Virgin Islands	Manufacturing and distribution of optical fiber apparatus and international trading	199,483	199,483	6,883,591	100%	788,673	47,471	67,811	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	103,208,299	28.67%	1,445,530	491,871	133,978	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	46,232,000	100%	681,985	23,567	17,350	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	(15,941)	(99,483)	(29,067)	None
	Taian-Etacom and its subsidiaries	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	18,075,440	89.26%	590,211	86,855	82,022	None
	Eagle Holding Co. Ltd.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	5,164,090	(82,536)	(82,536)	None
	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	278,784	278,784	2,510,000	100%	299,712	21,643	21,624	None
	Shen Chang	Taiwan	Manufacturing and sales of transformers, switchboards and other products	548,330	548,330	23,840,416	57.21%	578,317	73,176	36,973	None
NCL Energy Sdn. Bhd.	Malaysia	Mechatronic and solar power engineering services	489,828	-	1,500,000	80.00%	566,341	48,127	38,502	None	
Eagle Holding Co.	TECO MOTOR B.V.I	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	5,164,090	(82,536)	(82,536)	None
TECO MOTOR	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100%	5,164,090	(82,536)	(82,536)	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas distribution	646,343	646,343	23,031,065	100%	2,133,897	124,987	124,987	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	195,716	11,793	2,328	None
Tong-An Investment	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	47,437,153	13.18%	723,133	491,871	64,809	None

Table 7, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognized by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Tong-An Investment	Taiwan Pelican Express	Taiwan	Logistics and distribution services	\$ 54,874	\$ 54,874	6,474,468	6.78%	\$ 139,184	(\$ 99,483)	(\$ 6,747)	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	52,095,016	20.57%	554,767	160,784	33,075	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	187,072	3,169	951	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100%	102,135	(26,099)	(26,099)	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,355	84.97%	487,806	(173,939)	(148,029)	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	86,266	(173,939)	(26,192)	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	238,170	238,170	7,488,822	100%	53,614	8,767	9,693	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	87,989	48,350	24,175	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	6,695,571	51.60%	108,445	9,495	4,894	None
Tong-An Assets	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	78,148,148	30.86%	832,253	160,784	49,618	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	249,430	3,169	1,267	None
	Century Development	Taiwan	Leasing of real estate	455,716	455,716	39,275,880	10.91%	520,605	491,871	53,659	None
Tong-An Assets	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	52,095,016	20.57%	554,767	160,784	33,075	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	187,072	3,169	951	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2025

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from		Accumulated	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)(%)	Investment	Book value of investments in Mainland China as of December 31, 2025	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2025	Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025	amount of remittance from Taiwan to Mainland China as of December 31, 2025	income (loss) recognized by the Company for the year ended December 31, 2025			amount of investment income remitted back to Taiwan as of December 31, 2025			
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	(\$ 2,375)	100%	(\$ 2,375)	\$ 136,344	\$ -	Note 13
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	304,761	84.12%	256,365	2,267,951	1,480,125	Note 13
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,123	Note 8	205,551	-	-	205,551	47,609	100%	47,609	913,850	577,216	Note 13
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	8,240	100%	8,240	(12,636)	-	Note 13
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	30,416	98.09%	29,835	1,577,023	410,468	Note 13
QingDao Teco	Manufacturing and sales of fine blanking dies, precision cavity modes, standard parts of molds and new electromechanical components	947,331	Note 1	1,648,510	-	-	1,648,510	94,960	88.33%	83,878	337,170	-	Note 13
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	1,786	100%	1,461	16,630	16,009	Note 17
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	7,828	24%	1,857	34,894	-	Note 17
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(63)	100%	14,769	114,789	-	Note 17
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	4,075	100%	4,075	146,882	-	Note 13
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 10	59,444	-	-	59,444	(6,663)	100%	(6,663)	25,065	-	Note 17
Shanghai Teco	Operations center in Shanghai	23,829	Note 1	23,829	-	-	23,829	47,997	100%	47,997	273,894	411,932	Note 13
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related elements	119,840	Note 9	-	-	-	-	2,358	100%	2,358	120,142	-	Note 13
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 11	-	-	-	-	16,506	100%	16,506	931,383	-	Note 13
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	348,440	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	Notes 14、15、18
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 12	6,950	-	-	6,950	13,310	100%	16,879	6,986	-	Notes 13、16

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of	Net income of investee for the year ended	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the year ended	Book value of investments in Mainland China as of	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				1, 2025	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025	December 31, 2025	
Informantion Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	\$ 10,167	Note 6	\$ 10,167	\$ -	\$ -	\$ 10,167	\$ 10,717	100%	\$ 10,717	\$ 29,698	\$ 18,384	Note 13
Wuxi TECO Electro Devices Co. Ltd.	Development, manufacturing and sales of products and elements related to production capacity precision motors and provide products sales skills	115,225	Note 7	86,101	-	-	86,101	21,643	100%	21,062	299,712	43,266	Note 13
EVK Company	Development, manufacturing and sales of high- performance hair-pin machines	118,942	Note 1	-	-	-	-	(79,290)	78.49%	(62,235)	992,393	-	Note 13

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Great Teco Motor (Pte) Ltd. and then invest in Mainland China.

Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Air Tech Industrial (Pte) Ltd. and then invest in Mainland China.

Note 3: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

Note 4: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Pelecanus Express Pte. Ltd., and then invest in Mainland China.

Note 5: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Asian Crown International Co., Ltd. and then invest in Mainland China.

Note 6: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Information Technology Total Service (BVI) Co., Ltd. and then invest in Mainland China.

Note 7: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Teco Electro Devices Co., Ltd. and then invest in Mainland China.

Note 8: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Micropac Worldwide (B.V.I) and An-Tai International Investment (Singapore) Co., Ltd. and then invest in Mainland China.

Note 9: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Teco Holding USA Inc. and Teco Westinghouse Motor Company and then invest in Mainland China.

Note 10: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invested through Tecocapital Investment (Samoa) Co., Ltd. and then invest in Mainland China.

Note 11: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Great Teco Motor (Pte) Ltd., Teco Australia Pty. Ltd. and Teco Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

Note 12: Direct investment in Mainland China: Tecom Co., Ltd. directly remits investment into the Mainland China.

Note 13: The amount recognized was based on the financial statements that were reviewed by R.O.C. parent company's CPA firm.

Note 14: Financial assets at fair value through other comprehensive income.

Note 15: As of December 31, 2025, accumulated impairment of \$24,746 was accrued.

Note 16: There were downstream transactions with the subsidiaries amounting to \$18 during the period.

Note 17: The amount recognized was based on the financial statements that were not reviewed by the other CPA firm.

Note 18: Fubon Gehua (Beijing) Trading Co., Ltd. has been disbanded and liquidated according to the resolution of the board of directors in October 2023. The legal deregistration procedure was completed in April 2024. As of December 31, 2025, the proceeds from liquidation were yet to be collected.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TECO Electric & Machinery Co., Ltd.	\$ 6,573,981	\$ 8,865,581	\$ 59,018,180
Taiwan Pelican Express Co., Ltd.	24,746	24,746	1,231,369
Tecom Co., Ltd.	6,950	681,144	266,495
Information Technology Total Services Co., Ltd.	10,167	10,167	372,778

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the balance sheet dates.

Note 2: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 3: Tecom completed the investment in Mainland China in the third quarter of 2010 and the ceiling on investments was \$1,760,251 which was calculated based on Tecom's net assets of \$2,933,752 in the third quarter of 2010.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the year ended December 31, 2025

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at December 31, 2025	%	Balance at December 31, 2025	Purpose	Maximum balance during the year ended December 31, 2025	Balance at December 31, 2025	Interest rate	Interest during the year ended December 31, 2025	Others
Shanghai Teco	\$ 37,883	-	\$ -	-	\$ 434	-	\$ -	-	\$ -	-	-	\$ -	-
Wuxi Teco	16,393	-	-	-	10,050	-	-	-	-	-	-	-	-
Taian (Wuxi)	8,234	-	-	-	4,076	-	-	-	-	-	-	-	-
Jiangxi Teco	10,609	-	-	-	1,922	-	-	-	-	-	-	-	-
Wuxi TECO Electro Devices	5,140	-	-	-	3,094	-	-	-	-	-	-	-	-
Wuxi Teco Precision	936	-	-	-	125	-	-	-	-	-	-	-	-
Wuxi Teco	(1,362,868)	(6%)	-	-	345,331	(7%)	-	-	-	-	-	-	-
Taian (Wuxi)	(725,842)	(3%)	-	-	155,566	(3%)	-	-	-	-	-	-	-
Jiangxi Teco	(162,549)	(1%)	-	-	61,502	(1%)	-	-	-	-	-	-	-
Wuxi Teco Precision	(94,361)	-	-	-	12,666	-	-	-	-	-	-	-	-
Genmao (Suzhao)	(85,474)	-	-	-	2,596	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(69,912)	-	-	-	3,989	-	-	-	-	-	-	-	-
Wuxi TECO Electro Devices	(57,179)	-	-	-	15,755	-	-	-	-	-	-	-	-