Tongtai Machine & Tool Co., Ltd. and Subsidiaries

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Tongtai Machine & Tool Co., Ltd. as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Tongtai Machine & Tool Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Tongtai Machine & Tool Co., Ltd.

By

Jui-Hsiung Yen, Chairman
March 23, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tongtai Machine & Tool Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries 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. Based on our audits and the report of other independent auditors, 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 consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2025 are as follows:

Revenue recognition

Specific machine types sold to certain newly added customers involve varying levels of customization based on customer requirements, and the Company recognizes revenue depending on the trade terms of each individual sales transaction. The related sales revenue and gross profit are relatively significant. As revenue recognition is presumed to be a significant risk under auditing standards, we have therefore identified revenue recognition as one of the key audit matters.

Refer to Note 4 to the consolidated financial statements for the related accounting policies and disclosures on revenue recognition. The key audit procedures performed in respect of the above key audit matter included the following:

1. Obtain an understanding of, and test the design and operating effectiveness of, the internal controls relevant to the recognition of such sales revenue.
2. We performed test of details of recorded revenue against the supporting documents including the approved reports on completion of installation signed by end customer, export-related documents, and acceptance receipts.
3. Reviewing and analyzing the reason for significant sales returns and allowances that took place after the balance sheet date to assess the reasonableness of the related accrued sales returns and allowances.

Inventory valuation

Inventory is material to the Company and its subsidiaries. As of December 31, 2025, inventory amounted to NT$4,024,867 thousand, representing 32% of the Company and its subsidiaries' total assets. In addition, inventory valuation involves critical accounting estimates. Therefore, we identified the inventory valuation as one of the key audit matters. Refer to Notes 4, 5 and 10 to the consolidated financial statements for the related accounting policies and disclosures on inventory valuation.

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

1. We participated in the physical count of inventory, and observed the physical condition of inventory and checked against the records for any identified obsolete and slow-moving inventory.
2. We obtained inventory aging report, tested the accuracy of inventory aging and evaluated compliance with the inventory accounting policies.
3. We obtained details of inventory valuation and confirmed that inventory items were stated at the lower of cost or net realizable value. We test-checked the cost and market value of inventory against the supporting documents.

Other Matter

Certain investments in subsidiaries accounted for using the equity method were included in the consolidated financial statements as of December 31, 2025 and 2024 and for the years then ended based on financial statements audited by other independent auditors. The total of such investments amounted to NT$578,188 thousand and NT$1,028,504 thousand, representing 5% and 8% of the Company and its subsidiaries' total assets as of December 31, 2025 and 2024, respectively, and the total revenue from such subsidiaries amounted to NT$190,924 thousand and NT$651,260 thousand, representing 4% and 11% of the Company and its subsidiaries' total revenue for the years ended December 31, 2024 and 2023, respectively.

We have also audited the standalone financial statements of Tongtai Machine & Tool Co., Ltd. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion with other matter paragraph.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' 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 Company and its subsidiaries 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 Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' 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 Company and its subsidiaries' 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 Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company and its subsidiaries. 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 for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Shiang Liu and Lee-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2026

Notice to Readers

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
ASSETS	**Amount**	%	**Amount**	%
CURRENT ASSETS				
Cash and cash equivalents（Notes 4 and 6）	$ 1,223,728	10	$ 865,500	7
Notes receivable, net（Notes 5 and 9）	376,353	3	352,671	3
Accounts receivable, net（Notes 4, 5 and 9）	1,737,719	14	1,842,013	15
Accounts receivable - related parties（Notes 4, 5, 9 and 33）	20,752	-	12,527	-
Other receivables (Notes 9 and 33)	59,973	1	87,575	1
Current tax assets（Note 27）	33,930	-	37,080	-
Inventories（Notes 4, 5 and 10）	4,024,867	32	3,817,465	31
Assets held for sale（Notes 4 and 11）	-	-	364,016	3
Other financial assets - current (Notes 14 and 34)	80,150	1	137,712	1
Other current assets (Notes 14 and 33)	161,654	1	196,640	2
Total current assets	7,719,126	62	7,713,199	63
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current（Notes 4 and 7）	702,183	6	411,332	3
Non-current financial assets at amortised cost (Notes 4 and 8)	31,430	-	52,785	1
Investments accounted for using the equity method（Notes 4 and 13）	794,929	6	779,774	6
Property, plant and equipment（Notes 4, 15 and 34）	1,730,691	14	1,537,912	13
Right-of-use assets（Notes 4 and 16）	305,234	2	559,594	5
Investment properties（Notes 4, 17 and 34）	380,003	3	468,944	4
Intangible assets（Notes 4 and 18）	87,125	1	37,017	-
Deferred tax assets（Notes 4 and 27）	543,172	4	531,830	4
Refundable deposits	21,460	-	19,691	-
Long-term notes and accounts receivable（Note 9）	51,826	-	51,442	-
Net defined benefit assets（Notes 4 and 23）	5,566	-	3,753	-
Other financial assets - non-current（Notes 14 and 34）	55,210	1	112,756	1
Other non-current assets (Note 14)	112,725	1	27,035	-
Total non-current assets	4,821,554	38	4,593,865	37
TOTAL	$ 12,540,680	100	$ 12,307,064	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings（Notes 19 and 34）	$ 3,065,748	25	$ 2,629,964	22
Short-term bills payable（Note 19）	-	-	49,837	1
Contract liabilities - current（Notes 25 and 33）	801,149	7	897,376	7
Notes payable（Notes 20）	277,483	2	344,869	3
Notes payable - related parties（Notes 20 and 33）	19,154	-	8,879	-
Accounts payable（Note 20）	886,042	7	891,500	7
Accounts payable - related parties（Notes 20 and 33）	41,216	-	160,315	1
Other payables（Notes 21 and 33）	547,828	4	526,439	4
Current tax liabilities（Notes 4 and 27）	114,237	1	2,305	-
Provisions（Notes 4 and 22）	126,038	1	132,842	1
Lease liabilities - current（Notes 4 and 16）	27,358	-	33,524	-
Current portion of long-term bank borrowings (Notes 19 and 34)	277,067	2	478,465	4
Other current liabilities	38,607	-	117,267	1
Total current liabilities	6,221,927	49	6,273,582	51
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 19 and 34)	1,105,692	9	863,537	7
Deferred tax liabilities（Notes 4 and 27）	63,760	1	63,571	1
Lease liabilities -noncurrent（Notes 4 and 16）	289,456	2	642,990	5
Net defined benefit liabilities（Notes 4 and 23）	13,986	-	30,552	-
Guarantee deposits received	3,788	-	8,849	-
Total non-current liabilities	1,476,682	12	1,609,499	13
Total liabilities	7,698,609	61	7,883,081	64
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY（Notes 24）				
Ordinary shares	2,548,265	20	2,548,265	21
Capital surplus	1,234,496	10	1,220,665	10
Retained earnings				
Legal reserve	759,548	6	759,548	6
Special reserve	89,749	1	89,749	1
Unappropriated earnings (Accumulated deficit)	22,223	-	(437,093)	(4)
Total retained earnings	871,520	7	412,204	3
Other equity	210,970	2	241,263	2
Treasury stock（Notes 4 and 24）	(76,916)	(1)	-	-
Total equity attributable to owners of the Company	4,788,335	38	4,422,397	36
NON-CONTROLLING INTERESTS	53,736	1	1,586	-
Total equity	4,842,071	39	4,423,983	36
TOTAL	$ 12,540,680	100	$ 12,307,064	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 23, 2026)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 25 and 33)	$ 5,359,662	100	$ 5,739,349	100
OPERATING COSTS (Notes 10, 23, 26 and 33)	4,514,075	84	5,236,645	91
GROSS PROFIT	845,587	16	502,704	9
UNREALIZED INTERCOMPANY PROFIT ON SALES	-	-	(2,483)	-
REALIZED INTERCOMPANY PROFIT ON SALES	497	-	289	-
REALIZED OPERATING GROSS PROFIT	846,084	16	500,510	9
OPERATING EXPENSES (Notes 9, 23, 26 and 33)				
Selling and marketing expenses	729,365	14	780,167	14
General and administrative expenses	549,784	10	534,235	9
Research and development expenses	146,736	3	220,267	4
Expected credit loss	131,692	2	38,454	1
Total operating expenses	1,557,577	29	1,573,123	28
PROFIT (LOSS) FROM OPERATIONS	(711,493)	(13)	(1,072,613)	(19)
NON-OPERATING INCOME AND EXPENSES (Notes 13, 26 and 33)				
Interest income	19,257	-	14,490	-
Other income	232,491	4	184,336	3
Other gains and losses	1,118,001	21	(73,552)	(1)
Finance costs	(121,751)	(2)	(125,090)	(2)
Share of profit (loss) of associates	36,662	1	80,205	2
Total non-operating income and expenses	1,284,660	24	80,389	2
PROFIT (LOSS) BEFORE INCOME TAX	573,167	11	(992,224)	(17)
INCOME TAX EXPENSE (Notes 4 and 278)	126,582	3	(81,913)	(1)
NET PROFIT (LOSS) FOR THE YEAR	446,585	8	(910,311)	(16)

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	11,359	1	19,139	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(47,274)	(1)	234,009	4
Share of Other Comprehensive Income of Associates Accounted for Using the Equity Method	(16)	-	154	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,545)	-	(2,370)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(13,377)	-	44,050	1
Income tax relating to items that may be reclassified subsequently to profit or loss	21,475	-	(8,658)	-
Other comprehensive loss for the year, net of income tax	(29,378)	-	286,324	5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 417,207	8	($ 623,987)	(11)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 459,008	8	($ 906,836)	(16)
Non-controlling interests	(12,423)	-	(3,475)	-
	$ 446,585	8	($ 910,311)	(16)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 429,023	8	($ 621,302)	(11)
Non-controlling interests	(11,816)	-	(2,685)	-
	$ 417,207	8	($ 623,987)	(11)
EARNINGS (LOSS) PER SHARE (Note 28)				
Basic	$ 1.81		($ 3.56)	
Diluted	1.81		(3.56)	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 23, 2026)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity						
	Ordinary Shares	Non-controlling Interests	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Treasury stock	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2024	$ 2,548,265	$ 1,220,665	$ 753,831	$ 89,749	$ 509,533	($ 146,157)	$ 118,778	($ 27,379)	$ -	$ 5,094,664	$ 4,271	$ 5,098,935
Appropriation of 2023 earnings (Note 24)												
Legal reserve	-	-	5,717	-	(5,717)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	-	(50,965)	-	(50,965)
	-	-	5,717	-	(56,682)	-	-	-	-	(50,965)	-	(50,965)
Net income (loss) for the year ended December 31, 2024	-	-	-	-	(906,836)	-	-	-	-	(906,836)	(3,475)	(910,311)
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	16,892	34,633	234,009	268,642	-	285,534	790	286,324
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(889,944)	34,633	234,009	268,642	-	(621,302)	(2,685)	(623,987)
BALANCE AT DECEMBER 31, 2024	2,548,265	1,220,665	759,548	89,749	(437,093)	(111,524)	352,787	241,263	-	4,422,397	1,586	4,423,983
Net income for the year ended December 31, 2025	-	-	-	-	459,008	-	-	-	-	459,008	(12,423)	446,585
Other comprehensive income for the year ended December 31, 2025, net of income tax	-	-	-	-	9,713	7,576	(47,274)	(39,698)	-	(29,985)	607	(29,378)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	468,721	7,576	(47,274)	(39,698)	-	429,023	(11,816)	417,207
Share of changes in associates accounted for using the equity method (Note 13)	-	13,831	-	-	-	-	-	-	-	13,831	-	13,831
Disposal of equity instruments measured at fair value through other comprehensive income (Note 24)	-	-	-	-	(9,405)	-	9,405	9,405	-	-	-	-
Repurchase of treasury stock (Note 24)	-	-	-	-	-	-	-	-	(76,916)	(76,916)	-	(76,916)
Decrease in non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	-	63,966	63,966
BALANCE AT DECEMBER 31, 2025	$ 2,548,265	$ 1,234,496	$ 759,548	$ 89,749	$ 22,223	($ 103,948)	$ 314,918	$ 210,970	($ 76,916)	$ 4,788,335	$ 53,736	$ 4,842,071

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 23, 2026)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 573,167	($ 992,224)
Adjustments for:		
Depreciation expense	202,582	235,791
Amortization expense	35,470	37,784
Expected credit loss	177,150	38,454
Net gain on fair value change of financial assets at fair value through profit or loss	-	(406)
Finance costs	121,751	125,090
Interest income	(19,257)	(14,490)
Dividend income	(5,980)	(7,007)
Share of the profit of associates	(36,662)	(80,205)
Loss (gain) on disposal of property, plant and equipment	13,242	11,029
Loss (gain) on disposal of intangible assets	-	185
Gain on disposal of non-current assets held for sale	(1,155,984)	-
Loss (gain) on disposal of investments	-	(857)
Impairment loss recognized on nonfinancial assets	125,032	419,909
Unrealized intercompany profit on sales	-	2,483
Realized intercompany profit on sales	(497)	(289)
Unrealized Foreign Exchange Gain	(5,006)	(11,328)
Inventory write-off loss	36,460	-
Recognition of provisions	114,012	173,211
Gain on lease modification	(16,662)	-
Gain on debt restructuring	(61,963)	-
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	-	459
Notes receivable and long-term notes and accounts receivable	(22,378)	23,529
Accounts receivable	11,525	384,398
Accounts receivable - related parties	(8,225)	3,996
Other receivables	(10,033)	(32,187)
Inventories	(337,755)	(179,195)
Other current assets	39,155	31,818
Contract liabilities	(96,227)	46,386
Notes payable	(94,159)	73,784
Notes payable - related parties	10,275	6,997
Accounts payable	(14,772)	110,304
Accounts payable - related parties	(119,099)	112,416
Other payables	5,966	(36,316)
Provisions	(124,839)	(172,498)
Other current liabilities	(79,117)	49,293
Net defined benefit liabilities	(8,650)	(12,382)
Cash generated from operations	(751,478)	347,932
Interest received	17,976	13,634
Dividend received	5,980	7,007
Interest paid	(124,543)	(126,456)
Income taxes paid	($ 1,290)	($ 17,072)

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
Net cash generated from operating activities	(853,355)	225,045
CASH FLOWS FROM INVESTING ACTIVITIES		
FVOCI	(343,919)	-
Disposal of financial assets measured at amortized cost	-	(31,443)
Acquisition of financial assets at amortized cost	20,000	-
Acquisition of investments accounted for using equity method	(13,624)	(10,000)
Disposal of investments accounted for using equity method	-	28,642
Increase in prepayments for investments	(20,000)	-
Net cash outflow on acquisition of subsidiary	(71,675)	-
Proceeds from disposal of non-current assets held for sale	1,520,000	-
Acquisition of property, plant and equipment	(234,914)	(102,746)
Proceeds from disposal of property, plant and equipment	72,905	2,347
Increase in refundable deposits	(1,769)	(2,204)
Decrease in refundable deposits	-	-
Acquisition of intangible assets	(38,568)	(16,531)
Proceeds from disposal of intangible assets	-	14
Increase in other financial assets	-	(106,970)
Decrease in other financial assets	115,108	-
Increase in other non-current assets	(17,518)	(7,296)
Dividend received from associates	35,817	30,972
Net cash generated from (used in) investing activities	1,021,843	(215,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,678,953	1,355,780
Decrease in short-term borrowings	(1,350,515)	(1,167,920)
Increase in short-term bills payable	129,798	-
Decrease in short-term bills payable	(179,635)	(59,895)
Proceeds from long-term bank borrowings	618,932	1,137,876
Repayments of long-term bank borrowings	(678,442)	(1,210,723)
Guarantee deposits received	-	2,827
Guarantee deposits refunded	(5,061)	-
Repayment of principle of lease liabilities	(42,920)	(40,693)
Cash dividends paid	-	(50,965)
Cost of treasury stock repurchased	(76,916)	-
Net cash used in financing activities	94,194	(33,713)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	95,546	(30,404)
NET DECREASE IN CASH AND CASH EQUIVALENTS	358,228	(54,287)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	865,500	919,787
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,223,728	$ 865,500

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Deloitte & Touche auditors' report dated March 23, 2026)

1. GENERAL INFORMATION

Tongtai Machine & Tool Co., Ltd. (the "Company") was incorporated in January 1969. It is mainly engaged in the manufacturing and selling of machine tools, computer components, computer numerical control lathes and cutting centers.

The Company's shares have been listed on the Taiwan Stock Exchange since September 15, 2003.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 12, 2026.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries.

b. The IFRSs endorsed by the FSC for application starting from 2026

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to the Application Guidelines on the Classification of Financial Assets Related to the Amendments to IFRS 9 and IFRS 7	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (Including the amendments in 2020 and 2021)	January 1, 2023

As of the date the consolidated financial statements were authorized by the board of directors for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material on the Corporation and its subsidiaries' financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (Including the amendments in 2025)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities coule elect to apply IFRS 18 for an earlier after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1" Presentation of Financial Statements". The main changes comprise:

1) The Company and its subsidiaries shall assess whether they have specific major business activities involving investments in certain types of assets and the provision of financing to customers, based on which the income and expense items in the statement of profit or loss shall be classified into operating, investing, financing, income tax, and discontinued operations categories.

2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries labels items as 'other' only if it cannot find a more informative label.

4) Enhanced disclosures of management-defined performance measures: When the Company and its subsidiaries communicate management's view of an aspect of the overall financial performance of the Company and its subsidiaries outside the financial statements and to users of the financial statements, the Company and its subsidiaries shall disclose, in a single note to the financial statements, information relating to management-defined performance measures, including a description of such measures, how they are calculated, reconciliations to subtotals or totals specified by the IFRS Accounting Standards, and the effects of income tax and non-controlling interests on the related reconciling items.

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

1) When the Company and its subsidiaries prepare cash flows from operating activities using the indirect method, operating profit or loss shall be used as the starting point

for reconciliation.

2) Interest and dividends received by the Company and its subsidiaries shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities.

Except for the above impact, as of the date the consolidated financial statements were approved by the Company's board of directors and authorized for issue, the Company and its subsidiaries are continuously assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit assets and liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets are realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the assets are restricted from being used for an exchange or used to settle a liability for more than 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities expected to be settled within twelve months after the reporting period; and

3) Liabilities without an unconditional right to defer settlement for at least 12 months

after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-Company and its subsidiaries transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

Refer to Note 12, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquired entity, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company and its subsidiaries in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the balance sheet date in which the combination occurs, the Company and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or

additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are stated at the historical translated amount.

For the purpose of presenting consolidated financial statements, the functional currencies of the entities associated with the Company (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

Goodwill and fair value adjustments on identifiable assets and liabilities recognized on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of balance sheet date. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

Inventories consisting of raw materials, supplies, work-in-progress, finished goods and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Raw materials and supplies are recorded at the moving-average cost, and the work-in-progress, finished goods and merchandise are recorded at cost by the specific identification method.

h. Investments in associates

An associate is an entity over which the Company and its subsidiaries have significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company and its subsidiaries use the equity method to account for their

investments in associates. Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Company and its subsidiaries also recognize the changes in the Company and its subsidiaries' share of the equity of associates.

Any excess of the cost of acquisition over the Company and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized.

When the Company and its subsidiaries subscribe for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company and its subsidiaries' proportionate interest in the associate. The Company and its subsidiaries should record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

When the Company and its subsidiaries' share of losses of an associate equal or exceed its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company and its subsidiaries' net investment in the associate), the Company and its subsidiaries will discontinue recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investment in associate is tested for impairment by treating the entire carrying amount of the investment (including goodwill) as a single asset and then compare that carrying amount with the estimated recoverable amount. Any impairment loss recognized is deducted from investment and the carrying amount of the investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

Gains and losses resulting from upstream, downstream and sidestream transactions between and among the Company and its subsidiaries and its associates are recognized in the consolidated financial statements only to the extent of interests in the associate of entities that are not related to the Company and its subsidiaries.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant

and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

Right-of-use assets related to real estate are reclassified to investment property at their carrying amount as of the lease commencement date, in accordance with the terms of the contract.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to the Company and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internally generated intangible assets - research and development expenditures

Expenditure on research activities is recognized as expense in the period in which it is incurred.

An internal research and development project that has reached its development phase may be recognized as an internally-generated intangible asset if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized as cost of internally generated intangible asset is the total expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, it is measured on the same basis as intangible asset acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets acquired separately.

4) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill

At the end of each reporting period, the Company and its subsidiaries review the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. Non-current Assets Held for Sale

Non-current assets are classified as held for sale when their carrying amounts are expected to be recovered primarily through a sale transaction rather than through continuing use. To qualify for this classification, the asset must be available for immediate sale in its present condition and the sale must be highly probable. A sale is considered highly probable when management with appropriate authority is committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation on such assets ceases upon classification as held for sale.

o. Financial instruments

Financial assets and financial liabilities are recognized when the Company and its subsidiaries become a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

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

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets, refundable deposits and long-term notes and accounts receivable, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Company and its subsidiaries always recognize lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company and its subsidiaries determine that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company and its subsidiaries):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 90 days past due unless the Company and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial

asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

When the Company repurchases its issued common shares as treasury shares, the cost paid is recognized as treasury shares, which is presented as a deduction from shareholders' equity. When the repurchased shares are subsequently reissued, the difference between the consideration received, net of any directly attributable incremental costs and the related income tax effects, and the carrying amount is recognized as an adjustment to shareholders' equity.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are carried at amortized cost using the effective interest method:

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company and its subsidiaries enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risks, including cross-currency swap contracts, swap contracts and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

p. Provisions

Provisions are measured at the best estimate of the cash flows required to settle the present obligation at the end of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the Company and its subsidiaries' best estimate of the expenditure required to settle the obligations.

q. Revenue recognition

The Company and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of machine. Revenue from domestic sales is recognized when the installation of machine or tool is completed. Revenue from export sales is recognized according to the trade conditions or the completion date of machine installation. The customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue from maintenance and rebuilding are recognized when services are provided.

r. Leasing

At the inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company and its subsidiaries allocate the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company and its subsidiaries as lessee

The Company and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company and its subsidiaries use the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Company and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Company and its subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the

net defined benefit liabilities (assets) are recognized as employee benefits expense in the year in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company and its subsidiaries' defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and research and development expenditure to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company and its subsidiaries' accounting policies, management is required to make judgments, estimations and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company and its subsidiaries' historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company and its subsidiaries use judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	**2024**
Cash on hand	$ 5,257	$ 6,686
Deposits in transit	3,675	-
Checking accounts and demand deposits	946,523	826,618
Cash equivalents		
Time deposits with original maturities of less than three months	268,273	32,196
	$ 1,223,728	$ 865,500

7. FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME -NON-CURRENT

	December 31	
	2025	2024
Investment in equity instruments		
Domestic investments		
Listed shares	$ 338,442	$ 380,878
Unlisted shares	363,741	30,454
	$ 702,183	$ 411,332

8. FINANCIAL ASSETS AT AMORTIZED COST – NON-CURRENT

	December 31	
	2025	2024
Unlisted Preference shares	$ 31,430	$ 32,785
Cathay Pacific bank's subordinated bond	-	20,000
Less: Allowance for impairment loss	-	-
	$ 31,430	$ 52,785

In October 2023, the Company purchased 20,000 preferred shares of domestic unlisted companies at a par value of $1,000, with an effective interest rate of 5%. In January 2025, the issuer fully redeemed and cancelled the instruments at par value.

In April 2024, the Company invested in Cathay Pacific Bank's 10-year sequential bonds, with an investment amount of US$1,000 thousand, with an effective interest rate of 5.8%.

9. NOTES AND ACCOUNTS RECEIVABLE, LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	December 31	
	2025	2024
Notes receivable (operating)		
Gross carrying amount at amortized cost	$ 383,712	$ 353,980
Less: Unrealized interest revenue	7,359	1,309
	$ 376,353	$ 352,671
Accounts receivable		
Gross carrying amount at amortized cost	$2,276,453	$ 2,301,577
Less: Allowance for impairment loss	538,734	459,564
	$ 1,737,719	$ 1,842,013
Accounts receivable - related parties		
Gross carrying amount at amortized cost	$ 20,752	$ 12,527
Long-term notes and accounts receivable (operating)		
Gross carrying amount at amortized cost	$ 51,826	$ 51,442
Less: Allowance for impairment loss	-	-
	$ 51,826	$ 51,442

(Continued)

	December 31	
	2025	2024
Overdue receivable (included in other noncurrent assets)		
Gross carrying amount at amortized cost	$ 10,308	$ 17,458
Less: Allowance for impairment loss	10,308	17,458
	$ -	$ -
Other receivable		
Loans and related interest receivable	$ 48,192	$ 766
Tax refund receivable	28,591	22,534
Other	28,648	64,275
	105,431	87,575
Less: Allowance for impairment loss	45,458	-
	$ 59,973	$ 87,575

(Concluded)

The credit period of the Company and its subsidiaries' receivables depends on customer classification and product category. The Company and its subsidiaries make prudent assessment of all their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. In order to minimize credit risk, the management of the Company and its subsidiaries have delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company and its subsidiaries review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company and its subsidiaries' credit risk were significantly reduced.

The Company and its subsidiaries apply the simplified approach to providing for expected credit losses prescribed which permits the use of lifetime expected loss provision for all notes and accounts receivables. The expected credit losses on notes and accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company and its subsidiaries' historical credit loss experience do not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company and its subsidiaries' different customer base.

The Company and its subsidiaries write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after the recourse procedures. For accounts receivable that have been written off, the Company and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivables based on the Company and its subsidiaries' provision matrix:

December 31, 2025

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	$ 1,423,595	$ 349,782	$ 245,718	$ 91,461	$ 41,347	$ 126,921	$ 365,892	$ 90,976	$ 2,735,692
Loss allowance (Lifetime ECL)	(15,858)	(27,202)	(51,234)	(7,289)	(24,941)	(47,742)	(283,800)	(90,976)	(549,042)
	$ 1,407,737	$ 322,580	$ 194,484	$ 84,172	$ 16,406	$ 79,179	$ 82,092	$ -	$ 2,186,650

December 31, 2024

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	$ 1,500,740	$ 354,620	$ 227,802	$ 65,957	$ 69,426	$ 146,205	$ 272,515	$ 98,410	$ 2,735,675
Loss allowance (Lifetime ECL)	(20,376)	(18,839)	(14,829)	(6,020)	(6,579)	(66,566)	(245,403)	(98,410)	(477,022)
	$ 1,480,364	$ 335,781	$ 212,973	$ 59,937	$ 62,847	$ 79,639	$ 27,112	$ -	$ 2,258,653

The movements of the loss allowance of notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	$ 477,022	$ 438,399
Recognition	131,692	38,454
Written off	(65,241)	(743)
Effects of foreign currency exchange differences	5,569	912
Balance, end of period	$ 549,042	$ 477,022

Refer to Note 32 for the amount of discounted notes receivable and related terms of the subsidiaries.

The amount of notes receivable pledged by the subsidiary as a guarantee for the loan (refer to note 34).

The movements of the loss allowance of notes and other receivable were as follows:

	For the Year Ended December 31	
	2025	2024
Balance, beginning of period	$ -	$ -
Recognition (reversed)	45,458	-
Balance, end of period	$ 45,458	$ -

The subsidiary Union Top Industrial (Samoa) Limited provided a loan to Lerinc Werkzeugmaschinen & Automation GmbH (LWA) in the amount of NT$45,458 thousand (including interest receivable of NT$1,178 thousand). As LWA intends to file for bankruptcy with the court, the amount was assessed as potentially uncollectible. Accordingly, the full impairment loss was recognized in the fourth quarter of 2025 and presented under other gains and losses.

10. INVENTORIES

	December 31	
	2025	2024
Raw materials	$ 1,672,598	$ 1,816,225
Supplies	215,563	184,626
Work-in-progress	1,480,647	1,413,243
Finished goods	575,213	347,164
Merchandise	77,189	55,132
Inventory in transit	3,657	1,075
	$ 4,024,867	$ 3,817,465

The cost of inventories recognized as operating costs for the years ended December 31, 2025 and 2024 was NT$4,514,075 thousand and NT$5,236,645 thousand, respectively, which

included write-downs of inventories and unallocated manufacturing overhead as follows.

	For the Year Ended December 31	
	2025	2024
Inventory write-downs	$ 47,205	$ 379,309
Inventory write-off loss	$ 36,460	$ -

11. NON-CURRENT ASSETS HELD FOR SALE

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	$ -	$ 231,579
Investment property	-	132,437
Total non-current assets held for sale	$ -	$ 364,016

In November 2024, the Board of Directors resolved to authorize the Chairman to dispose of the property at the Luzhu Second Plant, with a total transaction price of NT$1.52 billion, in order to support the Company's future growth initiatives and strengthen operating capital. And the signing and disposal procedures were completed in January and April 2025, with a gain on disposal of NT$1,155,984 thousand recognized and included under other gains and losses.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Proportion of Ownership		
Investor	Investee	Nature of Activities	December 31, 2025	December 31, 2024	Remark
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited (Union Top)	General investment	100.00	100.00	
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	100.00	100.00	
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	99.83	99.83	
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	99.14	99.14	
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	94.58	94.58	
	POTZU Co., Ltd. (POTZU)	Manufacturing and processing of metal part	60.00	-	Note 1
	Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	Sales and manufacturing of equipment	100.00	100.00	
	Tong Tai Machinery Co., Ltd. (TTM)	Sales of customized machine	100.00	100.00	
	Tongtai Seiki Vietnam Co., Ltd. (TTVN)	Sales of customized machine	100.00	100.00	
	Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	Sales of customized machine	52.00	52.00	
	Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	Sales and manufacturing of equipment	100.00	100.00	
	TTGroup America Inc.（TTGA）	Sales of equipment	100.00	100.00	
	Tongtai Mexico S.A.DE C.V (TTGMx)	Sales and maintenance of machine tools	100.00	100.00	
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines (PCI-SCEMM)	Sales, manufacturing and maintenance of machine tools	100.00	100.00	Note 2
	Tongtai Europe B.V. (TTE)	Sales of merchandise	100.00	100.00	
	Tongan GmbH (Tongan)	General investment	100.00	100.00	
	TTGroup Technologies（TTGT）	General investment	100.00	-	Note 2

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2025	Proportion of Ownership December 31, 2024	Remark
Union Top	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100.00	100.00	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100.00	100.00	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100.00	100.00	
	Great Pursuit Limited	General investment	55.00	55.00	
Great Pursuit Limited	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100.00	100.00	
TTJP	SKTD Co., Ltd.（SKTD）	Design and development of machine tools	98.73	98.73	
TTGT	PCI-SCEMM	Sales, manufacturing and maintenance of machine tools	100.00	-	Note 2
	TTGroup France（TTGF）	Sales of machine tools	-	-	Note 2
	CERIMATEC	Sales of machine tools	100.00	-	Note 2
PCI	TTGF	Sales of machine tools	-	100.00	Note 2
	CERIMATEC	Sales of machine tools	-	100.00	Note 2
Tongan	Mbi-group Beteiligung GmbH（MBI）	General investment	100.00	100.00	
	Anger Machining GmbH（Anger）	Sales, manufacturing and maintenance of machine tools	100.00	100.00	
Anger	Anger Machining Inc.（Anger - US）	Sales and maintenance of machine tools	-	100.00	Note 3
	Anger Service Deutschland GmbH（Anger - DE）	Sales and maintenance of machine tools	100.00	100.00	

(Concluded)

Note 1: The Company participated in a capital increase of Puzhi in February 2025, acquiring a 60% equity interest in the company (refer to Note 29)

Note 2: The Company established TTGT in February 2025 and holds a 100% equity interest. Subsequently, in consideration of future operational development needs, expansion of the France business, and enhancement of operational efficiency, the Company transferred all equity interests in PCI, as well as all equity interests in CERIMATEC and TTGF held by PCI, to TTGT through an organizational restructuring in May 2025. In December 2025, PCI and TTGF were merged through another organizational restructuring, with PCI as the surviving company and TTGF as the dissolved company.

Note 3: The company completed its liquidation in 2025.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company and its subsidiaries' investments accounted for using the equity method are all investment-related enterprises. The details are as follows:

	December 31	
	2025	2024
Material associate		
Honor Seiki Co., Ltd. (Honor Seiki)	$ 780,415	$ 763,109
Associates that are not individually material	14,514	16,665
	$ 794,929	$ 779,774

a. Material associate

Company	Percentage of Ownership and Voting Rights (%)	
	December 31, 2025	December 31, 2024
Honor Seiki	39.60	44.88

In February 2025, the Company did not participate in the cash capital increase of Honor Seiki in proportion to its shareholding, resulting in a decrease in its ownership interest from 44.88% to 39.60%. As this did not affect the Company's ability to exercise significant influence over the investee, the transaction was accounted for as an equity transaction. Accordingly, capital surplus was increased by NT$13,831 thousand, representing the Company's share of changes in the investee's equity attributable to owners.

The following presents Level 1 fair value information for associates with quoted prices in an active market:

Company	December 31, 2025
Honor Seiki	$ 585,367

Note: Honor Seiki's shares have been listed and traded on the Taipei Exchange since February 2025.

The summarized financial information below is prepared based on Honor Seiki's financial statements prepared in accordance with IFRS Accounting Standards, and reflects adjustments made under the equity method.

Honor Seiki

	For the Year Ended December 31,	
	2025	2024
Current assets	$ 1,482,445	$ 1,442,656
Non-current assets	823,564	830,445
Current liabilities	(606,887)	(624,670)
Non-current liabilities	(10,820)	(197,329)
equity	$ 1,688,302	$ 1,451,102
Ownership percentage (%)	39.60	44.88
Equity attributable to the Company and its subsidiaries	$ 668,618	$ 651,312
Goodwill	111,797	111,797
Carrying amount of the investment	$ 780,415	$ 763,109

	December 31	
	2025	2024
Operating revenues	$ 1,002,578	$ 1,456,414
Net profit for the year	$ 95,299	$ 179,058
Other comprehensive income	(42)	344
Total comprehensive income	$ 95,257	$ 179,402

b. Material associate

	December 31	
	2025	2024
Printin3d DigiTech Co., Ltd.	$ 10,193	$ 10,211
Ruei Yang Precision Co., Ltd.	4,321	6,454
Magdeburger Werkzeugmaschinen & Automation GmbH	-	-
Cyber Laser Taiwan Co., Ltd.	-	-
	$ 14,514	$ 16,665

	For the Year Ended December 31	
	2025	2024
The Company and its subsidiaries' share of		
Net income for the year	($ 2,447)	($ 163)
Other comprehensive income	-	-
Total comprehensive income8	($ 2,447)	($ 163)

In May 2025, the Company's Board of Directors resolved to participate in the cash capital increase of Magdeburger Werkzeugmaschinen & Automation GmbH. In June 2025, the Company invested NT$13,624 thousand and acquired a 20% equity interest in the investee. The investee is principally engaged in the trading of machine tools and related businesses. As the estimated recoverable amount was lower than the carrying amount, the Company recognized a full impairment loss on the investment in the fourth quarter of 2025.

The Company established a joint venture, Ruei Yang Precision Co., Ltd., in March 2024 with an investment of NT$10,000 thousand, holding 20% of the equity. Ruei Yang Precision Co., Ltd. is mainly engaged in the manufacturing and processing of mechanical parts.

The Company recognized fully impairment loss of the associate, Cyber, due to the recoverable amount was lower than the carrying amount, and Cyber was deregistered in May 2023.

Names, locations, and related information of associates please refer to Table 7.

14. OTHER FINANCIAL ASSETS

a. Other financial assets

	December 31	
	2025	2024
Current		
Pledged deposits and time deposits	$ 37,048	$ 77,069
Time deposits with original maturities more than three months	35,000	56,022
Deposits for projects	8,102	4,621
	$ 80,150	$ 137,712
Non-current		
Pledged deposits and time deposits	$ 39,483	$ 95,586
Deposits for projects	15,727	17,170
	$ 55,210	$ 112,756

Refer to Note 34 for information relating to other financial assets pledged as collateral.

b. Other assets

	December 31	
	2025	2024
Current		
Advance payments for goods	$ 78,651	$ 106,304
Prepaid expenses	34,832	39,591
VAT refundable	30,483	13,652
Others	17,688	37,093
	$ 161,654	$ 196,640
Non-current		
Prepayments for equipment	$ 51,565	$ 9,386
Advance payments for investments	20,000	-
Long-term prepaid expenses	39,313	16,843
Others	1,847	806
	$ 112,725	$ 27,035

In December 2025, the Company participated in the capital increase of Hantop Intelligence Technology co., Ltd. and prepaid share subscription proceeds of NT$20,000 thousand. The Company is expected to acquire an 11% equity interest. As of December 31, 2025, the cash capital increase procedures had not yet been completed, and the amount was recognized under advance payments for investments.

15. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2025

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1, 2025	$ 346,021	$ 2,120,082	$ 921,853	$ 166,549	$ 148,677	$ 317,289	$ 11,284	$ 4,031,755
Acquired through business combination (Note 29)	12,370	16,610	213,564	9,023	-	2,739	4,500	258,806
Additions	-	14,096	97,546	3,728	10,731	32,241	46,462	204,804
Disposals	-	(695)	(362,395)	(26,372)	(24,197)	(20,283)	-	(433,942)
Reclassifications	-	(24,106)	7,455	-	-	(3,927)	-	(20,578)
Reclassified to held for sale	3,853	29,806	23,153	1,109	7,145	602	892	66,560
Effects of foreign currency exchange difference	362,244	2,155,793	901,176	154,037	142,356	328,661	63,138	4,107,405
Balance at December 31, 2025	$ 346,021	$ 2,120,082	$ 921,853	$ 166,549	$ 148,677	$ 317,289	$ 11,284	$ 4,031,755
Accumulated depreciation and impairment								
Balance at January 1, 2025	-	1,253,118	709,332	143,427	124,435	263,531	-	2,493,843
Acquired through business combination (Note 29)	-	4,076	39,913	1,902	-	1,296	-	47,187
Depreciation	-	55,692	59,686	7,253	7,254	17,913	-	147,798
Recognized impairment loss	-	-	6,421	-	-	-	-	6,421
Disposals	-	(344)	(285,525)	(18,421)	(23,353)	(20,152)	-	(347,795)
Reclassifications	-	(11,832)	1,622	-	-	(1,622)	-	(11,832)
Effects of foreign currency exchange difference	-	16,094	18,245	890	5,588	275	-	41,092
Balance at December 31, 2025	-	1,316,804	549,694	135,051	113,924	261,241	-	2,376,714
Carrying amount at December 31, 2025	$ 362,244	$ 838,989	$ 351,482	$ 18,986	$ 28,432	$ 67,420	$ 63,138	$ 1,730,691

For the Year Ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1, 2024	$ 345,097	$ 2,575,446	$ 949,160	$ 167,544	$ 178,918	$ 323,960	$ 1,513	$ 4,541,638
Additions	-	8,292	51,052	3,329	5,858	15,040	9,837	93,408
Disposals	-	-	(81,072)	(5,848)	(32,019)	(4,089)	-	(123,028)
Reclassifications	-	(54,000)	(4,900)	-	-	3,927	-	(54,973)
Reclassified to held for sale	-	(430,785)	-	-	(6,182)	(24,400)	-	(461,367)
Effects of foreign currency exchange difference	924	21,129	7,613	1,524	2,102	2,851	(66)	36,077
Balance at December 31, 2024	346,021	2,120,082	921,853	166,549	148,677	317,289	11,284	4,031,755
Accumulated depreciation and impairment								
Balance at January 1, 2024	-	1,374,728	712,975	140,944	153,587	258,634	-	2,640,868
Depreciation	-	85,447	54,134	6,873	7,074	18,241	-	171,769
Recognized impairment loss	-	-	5,603	-	-	9,124	-	14,727
Disposals	-	-	(68,278)	(5,462)	(31,828)	(4,084)	-	(109,652)
Reclassifications	-	(15,135)	(1,100)	-	-	1,030	-	(15,205)
Reclassified to held for sale	-	(201,718)	-	-	(6,182)	(21,888)	-	(229,788)
Effects of foreign currency exchange difference	-	9,796	5,998	1,072	1,784	2,474	-	21,124
Balance at December 31, 2024	-	1,253,118	709,332	143,427	124,435	263,531	-	2,493,843
Carrying amount at December 31, 2024	$ 346,021	$ 866,964	$ 212,521	$ 23,122	$ 24,242	$ 53,758	$ 11,284	$ 1,537,912

The subsidiary PCI assessed that the future cash inflows generated from certain machinery and equipment used in production had declined, resulting in the recoverable amount being lower than the carrying amount. Accordingly, an impairment loss of NT$6,421 thousand was recognized in 2025. As of December 31, 2025, the accumulated impairment amounted to NT$6,421 thousand.

Due to operating results of the subsidiary Anger not meeting expectations, the estimated future cash inflows generated from machinery and equipment used in production declined, resulting in the recoverable amount being lower than the carrying amount. Full impairment losses on such machinery and equipment had been recognized in prior years. The aforementioned machinery and equipment were fully scrapped in the fourth quarter of 2024.

Due to operating results of the subsidiary Tong-Yeh not meeting expectations, the estimated future cash inflows generated from machinery, equipment, and other equipment used in production declined, resulting in the recoverable amount being lower than the carrying amount. Accordingly, an impairment loss of NT$14,727 thousand was recognized in 2024. As of December 31, 2025 and 2024, the accumulated impairment losses amounted to NT$9,231 thousand and NT$14,727 thousand, respectively.

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main structure	35-60 years
Mechanical and electrical facilities	5-35 years
Engineering system, Air conditioning system and Decoration	2-35 years
Machinery and equipment	2-13 years
Transportation equipment	2-15 years
Office equipment	3-10 years
Other equipment	2-15 years

Property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 34.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	**2024**
Carrying amounts		
Land	$ 240,922	$ 504,345
Buildings	49,563	35,830
Machinery	556	809
Transportation equipment	14,193	18,610
	$ 305,234	$ 559,594

	For the Year Ended December 31	
	2025	**2024**
Additions to right-of-use assets	$ 27,771	$ 42,268
Acquired through business combination (Note 29)	$ 20,249	$ -
Depreciation charge for right-of-use assets		
Land	$ 17,928	$ 24,564
Buildings	15,206	9,516
Machinery	303	943
Transportation equipment	12,044	11,945
	$ 45,481	$ 46,968

Except for the additions, acquired through business combination and depreciation expenses listed above, the Company and its subsidiaries did not incur any significant subleases or impairment of right-of-use assets in 2025 and 2024. Starting from 2024, the land associated with part of the leased factory premises at the Company's Second Plant in Luzhu Science Park has been subleased to other companies under an operating lease arrangement. The related right-of-use asset has been reclassified as investment property. The relevant amounts of right-of-use assets mentioned above do not include those that meet the definition of investment property.

b. Lease liabilities

	December 31	
	2025	**2024**
Carrying amounts		
Current	$ 27,358	$ 33,524
Non-current	$ 289,456	$ 642,990

Range of discount rate for lease liabilities (%) was as follows:

	December 31	
	2025	**2024**
Land	2.16	2.16～2.48
Buildings	2.21～3.24	1.00～2.00
Machinery	1.45	1.45
Transportation equipment	1.45～2.63	0.69～2.80

c. Material lease activities and terms

The land on which the Company's Kaohsiung Luke Plant 1 is located is leased from the Administration of the Southern Taiwan Science Park. The lease term will expire in May 2027. Upon expiration of the lease, the Company may apply for renewal; however, it does not have a bargain purchase option for the leased land.

The subsidiary Suzhou Tong-Yu is leasing land from the China government. The lease is recorded as land use rights with useful life of 50 years until July 2059.

The subsidiary PCI is leasing its location from non-related parties. The lease period will expire in December 2027.

The subsidiary Anger has entered into land and factory lease agreements with non-related parties at its location. The lease terms will expire successively in November 2038.

The subsidiary Potzu leases factory buildings from non-related parties, with lease terms expiring in July 2027 and June 2029, respectively.

The land on which the Company's Kaohsiung Luke Plant 2 is located is also leased from the Administration of the Southern Taiwan Science Park. The original lease term was set to expire in April 2045; however, considering operational needs, the Company early terminated the lease agreement with the Administration in July 2025. As a result, the Company recognized a lease modification gain of NT$3,380 thousand, which was recorded under other gains and losses.

d. Other lease information

	For the Year Ended December 31	
	2025	**2024**
Expenses relating to short-term leases and low-value asset leases	$ 35,049	$ 31,040
Total cash outflow for leases	$ 88,400	$ 87,562

The Company and its subsidiaries lease certain buildings, transportation equipment and office equipment which qualify as short-term leases and low-value asset leases. The Company and its subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

For the Year ended December 31, 2025

	Land	**Buildings**	**Right-of-use assets**	**Total**
Cost				
Balance at January 1, 2025	$ 252,550	$ 247,654	$ 104,420	$ 604,624
Reclassification (note)	-	24,106	(104,420)	(80,314)
Effects of foreign currency exchange differences	-	418	-	418
Balance at December 31, 2025	252,550	272,178	-	524,728

(Continued)

	Land	Buildings	Right-of-use assets	Total
Accumulated depreciation				
Balance at January 1, 2025	-	123,827	11,853	135,680
Depreciation	-	8,721	582	9,303
Reclassification (note)	-	11,832	(12,435)	(603)
Effects of foreign currency exchange differences	-	345	-	345
Balance at December 31, 2025	-	144,725	-	144,725
Carrying amount at December 31, 2025	$ 252,550	$ 127,453	$ -	$ 380,003

(Concluded)

Note : The right-of-use assets subleased to non-related parties under operating leases were derecognized in April 2025 due to the termination of the lease agreement between both parties and the completion of the disposal of the Kaohsiung Luke Plant 2 property (see Note 11). At the same time, the Company terminated the lease agreement with the Administration of the Kaohsiung Science Park under the Southern Taiwan Science Park, and recognized a lease modification gain of NT$13,282 thousand, which was recorded under other gains and losses.

For the Year ended December 31, 2024

	Land	Buildings	Right-of-use assets	Total
Cost				
Balance at January 1, 2024	$ 252,550	$ 385,631	$ -	$ 638,181
Reclassification	-	54,000	104,420	158,420
Reclassified to held for sale	-	(195,480)	-	(195,480)
Effects of foreign currency exchange differences	-	3,503	-	3,503
Balance at December 31, 2024	252,550	247,654	104,420	604,624
Accumulated depreciation				
Balance at January 1, 2024	-	153,978	-	153,978
Depreciation	-	16,514	540	17,054
Reclassification	-	15,135	11,313	26,448
Reclassified to held for sale	-	(63,043)	-	(63,043)
Effects of foreign currency exchange differences	-	1,243	-	1,243
Balance at December 31, 2024	-	123,827	11,853	135,680
Carrying amount at December 31, 2024	$ 252,550	$ 123,827	$ 92,567	$ 468,944

The abovementioned investment properties were leased out for 1 to 15 years. The leases do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31, 2025	December 31, 2024
Year 1	$ 16,396	$ 26,299
Year 2	10,225	9,080
Year 3	139	6,740
Year 4	-	6,143
Year 5	-	6,120
Year 6 onwards	-	25,680
	$ 26,760	$ 80,062

The above items of investment properties are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Main structure	25-60 years
Engineering system	2-5 years
Right-of-use assets	30 years

The investment properties of the Company and its subsidiaries are located at Annan District in Tainan City, Hunei District in Kaohsiung City, Kaohsiung Science Park and Shanghai City in China. The fair value of the investment properties was assessed by the management of the Company and its subsidiaries based on the actual price registration information of nearby area or market evidence of transaction prices categorized as Level 3 input. Professional independent valuators were not involved in the fair value assessment. The fair value for the years ended December 31, 2025 and 2024 are NT$690,536 thousand and NT$697,466 thousand, respectively.

All of the Company and its subsidiaries' investment properties are held under freehold interests.

Investment properties pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 34.

18. INTANGIBLE ASSETS

For the year ended December 31, 2025

	Computer Software	Goodwill	Patents	Total
Cost				
Balance at January 1, 2025	$144,586	$ 11,989	$ 1,210	$157,785
Acquired through business combination (Note 29)	8,123	36,051	-	44,174
Additions	29,673	-	480	30,153
Derecognition	(13,241)	-	-	(13,241)
Effects of foreign currency exchange differences	3,230	-	122	3,352
Balance at December 31, 2025	172,371	48,040	1,812	222,223

(Continued)

	Computer Software	Goodwill	Patents	Total
Accumulated amortization				
Balance at January 1, 2025	107,927	11,989	852	120,768
Acquired through business combination (Note 29)	1,362	-	-	1,362
Amortization expenses	22,818	-	127	22,945
Derecognition	(13,241)	-	-	(13,241)
Effects of foreign currency exchange differences	3,189	-	75	3,264
Balance at December 31, 2025	122,055	11,989	1,054	135,098
Carrying amount at December 31, 2025	$ 50,316	$ 36,051	$ 758	$ 87,125

(Concluded)

For the year ended December 31, 2024

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2024	$ 278,603	$ 11,989	$ 1,172	$ 8,666	$ 300,430
Additions	16,498	-	33	-	16,531
Disposal	(835)	-	-	-	(835)
Derecognition	(151,538)	-	-	(7,951)	(159,489)
Effects of foreign currency exchange differences	1,858	-	5	(715)	1,148
Balance at December 31, 2024	144,586	11,989	1,210	-	157,785
Accumulated amortization					
Balance at January 1, 2024	235,987	11,989	811	7,643	256,430
Amortization expenses	21,422	-	38	1,891	23,351
Disposal	(636)	-	-	-	(636)
Derecognition	(151,538)	-	-	(7,951)	(159,489)
Effects of foreign currency exchange differences	2,692	-	3	(1,583)	1,112
Balance at December 31, 2024	107,927	11,989	852	-	120,768
Carrying amount at December 31, 2024	$ 36,659	$ -	$ 358	$ -	$ 37,017

The Company acquired Quick-Tech in previous year and recognized goodwill of NT$11,989 thousand. Due to the performance of Quick-Tech did not turn out as expected, and the recoverable amount was lower than the carrying amount, impairment losses of NT$11,989 thousand was recognized.

The above items of intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Computer software	1-10 years
Patents	3-8 years
Others	5-8 years

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	**2024**
Unsecured loans	$ 2,683,602	$ 2,293,057
Secured borrowings	382,146	336,907
	$ 3,065,748	$ 2,629,964
Annual interest rate of unsecured loan (%)	0.872～4.85	1.87～5.62
Annual interest rate of secured loan (%)	1.95～2.125	1.82～2.125

b. Short-term bills payable

	December 31	
	2025	**2024**
Commercial paper	$ -	$ 50,000
Less: Unamortized discounts	-	(163)
	$ -	$ 49,837
Annual interest rate (%)	-	1.81

The above commercial paper was secured by Mega Bills Finance Corporation, International Bills Finance Corporation, Taching Bill Finance Ltd. and Dah Chung Bills Finance Corporation.

c. Long-term borrowings

	December 31	
	2025	**2024**
Bank loans		
Due on various dates through February and June 2027, January and September 2029, and April 2030	$ 280,157	$ 735,669
Mortgage loans		
Due on various dates through June 2027 ,July 2028, June 2032 and June 2035	1,050,383	606,333
Other loans		
Due on various dates through June 2026 and June 2028	52,219	-
	1,382,759	1,342,002
Less: Current portion	277,067	478,465
	$ 1,105,692	$ 863,537
Annual interest rate of unsecured loan (%)	0.22～1.89	0.22～1.954
Annual interest rate of secured loan (%)	1.92～2.272	1.985～2.272
Annual interest rate of other loan (%)	3.25～4.52	-

The subsidiary Anger has entered into loan agreements with E.SUN Commercial Bank, Taishin International Bank, and Taipei Fubon Commercial Bank. According to these agreements, during the contract period, the Company is required to maintain a certain shareholding ratio in Anger and to maintain and pledge a specified deposit multiple. If the

above covenants are breached, the interest rate will be increased or additional pledged bank deposits will be required. These covenants are reviewed semiannually or quarterly. The consolidated financial statements for each quarter of 2025 and 2024 show that the subsidiary did not violate any of the above loan covenants.

The subsidiary Potzu entered into a loan agreement with CTBC Bank in July 2025. According to the agreement, covenants are reviewed semiannually. During the contract period, the Company's consolidated financial statements must meet specified financial ratios and amounts. If these covenants are breached, the bank has the right to demand early repayment. The 2025 consolidated financial statements did not violate the above agreement.

The subsidiary PCI entered into a debt restructuring agreement with the local government and lending banks. Under this agreement, PCI is entitled to related debt relief after restructuring. The restructuring was completed in July 2025, resulting in debt restructuring gains of NT$61,963 thousand, which are recognized under other income.

Other long-term borrowings represent fixed-rate loans obtained by the subsidiary Puzi from finance companies.

20. NOTES PAYABLE AND ACCOUNTS PAYABLE

All of the Company and its subsidiaries' notes payable and accounts payable (included related parties) are generated from operating and unsecured to the creditors.

The Company and its subsidiaries have financial risk management policies to ensure that all payables are paid within the agreed credit terms.

21. OTHER PAYABLES

	December 31	
	2025	**2024**
Salaries and incentive bonus	$ 226,025	$ 240,964
Commission and service fee	99,581	51,884
Employee compensation and remuneration of directors	27,044	1,201
Insurance	25,121	29,154
Others	170,057	203,236
	$ 547,828	$ 526,439

22. PROVISIONS

	December 31	
	2025	**2024**
Current		
Warranties	$ 126,038	$ 132,842

	For the Year Ended December 31	
	2025	**2024**
Balance at January 1	$ 132,842	$ 130,998
Recognized	114,012	173,211
Paid	(124,839)	(172,498)
Effects of foreign currency exchange differences	4,023	1,131
Balance at December 31	$ 126,038	$ 132,842

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company and its subsidiaries' obligations for warranties under local sale of goods legislation. The estimate was made on the basis of historical warranty trends and may vary with actual as a result of new materials, altered manufacturing processes or other events affecting product quality.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan in the Republic of China. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of subsidiaries Suzhou Tongyu, TTJP, TTS, TTGF, Anger and Cerimatec also make contributions at certain percentages of the basic salary of their employee in accordance with the local regulations.

b. Defined benefit plans

The Company and its domestic subsidiaries adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and its domestic subsidiaries make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company and its domestic subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company and its subsidiaries have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2025	**2024**
Present value of defined benefit obligation	$ 202,191	$ 230,893
Fair value of plan assets	(193,771)	(204,094)
	8,420	26,799
Less: Net defined benefit liabilities	13,986	30,552
Net defined benefit assets	($ 5,566)	($ 3,753)

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2024	$ 239,734	($ 183,816)	$ 55,918
Service cost			
Current service cost	2,423	-	2,423
Interest expense (income)	3,565	(2,391)	1,174
Recognized in profit or loss	5,988	(2,391)	3,597
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,511)	(16,511)
Actuarial loss - changes in demographic assumptions	(6,870)	-	(6,870)
Actuarial gain - changes in financial assumptions	(4,661)	-	(4,661)
Actuarial loss - experience adjustments	8,903	-	8,903
Recognized in other comprehensive income	(2,628)	(16,511)	(19,139)
Contributions from the employer	-	(15,237)	(15,237)
Benefit payments	(14,258)	14,258	-
Exchange differences	2,057	-	2,057
Others	-	(397)	(397)
	(12,201)	(1,376)	(13,577)
Balance at December 31, 2024	230,893	(204,094)	26,799
Service cost			
Current service cost	1,602	-	1,602
Interest expense (income)	3,941	(3,260)	681
Recognized in profit or loss	5,543	(3,260)	2,283
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	($ 13,776)	($ 13,776)
Actuarial gain - changes in demographic assumptions	(2,755)	-	(2,755)
Actuarial loss - changes in financial assumptions	4,816	-	4,816
Actuarial loss - experience adjustments	356	-	356
Recognized in other comprehensive income	2,417	(13,776)	(11,359)
Contributions from the employer	-	(9,396)	(9,396)
Benefit payments	(36,979)	36,979	-
Exchange differences	317	-	317
Others	-	(224)	(224)
	(36,662)	27,359	(9,303)
Balance at December 31, 2025	$ 202,191	($ 193,771)	$ 8,420

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

	For the Year Ended December 31	
	2025	**2024**
Operating costs	$ 1,632	$ 2,843
Operating expenses	651	754
	$ 2,283	$ 3,597

Through the defined benefit plans under the Labor Standards Law, the Company and its subsidiaries are exposed to the following risks:

1) Investment risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

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

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	**2024**
Discount rate (%)	1.30～3.50	1.60～3.35
Expected rate of salary increase (%)	2.00～2.70	2.25～2.90
Turnover rate (%)	1～30	1～30
Voluntary retirement rate (%)	5～100	5～100

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

	December 31	
	2025	**2024**
Discount rate		
0.25% increase	($ 3,513)	($ 3,968)
0.25% decrease	$ 3,620	$ 4,089
Expected rate of salary increase		
0.25% increase	$ 3,480	$ 3,937
0.25% decrease	($ 3,395)	($ 3,839)

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

	December 31	
	2025	2024
The expected contributions to the plan for the next year	$ 4,327	$ 4,567
The average duration of the defined benefit obligation	9 years	8-9 years

24. EQUITY

a. Ordinary Shares

	December 31	
	2025	2024
Numbers of shares authorized (in thousands)	400,000	400,000
Amount of shares authorized	$ 4,000,000	$ 4,000,000
Numbers of shares issued and fully paid (in thousands)	254,827	254,827
Amount of shares issued	$ 2,548,265	$ 2,548,265

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Additional paid-in capital	$ 960,854	$ 960,854
Conversion of bonds	222,593	222,593
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	26,569	26,569
Interest compensation	5,577	5,577
Expired employee stock warrants	1,234	1,234
	1,216,827	1,216,827
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries	3,838	3,838
Share of changes in associates accounted for using the equity method	13,831	-
	17,669	3,838
	$ 1,234,496	$ 1,220,665

Note: The capital surplus could be used to offset a deficit and distributed as cash dividends or transferred to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company's dividend policy takes into consideration the entire corporate environment, the growth of industry, long-term financial planning for sustainable development, and stable business development. In the planning of dividend distribution, the Company performs the following steps:

1) Determine the best capital budget.
2) Determine the need for capital loan to satisfy the best capital budget.
3) Determine how much capital could be raised from retained earnings.
4) Determine the funds needed to maintain the profitable operations of the Company. After the operations are funded, dividends could be distributed to shareholders. In principle, cash dividends should not be less than 50% of the total dividends distributed.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 had been approved in the shareholder's meeting in June 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 2,222	
Cash dividends	12,591	$ 0.05
	$ 14,813	

At the Company's 2025 annual shareholders' meeting, the Company incurred a loss in 2024; therefore, it was resolved in the June 2025 shareholders' meeting that only a loss offset would be made, and no earnings distribution would be declared.

In March 2026, the Board of Directors proposed the distribution of 2025 earnings and the dividend per share as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 2,222	
Cash dividends	12,591	$ 0.05
	$ 14,813	

In March 2026, the Company's Board of Directors additionally proposed the distribution of cash dividends from capital surplus amounting to NT$239,235 thousand, with a dividend of NT$0.95 per share.

The proposal regarding the distribution of 2025 earnings is still pending approval by the shareholders' meeting to be held in June 2026.

d. Special reserve

On the first-time adoption of IFRSs, the Company transferred retained earnings to special reserve due to IFRSs adjustments. The Company reversed special reserve to retained earnings of NT$89,749 thousand.

e. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	($ 111,524)	($ 146,157)
Recognized for the year		
Exchange differences on translating foreign operations	(13,899)	43,291
Income tax	21,475	(8,658)
Balance at December 31	($ 103,948)	($ 111,524)

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	$ 352,787	$ 118,778
Recognized for the year		
Unrealized gain and loss - equity instruments	(47,274)	234,009
Gain or loss on disposal transferred to retained earnings	9,405	-
Balance at December 31	$ 314,918	$ 352,787

f. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance at January 1	$ 1,586	$ 4,271
Attributable to non-controlling interests:		
Share of net profit (loss) for the year	(12,423)	(3,475)
		(Continued)

	For the Year Ended December 31	
	2025	2024
Remeasurement on defined benefit plans	85	31
Increase in non-controlling interests arising from acquisition of a subsidiary (Note 29)	63,966	-
Balance at December 31	$ 53,736	$ 1,586
		(Concluded)

g. Treasury shares

Reason for repurchase	Transfer of shares to employees (thousand shares)
Number of shares as of January 1, 2025	-
Increase during the year	3,000
Number of shares as of December 31, 2025	3,000

To motivate employees and enhance employee cohesion, the Company's Board of Directors resolved in May 2025 to repurchase 3,000 thousand shares of the Company's common stock from the open market for transfer to employees. The expected repurchase price range was between NT$16.95 and NT$33.90 per share. If the market price of the Company's shares fell below the lower limit of the prescribed price range, the Company would continue to execute the share repurchase. The repurchase period was from May 12, 2025 to July 11, 2025, and the repurchase program was completed on July 2, 2025.

In accordance with the Securities and Exchange Act, treasury shares held by the Company may not be pledged and are not entitled to shareholders' rights, including the distribution of dividends and voting rights.

The aforementioned treasury shares shall be transferred to employees within five years from the repurchase date. Any shares not transferred within the prescribed period shall be deemed unissued shares of the Company, and the Company shall complete the relevant amendment registration accordingly.

25. OPERATING REVENUE

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable, long-term notes and accounts receivables	$ 2,186,650	$ 2,258,653	$ 2,709,942
Contract liabilities			
Sales of goods	$ 801,149	$ 897,376	$ 850,990

b. Disaggregation of revenue

	Reportable Segments			
	Machine Manufacturer	Component Manufacturer	Others	Total
For the Year Ended December 31, 2025				
Revenue from sale of goods	$4,132,922	$ 176,667	$ 97,632	$4,407,221
Revenue from maintenance and rebuilding services	868,337	29	84,075	952,441
	$5,001,259	$ 176,696	$ 181,707	$5,359,662
For the Year Ended December 31, 2024				
Revenue from sale of goods	$4,200,691	$ 291,155	$ 220,757	$4,712,603
Revenue from maintenance and rebuilding services	910,673	47,792	68,281	1,026,746
	$5,111,364	$ 338,947	$ 289,038	$5,739,349

26. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2025	2024
Rental income	$ 38,448	$ 77,614
Dividend income	5,980	7,007
Government subsidy income	3,386	4,144
Electricity income from investment Property	64,028	10,862
Gain on debt restructuring (note 19)	61,963	-
Recover accounts written off in previous years	-	10,303
VAT refund income	8,663	13,048
Others	50,023	61,358
	$ 232,491	$ 184,336

b. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net foreign exchange gain (loss)	$ 39,032	$ 59,297
Loss on financial instruments at fair value through profit (loss)	-	406
Gain (loss) on disposal of property, plant and equipment	(13,242)	(11,029)
Net loss on disposal of intangible assets	-	(185)
Gain on disposal of non-current assets held for sale (note 11)	1,155,984	-
Depreciation expense	($ 11,964)	($ 19,067)
Gain on lease modification (notes 16 and 17)	16,662	-
Impairment loss on property, plant and equipment (note 15)	(6,421)	(14,727)
Impairment loss on investments accounted for using the equity method (note 13)	(13,624)	-
Expected credit losses (note 9)	(45,458)	-
Restructuring expenses	-	(73,748)
Others	(2,968)	(14,499)
	$ 1,118,001	($ 73,552)

The components of net foreign exchange (loss) gain were as follows:

	For the Year Ended December 31	
	2025	2024
Foreign exchange gain	$ 156,611	$ 85,661
Foreign exchange loss	(117,579)	(26,364)
Net foreign exchange gain (loss)	$ 39,032	$ 59,297

c. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	$ 107,804	$ 107,987
Interest on lease liabilities	10,431	15,829
Others	3,516	1,274
	$ 121,751	$ 125,090

d. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Depreciation and amortization expenses		
Property, plant and equipment	$ 147,798	$ 171,769
Right-of-use assets	45,481	46,968
Investment properties	9,303	17,054
Intangible assets	22,945	23,351
Others	12,525	14,433
	$ 238,052	$ 273,575
An analysis of depreciation by function		
Operating costs	$ 98,827	$ 105,999
Operating expenses	91,791	110,725
Non-operating expenses	11,964	19,067
	$ 202,582	$ 235,791
An analysis of amortization by function		
Operating costs	$ 17,135	$ 19,636
Operating expenses	18,335	18,148
	$ 35,470	$ 37,784

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2025	2024
Direct operating expenses of investment properties that generated rental income	$ 10,540	$ 20,865

f. Employee benefits

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	$ 1,420,308	$ 1,526,132
Post-employment benefits		
Defined contribution plans	75,084	74,688
Defined benefit plans (Note 23)	2,283	3,597
	77,367	78,285
	$ 1,497,675	$ 1,604,417
Analysis of employee benefits by function		
Operating costs	$ 975,613	$ 1,087,368
Operating expenses	522,062	517,049
	$ 1,497,675	$ 1,604,417

g. Employees' compensation and remuneration of directors and supervisors

The Company appropriates employee compensation and directors' remuneration based on the profit before tax for the current year prior to the deduction of employee compensation and directors' remuneration, at rates of no less than 1% and no more than 5%, respectively.

Pursuant to the amendment to the Securities and Exchange Act in August 2024, the Company's shareholders resolved at the shareholders' meeting held in June 2025 to amend the Articles of Incorporation, stipulating that no less than 40% of the aforementioned employee compensation shall be distributed to grassroots employees.

Due to a loss in 2024, employee and director compensation was not accrued.

The employees' compensation and remuneration of directors and supervisors for 2025 had been approved by the Board of Director in March, 2026, as illustrated below:

	For the Year Ended December 31,2025
In Cash	
Employees' compensation	$ 7,241
Remuneration of directors and supervisors	8,718

The estimated employees' compensation and remuneration of directors and supervisors for 2023 and 2022 was the same as the amount approved by the Company's board of directors in March 2024 and 2023, and paid in cash.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors are available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAX

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	$ 109,919	$ 102
Income tax on unappropriated earnings	2,124	-
Adjustments for prior years	4,937	10,607
	116,980	10,709
Deferred tax		
In respect of the current year	65,308	(81,315)
Adjustments for prior years	(55,706)	(11,307)
	9,602	(92,622)
	$ 126,582	($ 81,913)

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2025	2024
Profit before income tax	$ 573,167	($ 992,224)
Income tax expense calculated at the statutory rate (loss carryforwards benefit)	124,311	(221,573)

(Continued)

	For the Year Ended December 31	
	2025	2024
Non-deductible expenses in determining taxable income	(45,141)	(10,665)
Unrecognized loss carryforward	97,074	152,328
Tax-exempt income	(1,017)	(1,303)
Income tax on unappropriated earnings	2,124	-
Adjustments for prior years	(50,769)	(700)
	$ 126,582	($ 81,913)
		(Concluded)

b. Income tax benefit (expense) recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
Deferred tax		
In respect of the current period		
Translation of foreign operations	($ 21,475)	$ 8,658
Remeasurement on defined benefit plans	1,545	2,370
	($ 19,930)	$ 11,028

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	$ 33,930	$ 37,080
Current tax liabilities		
Income tax payable	$ 114,237	$ 2,305

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Write-downs of inventory	$ 201,240	$ 9,798	$ -	$ 39	$ 211,077
Allowance for bad debts	75,552	1,197	-	117	76,866
Share of loss of foreign subsidiaries	$ 168,042	$ -	$ -	$ -	$ 168,042
Exchange difference on translating foreign operations	27,881	-	21,475	-	49,356
Defined benefit plan	3,451	(1,688)	(1,545)	-	218
Provisions	16,463	1,408	-	37	17,908
Loss carryforwards	15,965	(13,120)	-	-	2,845
Others	23,236	(7,079)	-	703	16,860
	$ 531,830	($ 9,484)	$ 19,930	$ 896	$ 543,172
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 61,301	$ -	$ -	$ -	$ 61,301
Others	2,270	118	-	71	2,459
	$ 63,571	$ 118	$ -	$ 71	$ 63,760

For the Year Ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Write-downs of inventory	$124,436	$ 76,461	$ -	$ 343	$201,240
Allowance for bad debts	66,592	8,014	-	946	75,552
Share of loss of foreign subsidiaries	168,042	-	-	-	168,042
Exchange difference on translating foreign operations	36,539	-	(8,658)	-	27,881
Defined benefit plan	8,574	(2,753)	(2,370)	-	3,451
Provisions	15,861	380	-	222	16,463
Loss carryforwards	9,838	6,127	-	-	15,965
Others	17,790	5,303	-	143	23,236
	$447,672	$ 93,532	($ 11,028)	$ 1,654	$531,830
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 61,301	$ -	$ -	$ -	$ 61,301
Others	1,340	910	-	20	2,270
	$ 62,641	$ 910	$ -	$ 20	$ 63,571

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2025	2024
Subsidiary		
Loss carryforwards	$ 131,994	$ 485,925

The unrecognized loss carryforwards will expire through 2037.

f. Information about unused loss carryforwards

As of December 31, 2025, loss carryforwards comprised of the following:

Unused Amount	Expiry Year
$ 5,177	2026
5,546	2027
18,309	2031
3,700	2032
15,231	2033
12,872	2034
19,268	2035
1,015,141	Over 2035
$ 1,095,244	

g. Summary Amount of Temporary Differences Related to Investments for which Deferred Tax Assets Have Not Been Recognized

As of December 31, 2025 and 2024, the temporary differences related to investments in subsidiaries for which deferred tax assets have not been recognized amounted to NT$322,563 thousand and NT$263,960 thousand.

h. Income tax assessments

The income tax returns of the Company and the subsidiaries (included Potzu, APEC, Quick-Tech, Tongfong and Tong-Yeh) through 2023 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2025	2024
Attributable to owners of the Company	$ 459,008	($ 906,836)

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827
Less: Treasury shares	1,623	-
Weighted average number of ordinary shares in computation of basic earnings per share	253,204	254,827
Effect of potentially dilutive potential ordinary shares:		
Employees' compensation	232	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	253,436	254,827

Due to a net loss incurred in 2024, the calculation of diluted loss per share would result in anti-dilution; therefore, diluted loss per share was not calculated.

Since the Company offered to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. DISPOSAL OF SUBSIDIARY

a. Acquisition of a subsidiary

	Principal Operating Activities	Acquisition Date	Voting Ownership Interest (%)	Consideration Transferred
POTZU Co., Ltd.	Manufacturing and processing of metal part	February 2025	60	$132,000

In February 2025, the Company participated in a cash capital increase of POTZU Co., Ltd. as part of its ongoing efforts to expand the Group's operating scale and product portfolio.

b. Consideration transferred

	Potzu
Cash	$ 132,000

c. Assets acquired and liabilities assumed at the acquisition date

	Potzu
Current assets	
Cash	$ 60,325
Notes receivable	1,688
Accounts receivable	36,239
Other receivables	748
Inventories	25,968
Other current assets	4,169
Non-current assets	
Property, plant and equipment	211,619
Right-of-use assets	20,249
Intangible assets	6,761
Other non-current assets	18,518
Current Liabilities	
Short-term borrowings	($ 57,917)
Notes payable	(26,773)
Accounts payable	(9,314)
Other payables	(14,561)
Current income tax liabilities	(50)
Lease liabilities – current	(5,143)
Other current liabilities	(457)
Non-current liabilities	
Long-term borrowings	($ 96,860)
Lease liabilities – non-current	(15,294)
	$ 159,915

d. Non-controlling interest

The non-controlling interest in POTZU Co., Ltd. (40% ownership interest) is measured at the proportionate share of the acquiree's identifiable net assets recognized.

e. Goodwill arising from acquisition

	Potzu
Consideration transferred	$ 132,000
Add: Non-controlling interest	63,966
Less: Fair value of identifiable net assets acquired	(159,915)
Goodwill arising from acquisition	$ 36,051

Goodwill arising from the acquisition of POTZU Co., Ltd. mainly represents a control premium. However, as of the balance sheet date, the accounting treatment is provisional, and the required valuation of fair value and allocation of the acquisition premium have yet to be completed.

The goodwill arising from the business combination is not expected to be deductible for tax purposes.

f. Net Cash Outflow on Acquisition of Subsidiary

	February 14, 2025 (Acquisition date)
Cash consideration paid	$ 132,000
Less: Cash and cash equivalents acquired	(60,325)
	$ 71,675

g. Impact of Business Combination on Operating Results

From the acquisition date, the operating results of the acquiree are as follows:

	Potzu
Operating revenue	$ 120,428
Net loss for the period	($ 23,327)

Had the acquisition of POTZU Co., Ltd. occurred on January 1, 2025, the pro forma consolidated operating revenue and net profit of the Company and its subsidiaries for the period from January 1 to December 31, 2025 would have been NT$5,371,944 thousand and NT$440,112 thousand, respectively.

These amounts do not reflect the actual revenues and operating results that would have been generated had the business combination been completed at the beginning of the acquisition year, and should not be used as a basis for forecasting future operating results.

30. NON-CASH TRANSACTIONS

For the years ended December 31, 2025 and 2024, the Company and its subsidiaries entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Year Ended December 31	
	2025	2024
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	$ 204,804	$ 93,408
Decrease (increase) of payable for equipment	(3,654)	3,168
Increase (decrease) of prepayment for equipment	33,764	6,170
Cash paid	$ 234,914	$ 102,746
Investing activities affecting both cash and non-cash items		
Acquisition of intangible assets	$ 30,153	$ 16,531
Increase in prepayments	8,415	-
Cash paid	$ 38,568	$ 16,531

31. CAPITAL MANAGEMENT

The Company and its subsidiaries manage their capital to ensure that, as a whole, they will be able to continue as going concerns; they use operating capital effectively and optimize debt and equity balance.

The key management personnel of the Company and its subsidiaries reviews the capital structure periodically. As part of the review, the key management personnel considers the

cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company and its subsidiaries may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The capital structure of the Company and its subsidiaries consists of net debt and equity. It is the policy of the Company and its subsidiaries to monitor and comply with the terms of loan agreements (refer to Note 18).

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the Company and its subsidiaries believe the carrying amounts of financial asset and liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Domestic listed shares	$ 338,442	$ -	$ -	$ 338,442
Domestic unlisted shares	-	-	363,741	363,741
	$ 338,442	$ -	$ 363,741	$ 702,183

(Continued)

December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Domestic listed shares	$ 380,878	$ -	$ -	$ 380,878
Domestic unlisted shares	-	-	30,454	30,454
	$ 380,878	$ -	$ 30,454	$ 411,332

(Concluded)

There was no transfer between Level 1 and Level 2 for the 2025 and 2024.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the Year Ended December 31, 2024

	Equity Instruments	
	Financial Assets at FVTOCI	
Financial assets	2025	2024
Balance at January 1, 2025	$ 30,454	$ 32,084
Purchase	343,919	-
Disposal	(5,795)	-
Change in fair value recognized in other comprehensive income	(4,837)	(1,630)
Balance at December 31, 2025	$ 363,741	$ 30,454

3) Valuation techniques and input applied for the purpose of measuring Level 2 fair value measurement.

Derivative instruments used the quoted price of bank as the basis of the fair values.

4) Valuation techniques and assumptions applied for the purpose of measuring Level 3 fair value measurement.

If there are no market price for reference, fair values were estimated by assessment approach.

For unlisted shares, fair values were determined based on the net worth of companies. For CNY floating rate financial products, fair values were estimated on the basis of expected rate of return.

c. Categories of financial instruments

	December 31	
	2025	**2024**
Financial assets		
Financial assets at amortized cost (1)	$ 3,658,601	$ 3,534,672
Financial assets at FVTOCI		
Equity instruments	702,183	411,332
Financial liabilities		
Financial liabilities at amortized cost (2)	6,224,018	5,962,654

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, Non-current financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables, long-term borrowings (including those due in one year) and deposits received.

d. Financial risk management objectives and policies

The Company and its subsidiaries' major financial instruments include equity investments, notes, accounts receivable, long-term notes and accounts receivable, accounts payable, short-term and long-term borrowings, short-term bills payable and lease liabilities. The Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company and its subsidiaries minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company and its subsidiaries' policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company and its

subsidiaries do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price (refer to (c) below).

There has been no change to the Company and its subsidiaries' exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing Foreign exchange forward contracts and cross-currency swap contract.

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 37.

The Company and its subsidiaries are mainly exposed to fluctuations in the exchange rates of the U.S. dollar, Renminbi, and Euro. The table below provides a detailed sensitivity analysis showing the increase or decrease in profit or loss before tax when the exchange rates between the Company's and its subsidiaries' functional currencies and the relevant foreign currencies appreciate by 3%. The 3% rate represents the sensitivity ratio used by the Company and its subsidiaries when reporting exchange rate risk to key management personnel, and also reflects management's assessment of reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items.

	USD Impact		CNY Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024	2025	2024
Profit or loss (Note)	($28,280)	($16,766)	($16,127)	($17,996)	($15,453)	($13,629)

Note: These were mainly attributable to the exposure of the USD, CNY and EUR (including cash and cash equivalent, accounts receivable and payable (including related parties), other receivable, other payable and short-term and long-term borrowings), which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Foreign currency sales change according to customer order and business cycle.

b) Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk because the Company and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Company and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	$ 51,826	$ 51,442
Financial liabilities	383,189	796,183
Cash flow interest rate risk		
Financial liabilities	4,156,109	3,787,085

The sensitivity analysis below was determined based on the Company and its subsidiaries' exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. The interest rates change of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been 1% higher/lower and all other variables were held constant, the Company and its subsidiaries' pre-tax profit and loss would have been lower/higher by NT$41,561 thousand and higher/ lower NT$37,871 thousand for the years ended December 31, 2025 and 2024, respectively.

c) Other price risk

The Company are exposed to equity price risk through their investments in domestic listed shares.

If domestic listed shares equity prices had been 1% higher/lower, the other comprehensive income (loss) for the years ended December 31, 2025 and 2024 would have been higher/lower by NT$ 3,384 thousand and NT$3,809 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and its subsidiaries. As of the balance sheet date, the Company and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Company and its subsidiaries adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company and its subsidiaries' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Except for the following customer, the Company and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

3) Liquidity risk

The Company and its subsidiaries manage liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the

Company and its subsidiaries' operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Company and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company and its subsidiaries can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the balance sheet date.

For the Year Ended December 31, 2025

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$1,771,723	$ 3,788	$ -	$1,775,511
Interest bearing liabilities	3,375,336	979,376	208,520	4,563,232
Finance lease liabilities	37,980	91,727	223,976	353,683
	$5,185,039	$1,074,891	$ 432,496	$6,692,426

Further information for maturity analysis of lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 37,980	$ 91,727	$ 87,269	$ 85,294	$ 51,413	$ -

For the Year Ended December 31, 2024

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$1,932,002	$ 8,849	$ -	$1,940,851
Interest bearing liabilities	3,219,322	695,363	101,187	4,015,872
Finance lease liabilities	53,382	176,112	691,411	920,905
	$5,204,706	$ 880,324	$ 792,598	$6,877,628

Further information for maturity analysis of lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 53,382	$176,112	$179,331	$173,093	$139,648	$199,339

e. Transferred Financial assets

The subsidiary Suzhou Tongyu signed a discounted notes receivable contract with the bank. According to the contract, if the bank acceptance receivable cannot be collected when expires, the assignee has the right to require the subsidiary Suzhou Tongyu to pay the outstanding balance. Therefore, the subsidiary Suzhou Tongyu did not transfer the significant risks and rewards of the bank acceptance receivable, and continued to recognize all bank acceptance receivable and used the transferred bank acceptance receivable as collateral for borrowings.

For the year ended December 31, 2025 and 2024, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT$171,768 thousand and NT$$43,712 thousand, respectively, and related debt were NT$171,768 thousand and NT$$43,712 thousand, respectively.

33. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its subsidiaries and other related parties are disclosed below:

a. The name of the related parties and their relationships with the Company and its subsidiaries

Related Party Name	Relationship
Contrel Technology Co., Ltd.	Other related parties
F.S.E Corporation	Other related parties
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
Honor Seiki Co., Ltd. (Honor Seiki)	Other related parties (lost control in November 2023)
Ruei Yang Precision Co., Ltd. (Ruei Yang)	Other related parties
Printin3d DigiTech Co., Ltd.	Other related parties
San Shin Co., Ltd. (San Shin)	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party
Lerinc Werkzeugmaschinen & Automation GmbH（LWA）	Substantial related party

b. Sales of goods

		For the Year Ended December 31	
Account Item	Related Party Type	2025	2024
Revenues from sales	Other related parties	$ 39,434	$ 56,176

Sales to related parties are made at arm's length and the collection terms have no material difference with unrelated parties.

c. Purchase of goods

	For the Year Ended December 31	
Related Party Type	2025	2024
Other related parties	$ 107,740	$ 317,834

The purchase prices and payment term have no material difference with unrelated parties.

d. Receivables from related parties

		December 31	
Account Item	Related Party Type	2025	2024
Accounts receivable - related parties	Other related parties	$ 20,752	$ 12,527
Other accounts receivable	Other related parties	$ 12,235	$ 7,452
Less: Allowance for Losses	Other related parties (note 9)	1,178	-
		$ 11,057	$ 7,452

e. Loans to related parties

Account Item	Related Party Type	December 31, 2025
Other receivables	Substantive related party－LWA	$ 44,280
Other receivables	Substantive related party－other	2,711
Less: Allowance for losses	Substantive related party－LWA (note 9)	44,280
		$ 2,711

Account Item	Related Party Type	For the Year Ended December 31, 2025
Interest Income	Substantive related party－LWA	$ 1,136
Interest Income	Substantive related party－other	70
		$ 1,206

f. Payables to related parties

		December 31	
Account Item	Related Party Type	2025	2024
Notes payable - related parties	Honor Seiki	$ 19,086	$ 8,879
	Other	68	-
		$ 19,154	$ 8,879
Accounts payable - related parties	Other related parties		
	Honor Seiki	$ 18,320	$ 109,772
	Shiang Jen	8,284	28,350
	Shan Shin	13,563	14,475
	Other	1,049	7,718
		$ 41,216	$ 160,315
Other accounts payable	Other related parties	$ 213	$ 277

g. Contract liabilities

		December 31	
Account Item	Related Party Type	2025	2024
Contract liabilities - current	Other related parties	$ -	$ 3,514

h. Prepayments

		December 31	
Account Item	Related Party Type	2025	2024
Prepayment for purchases	Other related parties	$ 11,428	$ 15,390

i. Other transactions with related parties

1) Service fee (recognized as selling and marketing expenses)

	For the Year Ended December 31	
Related Party Type	2025	2024
Other related parties	$ 92	$ 833

2) Commission expense (recognized as selling and marketing expenses)

	For the Year Ended December 31	
Related Party Type	**2025**	**2024**
Other related parties	$ 82	$ 848

3) Rental income

	For the Year Ended December 31	
Related Party Type	**2025**	**2024**
Other related parties		
Shiang Jen	$ 5,640	$ 5,520
Others	667	286
	$ 6,307	$ 5,806

The above rent was determined by negotiation and collected according to the contract. The contract price is comparable to the prices of similar contracts in the area.

j. Compensation of key management personnel

	For the Year Ended December 31	
	2025	**2024**
Short-term employee benefits	$ 12,746	$ 10,985
Post-employment benefits	329	486
	$ 13,075	$ 11,471

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries' assets mortgaged or pledged as collateral for financial derivatives, short-term and long-term borrowings, lease of land at Kaohsiung Science Park, Southern Science Industrial Park, and banker's guarantee were as follows:

	December 31	
	2025	**2024**
Notes receivable	$ 171,768	$ 43,712
Property, plant and equipment	942,332	801,436
Investment properties	133,120	123,044
Other financial assets (including current and non-current portion)	76,531	172,655
	$ 1,323,751	$ 1,140,847

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 17, significant commitments and contingencies of the Company and its subsidiaries as of December 31, 2025 were as follows:

a. Unused letters of credit in the amount of NT$ 16,484 thousand.

b. For sales, bidding, export tariff and commodity tax, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT$ 179,513 thousand.

36. SIGNIFICANT SUBSEQUENT EVENT

In response to the Group's operational and funding needs in the European region, TTGroup Technologies, a subsidiary of the Group, resolved at a board meeting held in March 2026 to increase the capital of its subsidiary, CERIMATEC, by a total of EUR 2.8 million.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2025				
Monetary foreign currency assets				
USD	$ 37,029	31.43	(USD: NTD)	$ 1,163,821
USD	498	4.202	(USD: MYR)	15,652
USD	1,904	6.991	(USD: CNY)	59,843
CNY	122,789	4.496	(CNY: NTD)	552,059
EUR	19,026	36.90	(EUR: NTD)	702,059
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	$ 7,290	7.481	(MYR: NTD)	$ 54,540
Monetary foreign currency liabilities				
USD	8,470	31.43	(USD: NTD)	266,212
USD	968	4.202	(USD:MYR)	30,424
CNY	3,226	4.496	(CNY: NTD)	14,504
EUR	5,067	36.90	(EUR: NTD)	186,972
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	8,538	36.90	(EUR: NTD)	315,036
December 31, 2024				
Monetary foreign currency assets				
USD	24,742	32.785	(USD: NTD)	811,166
USD	90	0.96	(USD: EUR)	2,951
USD	492	4.64	(USD: MYR)	16,130
USD	2,723	7.321	(USD: CNY)	89,274
CNY	137,671	4.478	(CNY: NTD)	616,491
EUR	15,613	34.14	(EUR: NTD)	533,028
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	7,748	7.066	(MYR: NTD)	54,743
Monetary foreign currency liabilities				
USD	8,351	32.785	(USD: NTD)	273,788
USD	2,586	0.96	(USD: EUR)	84,782
USD	63	4.64	(USD:MYR)	2,065

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
USD	1	7.321	(USD:CNY)	33
CNY	3,713	4.478	(CNY: NTD)	16,627
EUR	2,658	34.14	(EUR: NTD)	90,744
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	6,152	34.14	(EUR: NTD)	210,016

(Concluded)

The total foreign exchange net gain (loss) amounted to NT$39,032 thousand and 59,297 thousand for the years ended December 31, 2025 and 2024, respectively. It is impractical to disclose the net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

38. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

1) Financial provided: Please see Table 1 attached;

2) Endorsement/guarantee provided: Please see Table 2 attached;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;

4) Total purchase from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

6) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 6 attached;

b. Information about Subsidiaries: Please see Table 7 attached;

c. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None;

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 4 and 5 attached;

c) The amount of property transactions and the amount of the resultant gains or losses: None;

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Company and its subsidiaries were as follows:

- Machine Manufacturer Segment: Including the Company, Suzhou Tongyu, APEC, PCI-SCEMM, CERIMATEC and Anger, which are engaging in the manufacturing and selling of machine tools and after-sales service.
- Component Manufacturer Segment: Including Tongfong, Tong-Yeh, Potzu and SKTD, mainly engage in sales and manufacturing of parts, mold and maintenance of machine tool.
- Others: Apart from the aforementioned segments, mainly engage in sales of machines, and holding investment and so on.

a. Segment revenues and operating results

	Machine Manufacturer	Component Manufacturer	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2025					
Revenues from external customers	$ 5,001,259	$ 176,696	$ 181,707	$ -	$ 5,359,662
Inter-segment revenues	332,507	104,090	59,741	(496,338)	-
Segment revenues	$ 5,333,766	$ 280,786	$ 241,448	($ 496,338)	$ 5,359,662
Segment profit (loss)	($ 704,017)	($ 20,379)	($ 17,543)	$ 30,446	($ 711,493)
Interest income	34,711	314	7,617	(23,385)	19,257
Financial costs	(116,235)	(6,608)	(22,293)	23,385	(121,751)
Share of the profit of associates and subsidiaries	36,662	-	-	-	36,662
Other non-operating income and expenses	1,414,450	10,925	(68,951)	(5,932)	1,350,492
Profit (loss) before income tax	665,571	(15,748)	(101,170)	24,514	573,167
Income tax expense (benefit)	123,514	38	3,030	-	126,582
Net profit (loss) for the year	$ 542,057	($ 15,786)	($ 104,200)	$ 24,514	$ 446,585
For the Year Ended December 31, 2024					
Revenues from external customers	$ 5,111,364	$ 338,947	$ 289,038	$ -	$ 5,739,349
Inter-segment revenues	419,972	112,735	95,325	(628,032)	-
Segment revenues	$ 5,531,336	$ 451,682	$ 384,363	($ 628,032)	$ 5,739,349
Segment profit (loss)	($ 1,042,647)	($ 39,307)	($ 7,563)	$ 16,904	($ 1,072,613)
Interest income	40,970	149	7,835	(34,464)	14,490
Financial costs	(125,500)	(4,290)	(29,764)	34,464	(125,090)
Share of the profit of associates and subsidiaries	80,205	-	-	-	80,205
Other non-operating income and expenses	134,224	(8,527)	(1,496)	(13,417)	110,784
Profit (loss) before income tax	(912,748)	(51,975)	(30,988)	3,487	(992,224)
Income tax expense (benefit)	(88,377)	1,192	5,272	-	(81,913)
Net profit (loss) for the year	($ 824,371)	($ 53,167)	($ 36,260)	$ 3,487	($ 910,311)

Segment profit represented the profit from operations earned by each segment and was

the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2025	2024
Segment assets		
Machine Manufacturer	$ 14,179,635	$ 13,897,665
Component Manufacturer	518,529	354,384
Others	1,361,143	1,791,266
Adjustment and Elimination	(3,518,627)	(3,736,251)
	$ 12,540,680	$ 12,307,064
Segment liabilities		
Machine Manufacturer	$ 8,197,522	$ 8,277,351
Component Manufacturer	347,193	312,512
Others	796,446	639,672
Adjustment and Elimination	(1,642,552)	(1,346,454)
	$ 7,698,609	$ 7,883,081

c. Revenues from major products and services

Revenues from major products and services of the Company and its subsidiaries were as follows:

	For the Year Ended December 31	
	2025	2024
Sales		
Machining Center	$ 2,756,299	$ 2,653,480
CNC Lathe	944,786	1,158,905
Special Purpose Machine	527,342	260,832
PCB Processing Machine	86,911	552,058
Others	91,883	87,328
Maintenance and rebuilding revenues	952,441	1,026,746
	$ 5,359,662	$ 5,739,349

d. Geographical information

The Company and its subsidiaries operate in three principal geographical areas - Taiwan, Asia and Europe.

The Company and its subsidiaries' revenues from continuing operations from external customers and information about their non-current assets by geographical location are detailed below:

	Revenues from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	$ 321,580	$ 860,902	$ 1,832,665	$ 1,915,344
China	2,358,251	2,066,166	347,020	320,488
Europe	1,715,092	1,549,624	303,559	317,386
Asia	750,353	1,033,083	76,025	76,614
Others	214,386	229,574	458	670
	$ 5,359,662	$ 5,739,349	$ 2,559,727	$ 2,630,502

Non-current assets excluded financial assets, investment accounted for using the equity method, deferred tax assets, net defined benefit assets and advances for investments.

e. Geographical information

No revenue from any individual customer exceeds 10% of the Company and its subsidiaries' total revenues for the years ended December 31, 2025 and 2024.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 4)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	Other receivables - related party	Yes	$ 155,776	$ 29,503	$ 7,380	2.07～4	Note 1	$ -	Operating capital	$ -	-	$ -	$ 478,833	$ 957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	68,922	59,717	29,859	4.2	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	309,960	309,960	309,960	2.004～3.022	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	153,620	150,864	75,432	4.2	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	91,460	89,920	89,920	1.95	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	CERIMATEC	Other receivables - related party	Yes	169,670	103,320	103,320	2.036～2.44	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	TTGroup France	Other receivables - related party	Yes	7,280	-	-	-	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	TTGroup Technologies	Other receivables - related party	Yes	92,250	92,250	92,250	2.07	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Other receivables - related party	Yes	40,000	40,000	12,100	1.9	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Potzu Co., Ltd.	Other receivables - related party	Yes	20,000	20,000	14,000	2.22	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
0	Tongtai Machine & Tool Co., Ltd.	PT TONG-TAI SEIKINDO	Other receivables - related party	Yes	3,126	3,126	2,711	4	Note 1	-	Operating capital	-	-	-	478,833	957,667	Note 2
1	Union Top	mbi-group Beteiligung GmbH	Other receivables - related party	Yes	36,900	36,900	36,900	4.7	Note 1	-	Operating capital	-	-	-	88,194	176,387	Note 3
1	Union Top	PCI-SCEMM	Other receivables - related party	Yes	36,400	7,380	7,380	3.1	Note 1	-	Operating capital	-	-	-	88,194	176,387	Note 3
1	Union Top	TTGROUP AMERICA, INC.	Other receivables - related party	Yes	14,942	14,144	14,144	6.5	Note 1	-	Operating capital	-	-	-	88,194	176,387	Note 3
1	Union Top	Lerinc Werkzeugmaschinen & Automation GmbH	Other receivables - related party	Yes	44,280	44,280	44,280	5.26	Note 1	-	Operating capital	44,280	-	-	88,194	176,387	Note 3
1	Union Top	CERIMATEC	Other receivables - related party	Yes	18,450	18,450	18,450	3.1	Note 1	-	Operating capital	-	-	-	88,194	176,387	Note 3
1	Union Top	TTGroup France	Other receivables - related party	Yes	7,380	-	-	-	Note 1	-	Operating capital	-	-	-	88,194	176,387	Note 3

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral	Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note	No.
													Item	Value			
2	TTGroup Technologies	PCI-SCEMM	Other receivables - related party	Yes	$ 18,200	$ -	$ -	-	Note 1	$ -	Operating capital	-		-	$ 78,041	$ 156,083	Note 3
3	PCI-SCEMM	CERIMATEC	Other receivables - related party	Yes	36,400	-	-	-	Note 1	-	Operating capital	-		-	24,758	49,516	Note 3
3	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	7,280	-	-	-	Note 1	-	Operating capital	-		-	24,758	49,516	Note 3

Note 1: The need for short-term financing.

Note 2: According to the "Procedures for Lending Funds to Other Parties" established by the Company, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 3: According to the "Procedures for Lending Funds to Other Parties" established by the subsidiaries, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 4: Except for PT TONG-TAI SEIKINDO and Lerinc Werkzeugmaschinen & Automation GmbH, all intercompany transactions were eliminated upon consolidation.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	The Company owns directly or indirectly over 50% ownership of the investee company	$ 1,436,500	$ 512,353	$ 484,965	$ 356,702	$ -	10.13	$ 2,394,167	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,436,500	797,040	797,040	535,050	-	16.65	2,394,167	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,436,500	235,000	235,000	78,150	-	4.91	2,394,167	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,436,500	57,820	-	-	-	-	2,394,167	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	A company in which more than 50% of the voting shares are directly or indirectly held by the Company	1,436,500	25,000	25,000	15,500	-	0.52	2,394,167	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	A company in which more than 50% of the voting shares are directly or indirectly held by the Company	1,436,500	33,205	31,430	-	-	0.66	2,394,167	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Potzu Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,436,500	310,000	310,000	130,273	-	6.47	2,394,167	Y	-	-	

Note: According to the "Procedures for Making Endorsements and Guarantees" established by the Company, the ceilings on the amounts to make endorsements/guarantees are as follows,

1. For Tongtai Machine & Tool Co., Ltd.,

   (1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.

   (2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.

2. For Tongtai Machine & Tool Co., Ltd. and subsidiaries,

   (1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.

   (2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.

   (3) Except for (1) and (2), the total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).

TABLE 3

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2025				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Tongtai Machine & Tool Co., Ltd.	Common stock							
	Contrel Technology Co., Ltd.	Same president	Financial assets at fair value through other comprehensive income – non-current	6,849,178	$ 323,966	4	$ 323,966	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non-current	280,000	14,476	1	14,476	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non-current	295,371	13,334	4	13,334	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	229,729	6,488	1	6,488	
	YEONG CHIN MACHINERY INDUSTRIES CO., LTD.		Financial assets at fair value through other comprehensive income - non-current	5,667,800	313,619	10	313,619	
	PHROZEN TECH CO., LTD.		Financial assets at fair value through other comprehensive income - non-current	600,000	30,300	2	30,300	
					$ 702,183		$ 702,183	
	Financial bond CATLIF_5.8_050934		Financial assets at amortized cost - non-current	-	$ 31,430	-	$ 31,430	

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Related Party	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Purchase/Sale Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	Sales	($ 142,753)	7.45	Comparable with ones of non-related party transactions	$ -	-	$ 77,993	9.25	Note

Note: All the transactions had been eliminated when preparing consolidated financial statements.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 4)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	$ 169,291 (Note 1)	1.18	$ -	-	$ 20,041	$ -
	Anger Machining GmbH	Subsidiary	321,190 (Note 2)	2.22	-	-	-	-
	CERIMATEC	Subsidiary	104,464 (Note 3)	-	-	-	-	-

Note 1: Including accounts receivable amounted of NT$77,993 thousand and other receivable amounted of NT$91,298 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT$3,236thousand and other receivable amounted of NT$317,954 thousand. Other receivable was excluded in the calculation turnover rate.

Note 3: Turnover ratio calculation was not applicable as all balances were other receivables.

Note 4: All the transactions had been eliminated when preparing consolidated financial statements.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues or Assets
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Accounts receivable	$ 77,993	Based on contracts	0.62
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Other Receivables – Others	91,298	Based on contracts and BOD resolution	0.73
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	142,753	Based on contracts	2.66
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	Parent to subsidiary	Other Receivables – Others	317,954	Based on contracts and BOD resolution	2.54
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other Receivables – Others	78,531	Based on contracts and BOD resolution	0.63
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other Receivables – Others	104,464	Based on contracts and BOD resolution	0.83
0	Tongtai Machine & Tool Co., Ltd.	CERIMATEC	Parent to subsidiary	Other Receivables – Others	93,427	Based on contracts and BOD resolution	0.74
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	67,913	Based on contracts	1.27
2	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Subsidiary to Subsidiary	Other Receivables – Others	38,634	Based on contracts and BOD resolution	0.31

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	$ 560,867	$ 560,867	16,465,400	100.00	$ 880,128	($ 89,792)	($ 89,792)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	14,005	14,005	1,500,000	100.00	28,981	1,507	1,507	Note 1
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,240	409,240	14,515,634	99.83	234,221	39,482	40,192	Note 1
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	197,989	197,989	11,896,891	99.14	101,177	1,625	2,258	Note 1
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales, manufacturing and processing of machine component	28,020	28,020	1,659,790	94.58	(5,988)	11,451	10,831	Note 1
Tongtai Machine & Tool Co., Ltd.	Potzu Co., Ltd.	Chiayi City	Sales, manufacturing and processing of machine component	132,000	-	45,000	60.00	117,353	(29,800)	(13,647)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	20,092	(3,881)	(3,881)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	31,534	2,064	2,064	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co.,Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	23,346	2,046	2,046	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	13,610	(7,005)	(3,642)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	40,930	437	437	Note 1
Tongtai Machine & Tool Co., Ltd.	TTGroup America Inc.	USA	Sales of merchandise	71,667	71,667	-	100.00	(9,494)	(5,073)	(5,073)	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Mexico ,S.A. DE C.V.	Mexico	Sales and maintenance of machine tools	10,155	10,155	65,999	100.00	3,330	224	224	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(75,663)	2,453	2,453	Note 1
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	981,154	981,154	35,000	100.00	(370,048)	(277,824)	(277,824)	Note 1
Tongtai Machine & Tool Co., Ltd.	TTGroup Technologies	Austrian	General investment	171,600	-	5,000,000	100.00	130,675	55,334	55,334	Note 1
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	60,618	60,618	15,485,893	39.60	780,415	95,299	39,109	
Tongtai Machine & Tool Co., Ltd.	Ruei Yang Precision Co., Ltd.	Tainan City	Manufacturing and processing of mechanical parts	10,000	10,000	1,000,000	20.00	4,321	(13,145)	(2,629)	
Tongtai Machine & Tool Co., Ltd.	Printin3d DigiTech Co., Ltd.	Taoyuan City	Development of 3D printer of digital Implantology	10,000	10,000	1,000,000	40.00	10,193	456	182	
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-	
Tongtai Machine & Tool Co., Ltd.	Magdeburger Werkzeugmaschinen & Automation GmbH	Austrian	Sales of machine tools	13,624	-	1	20.00	-	(105,334)	-	Note 2
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	Note 1
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	13,014	(5,417)	(5,349)	Note 1

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
TTGroup Technologies	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	$ 399,492	$ -	2,050,000	100.00	$ 247,581	$ 88,414	$ 88,414	Note 1
TTGroup Technologies	TTGroup France	France	Sales of merchandise	-	-	-	-	-	(3,661)	(3,661)	Notes 1and 2
TTGroup Technologies	CERIMATEC	France	Design and development of machine tools	9,816	-	300,000	100.00	(32,024)	(5,836)	(5,836)	Notes 1and 2
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	946,577	946,577	-	100.00	(371,427)	(277,731)	(277,731)	Note 1
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	991,615	991,615	-	100.00	(304,739)	(275,111)	(275,111)	Note 1
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	-	122	-	-	-	-	-	Notes 1and 2
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	6,147	883	883	
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	-	182,200	-	-		(39,542)	(39,542)	Notes 1and 2
PCI-SCEMM	TTGroup France	France	Sales of merchandise	-	1,076	-	-		(10,458)	(10,458)	Notes 1and 2
PCI-SCEMM	CERIMATEC	France	Design and development of machine tools	-	9,816	-	-		(39,350)	(39,350)	Notes 1and 2

Note 1: All the transactions had been eliminated when preparing consolidated financial statements.

Note 2: Refer to note 12.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	$ 75,683	Investments through a holding company registered in a third region	$ 75,683	$ -	$ -	$ 75,683	($ 5,258)	100.00	($ 5,258)	$ 76,408	$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	785,750	Investments through a holding company registered in a third region	785,750	-	-	785,750	(36,431)	100.00	(36,431)	1,049,262	-	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,286	Investments through a holding company registered in a third region	6,286	-	-	6,286	(81)	100.00	(81)	9,971	-	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	78,575	Investments through a holding company registered in a third region	43,216	-	-	43,216	-	55.00	-	-	--	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Tongtai Machine & Tool Co., Ltd.	$ 910,935	$ 910,935	$ 2,873,001

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2025.

Note 2: Except for Suzhou Tongyu Machine Tool Co., Ltd., which was accounted for based on the financial statements reviewed by the Company's CPAs for the same period, the other investee companies in Mainland China were accounted for and disclosed based on financial statements for the same period that had not been reviewed by the Company's CPAs.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" shall not exceed 60% of their net worth.

Note 4: All the transactions had been eliminated when preparing consolidated financial statements.