Tongtai Machine & Tool Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2026 and 2025 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries as of June 30, 2026 and 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2026 and 2025, and related notes, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the standard on review engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated statements were not reviewed. As of June 30, 2026 and 2025, the combined total assets of these non-significant subsidiaries were NT$2,236,020 thousand and NT$3,475,604 thousand, representing 16% and 27%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT$1,473,751 thousand and NT$2,357,159 thousand, representing 17% and 30%, respectively, of the consolidated total liabilities. For the three months and six months ended June 30, 2026 and 2025, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT$(59,705) thousand, NT$(125,310) thousand, NT$(186,663) thousand and NT$(167,965) thousand, representing 12%, 24%, 40% and 37%, respectively, of the consolidated total comprehensive income.

As disclosed in Note 13 to the consolidated financial statements, certain equity-method investments were recognized and disclosed based on the investee companies' financial statements for the same periods, which were not reviewed by independent auditors. The balances of equity-method investments as of June 30, 2026 and 2025 were NT$13,639 thousand and NT$15,255 thousand, respectively. The shares of profit (loss) from equity-method investees recognized for the three months and six months ended June 30, 2026 and 2025 were a loss of

NT$396 thousand, loss of NT$940 thousan, loss of NT$1,124 thousand and a loss of NT$1,458 thousand, respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees' as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of June 30, 2026 and 2025, its consolidated financial performance for the three months ended June 30, 2026 and 2025, and its consolidated cash flows for six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As disclosed in Note 12 to the consolidated financial statements, Tongtai acquired substantive control over Potzu Precision Company through an equity acquisition in February 2025. The purchase price allocation was completed in January 2026, and accordingly the consolidated financial statements for the first quarter of 2025 have been retrospectively restated in accordance with the relevant regulations. We have reviewed the restated consolidated financial statements. Our conclusion is not modified in respect of this matter.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2026 (Reviewed) Amount	%	December 31, 2025 (Audited) Amount	%	June 30, 2025 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$1,158,164	8	$1,223,728	10	$2,004,046	16
Notes receivable, net (Notes 9 and 34)	334,739	3	376,353	3	280,141	2
Accounts receivable, net (Note 9)	1,931,283	14	1,737,719	14	1,682,345	14
Accounts receivable - related parties (Notes 9 and 33)	29,239	-	20,752	-	8,936	-
Other receivables (Note 33)	70,578	1	59,973	-	139,058	1
Current tax assets	33,189	-	33,930	-	31,408	-
Inventories (Note 10)	4,324,331	31	4,024,867	32	3,703,490	29
Other financial assets - current (Notes 14 and 34)	48,542	-	80,150	1	135,309	1
Other current assets (Notes 14 and 34)	226,012	2	161,654	1	206,804	2
Total current assets	8,156,077	59	7,719,126	61	8,191,537	65
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	1,398,046	10	702,183	6	311,454	2
Non-current financial assets at amortised cost (Note 8)	31,850	-	31,430	-	29,300	-
Investments accounted for using the equity method (Note 13)	797,666	6	794,929	6	764,586	6
Property, plant and equipment (Notes 15, 18 and 34)	1,797,568	13	1,767,657	14	1,701,461	13
Right-of-use assets (Note 16)	300,456	2	305,234	3	437,206	3
Investment properties (Notes 17 and 34)	377,860	3	380,003	3	379,130	3
Intangible assets (Note 18)	72,761	1	69,639	1	71,035	1
Deferred tax assets	536,995	4	543,172	4	568,753	5
Refundable deposits	23,578	-	21,460	-	25,805	-
Long-term notes and accounts receivable (Note 9)	107,194	1	51,826	-	50,899	-
Net defined benefit assets	5,756	-	5,566	-	3,943	-
Other financial assets - non-current (Notes 14 and 34)	109,568	1	55,210	1	61,792	1
Other non-current assets (Notes 9, 14 and 33)	63,098	-	112,725	1	92,867	1
Total non-current assets	5,622,396	41	4,841,034	39	4,498,231	35
TOTAL	$13,778,473	100	$12,560,160	100	$12,689,768	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 34)	$3,440,624	25	$3,065,748	25	$2,640,773	21
Short-term bills payable (Note 19)	-	-	-	-	79,819	1
Contract liabilities - current (Notes 25 and 33)	1,081,883	8	801,149	7	870,175	7
Notes payable (Note 20)	284,506	2	277,483	2	347,710	3
Notes payable - related parties（Notes 20 and 33）	16,448	-	19,154	-	-	-
Accounts payable (Note 20)	929,831	7	886,042	7	767,246	6
Accounts payable - related parties (Notes 20 and 33)	17,474	-	41,216	-	84,238	1
Other payables (Notes 21 and 33)	507,984	4	547,828	4	565,288	4
Dividends payable (Note 24)	251,826	2	-	-	-	-
Current tax liabilities	55,657	-	114,237	1	153,578	1
Provisions - current (Note 22)	121,400	1	126,038	1	121,663	1
Lease liabilities - current (Note 16)	17,415	-	27,358	-	32,346	-
Current portion of long-term bank borrowings (Notes 19 and 34)	552,098	4	277,067	2	313,841	2
Other current liabilities	37,495	-	38,607	-	50,694	-
Total current liabilities	7,314,641	53	6,221,927	49	6,027,371	47
NON-CURRENT LIABILITIES						
Long-term bank borrowings (Notes 19 and 34)	1,001,977	7	1,105,692	9	1,226,965	10
Deferred tax liabilities	70,881	1	63,760	1	62,976	1
Lease liabilities -noncurrent (Note 16)	295,178	2	289,456	2	419,463	3
Net defined benefit liabilities	13,767	-	13,986	-	23,793	-
Guarantee deposits received	4,013	-	3,788	-	5,623	-
Total non-current liabilities	1,385,816	10	1,476,682	12	1,738,820	14
Total liabilities	8,700,457	63	7,698,609	61	7,766,191	61
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 24 and 29)						
Ordinary shares	2,548,265	19	2,548,265	20	2,548,265	20
Capital surplus	995,261	7	1,234,496	10	1,234,496	10
Retained earnings						
Legal reserve	761,770	5	759,548	6	759,548	6
Special reserve	89,749	1	89,749	1	89,749	1
Unappropriated earnings (accumulated deficit)	(251,192)	(2)	20,483	-	213,725	1
Total retained earnings	600,327	4	869,780	7	1,063,022	8
Other equity	942,341	7	210,970	2	55,486	-
Treasury stock (Note 24)	(76,916)	(1)	(76,916)	(1)	(59,322)	-
Total equity attributable to owners of the Company	5,009,278	36	4,786,595	38	4,841,947	38
NON-CONTROLLING INTERESTS (Notes 18, 24 and 29)	68,738	1	74,956	1	81,630	1
Total equity	5,078,016	37	4,861,551	39	4,923,577	39
TOTAL	$13,778,473	100	$12,560,160	100	$12,689,768	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated August 12, 2026)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (losses) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 25 and 33)	$1,550,683	100	$1,289,977	100	$2,626,364	100	$2,810,125	100
OPERATING COSTS (Notes 10, 26 and 33)	1,274,327	82	1,096,552	85	2,219,851	85	2,312,174	82
GROSS PROFIT	276,356	18	193,425	15	406,513	15	497,951	18
REALIZED SALES PROFIT	124	-	124	-	248	-	248	-
REALIZED GROSS OPERATING PROFIT	276,480	18	193,549	15	406,761	15	498,199	18
OPERATING EXPENSES (Notes 9, 26 and 33)								
Selling and marketing expenses	170,365	11	191,017	15	316,921	12	367,823	13
General and administrative expenses	130,619	8	173,001	13	248,647	10	303,588	11
Research and development expenses	43,882	3	31,632	2	90,127	3	67,924	3
Expected credit loss	15,767	1	38,089	3	7,387	-	63,316	2
Total operating expenses	360,633	23	433,739	33	663,082	25	802,651	29
PROFIT (LOSS) FROM OPERATIONS	(84,153)	(5)	(240,190)	(18)	(256,321)	(10)	(304,452)	(11)
NON-OPERATING INCOME AND EXPENSES (Notes 10, 13, 26 and 33)								
Interest income	1,995	-	9,089	1	4,726	-	12,514	-
Other income	31,370	2	17,152	1	40,189	2	105,583	4
Other gains and losses	(5,214)	-	972,341	75	12,305	-	1,024,817	37
Finance costs	(32,578)	(2)	(33,180)	(3)	(61,517)	(2)	(63,338)	(2)
Share of profit of associates	20,713	1	(6,469)	-	25,717	1	6,550	-
Total non-operating income and expenses	16,286	1	958,933	74	21,420	1	1,086,126	39
PROFIT (LOSS) BEFORE INCOME TAX	(67,867)	(4)	718,743	56	(234,901)	(9)	781,674	28
INCOME TAX EXPENSE (BENEFIT) (Note 27)	28,327	2	107,111	9	27,715	1	137,650	5
NET PROFIT (LOSS) FOR THE PERIOD	(96,194)	(6)	611,632	47	(262,616)	(10)	644,024	23

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (losses) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 27)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	567,787	37	5,294	1	675,863	26	(99,878)	(4)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	$ 18,602	1	($ 128,608)	(10)	$ 55,044	2	($ 106,883)	(4)
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	25,814	2	-	-	21,475	1
Other comprehensive loss for the year, net of income tax	586,389	38	(97,500)	(7)	730,907	28	(185,286)	(7)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 490,195	32	$ 514,132	40	$ 468,291	18	$ 458,738	16
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	($ 94,310)	(6)	$ 616,671	48	($ 256,862)	(10)	$ 650,818	23
Non-controlling interests	(1,884)	-	(5,039)	(1)	(5,754)	-	(6,794)	-
	($ 96,194)	(6)	$ 611,632	47	($ 262,616)	(10)	$ 644,024	23
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 492,422	32	$ 518,712	40	$ 474,509	18	$ 465,041	16
Non-controlling interests	(2,227)	-	(4,580)	-	(6,218)	-	(6,303)	-
	$ 490,195	32	$ 514,132	40	$ 468,291	18	$ 458,738	16
EARNINGS (LOSSES) PER SHARE (Note 28)								
Basic	($ 0.37)		$ 2.42		($ 1.02)		$ 2.56	
Diluted	(0.37)		2.42		(1.02)		2.55	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated August 12, 2026)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Equity Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2026	$2,548,265	$1,234,496	$ 759,548	$ 89,749	$ 20,483	($ 103,948)	$ 314,918	$ 210,970	($ 76,916)	$4,786,595	$ 74,956	$4,861,551
Appropriation of 2023 earnings (Note 24)												
Legal reserve	-	-	2,222	-	(2,222)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,591)	-	-	-	-	(12,591)	-	(12,591)
	-	-	2,222	-	(14,813)	-	-	-	-	(12,591)	-	(12,591)
Cash dividends distributed from additional paid-in capital (Note 24)	-	(239,235)	-	-	-	-	-	-	-	(239,235)	-	(239,235)
Net profit (loss) for the six months ended June 30, 2026	-	-	-	-	(256,862)	-	-	-	-	(256,862)	(5,754)	(262,616)
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	55,508	675,863	731,371	-	731,371	(464)	730,907
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	(256,862)	55,508	675,863	731,371	-	474,509	(6,218)	468,291
BALANCE AT JUNE 30, 2026	$2,548,265	$ 995,261	$ 761,770	$ 89,749	($ 251,192)	($ 48,440)	$ 990,781	$ 942,341	($ 76,916)	$5,009,278	$ 68,738	$5,078,016
BALANCE AT JANUARY 1, 2025	$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 profit (loss) for the three months ended June 30, 2025	-	-	-	-	650,818	-	-	-	-	650,818	(6,794)	644,024
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(85,899)	(99,878)	(185,777)	-	(185,777)	491	(185,286)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	650,818	(85,899)	(99,878)	(185,777)	-	465,041	(6,303)	458,738
Changes in associates recognized using the equity method (Note 1324)	-	13,831	-	-	-	-	-	-	-	13,831	-	13,831
Share repurchase (Note 24)	-	-	-	-	-	-	-	-	(59,322)	(59,322)	-	(59,322)
Increase in non-controlling interests (Notes 24 and 29)	-	-	-	-	-	-	-	-	-	-	86,347	86,347
BALANCE AT JUNE 30, 2025	$2,548,265	$1,234,496	$ 759,548	$ 89,749	$ 213,725	($ 197,423)	$ 252,909	$ 55,486	($ 59,322)	$4,841,947	$ 81,630	$4,923,577

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated August 12, 2026)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	($ 234,901)	$ 781,674
Adjustments for:		
Depreciation expense	97,606	101,355
Amortization expense	20,399	18,904
Expected credit losses (profit)	7,387	63,316
Finance costs	61,517	63,338
Interest income	(4,726)	(12,514)
Dividend income	(1,063)	(975)
Share of loss (profit) of associates	(25,717)	(6,550)
Gain on disposal of property, plant and equipment	(6,195)	3,537
Gain on disposal of non-current assets held for sale	-	(1,155,984)
Impairment loss on non-financial assets	-	46,110
Gain on reversal of impairment loss on non-financial assets	(124,517)	-
Realized sales profit	(248)	(248)
Unrealized foreign exchange loss	22,103	51,064
Recognition of provisions	61,611	51,020
Gain from lease modification	-	(13,282)
Loss on disposal of inventories	146,487	-
Changes in operating assets and liabilities		
Notes receivable and long-term notes and accounts receivable	(13,754)	74,761
Accounts receivable	(234,477)	96,162
Accounts receivable - related parties	(8,487)	3,591
Other receivables	10,026	(14,010)
Inventories	(317,809)	90,305
Other current assets	(64,358)	(5,995)
Contract liabilities	280,734	(27,201)
Notes payable	7,023	(23,932)
Notes payable - related parties	(2,706)	(8,879)
Accounts payable	43,789	(133,568)
Accounts payable - related parties	(23,742)	(76,077)
Other payables	(41,004)	20,231
Provisions	(67,339)	(59,127)
Other current liabilities	(1,112)	(67,030)
Net defined benefit liabilities	(409)	(6,949)
Cash generated from operations	(413,882)	(146,953)

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TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2026	2025
Interest received	$ 7,323	$ 11,406
Dividends received	1,063	1,175
Interest paid	(59,841)	(63,331)
Income tax refunded (paid)	(72,687)	6,362
Net cash generated from operating activities	(538,024)	(191,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets measured at amortized cost	-	20,000
Increase in prepayments for investments	-	(13,624)
Net cash outflow from acquisition of subsidiaries	-	(71,675)
Proceeds from disposal of non-current assets held for sale	-	1,520,000
Acquisition of property, plant and equipment	(77,696)	(119,022)
Proceeds from disposal of property, plant and equipment	21,702	58,631
Increase in refundable deposits	(2,118)	(6,114)
Acquisition of intangible assets	(15,676)	(22,878)
Increase in other financial assets	(22,750)	-
Decrease in other financial assets	-	53,367
Increase in other non-current assets	(13,206)	-
Decrease in other non-current assets	-	3,756
Net cash used in investing activities	(109,744)	1,422,441
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,543,922	1,213,400
Repayments of short-term borrowings	(1,169,867)	(1,234,810)
Increase in short-term bills payable	80,000	79,819
Decrease in short-term bills payable	(80,000)	(49,837)
Proceeds from long-term bank borrowings	290,258	553,108
Repayments of long-term bank borrowings	(117,928)	(448,509)
Increase in refundable deposits	225	-
Decrease in refundable deposits	-	(3,226)
Repayment of principle of lease liabilities	(21,661)	(20,654)
Cost of treasury stock repurchased	-	(59,322)
Net cash generated from (used in) financing activities	524,949	29,969

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TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2026	**2025**
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	$ 57,255	($ 122,523)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(65,564)	1,138,546
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,223,728	865,500
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,158,164	$ 2,004,046

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' reviewed report dated August 12, 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 reported to the Company's board of directors and approved for issue on August 12, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Initial application of 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 endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the company and its subsidiaries.

b. The IFRSs endorsed by the FSC for application starting from 2027

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to IAS 28 –Amendments to the fair value option for investments in associates and joint ventures	January 1, 2027 (Note 2)

Note 1: Companies in Taiwan shall apply IFRS 18 from January 1, 2028, and may elect to adopt it early.

Note 2: The amendments shall be applied concurrently when IFRS 18 is applied.:

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- The Company and its subsidiaries are required to assess whether their main business

activities include investing in specified types of assets and providing financing to customers. Based on the results of such assessment, income and expense items presented in the statement of profit or loss will be classified into the operating, investing, financing, income tax, and discontinued operations categories.

- 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.
- 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.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

1) When presenting cash flows from operating activities using the indirect method, the Company and its subsidiaries will be required to use operating profit or loss as the starting point for the reconciliation to net cash flows from operating activities.
2) Interest and dividends received by the Company and its subsidiaries will be classified as cash flows from investing activities, whereas interest and dividends paid will be classified as cash flows from 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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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. Basis of preparation

Refer to Note 12, Table 6 and Table 7 for the detail information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policy and basis of preparation in the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

3) Treasury stock

When the company repurchases its issued common shares as treasury stock, the cost paid is recorded as treasury stock, which is a deduction from shareholders' equity.

If the repurchased shares are subsequently reissued, the difference between the proceeds received, net of any directly attributable incremental costs and income tax effects, and the carrying amount is recognized as an adjustment to shareholders' equity.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The other significant accounting judgments, estimates, and key sources of estimation uncertainty adopted in these consolidated financial statements are consistent with those in the consolidated financial statements for the year ended December 31, 2025.

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.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	$ 4,582	$ 5,257	$ 5,621
Deposits in Transit	-	3,675	-
Checking accounts and demand deposits	1,077,142	946,523	1,243,476
Cash equivalents			
Time deposits with original maturities of less than three months	76,440	268,273	754,949
	$ 1,158,164	$ 1,223,728	$ 2,004,046

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

	June 30, 2026	December 31, 2025	June 30, 2025
Investment in equity instruments			
Domestic investments			
Listed shares	$ 1,013,966	$ 338,442	$ 281,664
Unlisted shares	384,080	363,741	29,790
	$ 1,398,046	$ 702,183	$ 311,454

8. FINANCIAL ASSETS AT AMORTIZED COST – NON-CURRENT

	June 30, 2026	December 31, 2025	June 30, 2025
Cathay Pacific bank's subordinated bond	$ 31,850	$ 31,430	$ 29,300

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%. The issuer fully redeemed and canceled the shares at face value in January 2025.

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 (INCLUDING RELATED PARTIES), LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable (operating)			
Gross carrying amount at amortized cost	$ 343,840	$ 383,712	$ 281,424
Less: Unrealized interest revenue	9,101	7,359	1,283
	$ 334,739	$ 376,353	$ 280,141
Accounts receivable			
Gross carrying amount at amortized cost	$ 2,484,030	$ 2,276,453	$ 2,190,590
Less: Allowance for impairment loss	552,747	538,734	508,245
	$ 1,931,283	$ 1,737,719	$ 1,682,345
Accounts receivable - related parties			
Gross carrying amount at amortized cost	$ 29,239	$ 20,752	$ 8,936
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	$ 107,194	$ 51,826	$ 50,899
Less : Allowance for impairment loss	-	-	-
	$ 107,194	$ 51,826	$ 50,899
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	$ 10,308	$ 10,308	$ 17,458
Less : Allowance for impairment loss	10,308	10,308	17,458
	$ -	$ -	$ -
Other receivable			
Loans and Accrued Interest Receivable	$ 47,385	$ 48,192	$ 42,655
Tax Refund Receivable	26,399	28,591	37,500
Other	41,500	28,648	58,903
	115,284	105,431	139,058
Less : Allowance for impairment loss	44,706	45,458	-
	$ 70,578	$ 59,973	$ 139,058

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.：

June 30, 2026

	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	$ 1,611,969	$ 453,476	$ 158,100	$ 145,258	$ 76,209	$ 120,672	$ 306,165	$ 93,661	$ 2,965,510
Loss allowance (Lifetime ECL)	(34,458)	(32,128)	(16,740)	(30,576)	(20,346)	(62,591)	(272,555)	(93,661)	(563,055)
	$ 1,577,511	$ 421,348	$ 141,360	$ 114,682	$ 55,863	$ 58,081	$ 33,610	$ -	$ 2,402,455

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

June 30, 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	$ 1,266,065	$ 283,719	$ 261,779	$ 60,732	$ 129,258	$ 140,430	$ 277,593	$ 128,448	$ 2,548,024
Loss allowance (Lifetime ECL)	(33,699)	(18,237)	(22,727)	(7,839)	(14,267)	(41,670)	(258,816)	(128,448)	(525,703)
	$ 1,232,366	$ 265,482	$ 239,052	$ 52,893	$ 114,991	$ 98,760	$ 18,777	$ -	$ 2,022,321

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

	For the Six Months Ended June 30	
	2026	2025
Balance, beginning of period	$ 549,042	$ 477,022
Recognition (Reversal)	7,387	63,316
Written off	(640)	(609)
Effects of foreign currency exchange differences	7,266	(14,026)
Balance, end of period	$ 563,055	$ 525,703

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

Discounted notes receivable by the subsidiaries as collateral for bank borrowings are

described in Note 34.

The changes in the allowance for expected credit losses of other receivables were as follows:

	For the Six Months Ended June 30	
	2026	2025
Balance, beginning of period	$ 45,458	$ -
Effects of foreign currency exchange differences	(752)	-
Balance, end of period	$ 44,706	$ -

The loan extended by the subsidiary Union Top Industrial (Samoa) Limited to Lerinc Werkzeugmaschinen & Automation GmbH (LWA) was assessed as potentially unrecoverable due to LWA's intention to file for bankruptcy with the court. Accordingly, the full amount was recognized as an impairment loss in the fourth quarter of 2025.

10. INVENTORIES

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	$ 1,710,470	$ 1,672,598	$ 1,640,010
Supplies	198,408	215,563	260,589
Work-in-progress	1,638,994	1,480,647	1,369,342
Finished goods	705,424	575,213	378,589
Merchandise	65,146	77,189	53,923
Inventory in transit	5,889	3,657	1,037
	$ 4,324,331	$ 4,024,867	$ 3,703,490

The cost of inventories recognized as operating costs for the three months and six months ended June 30, 2026 and 2025 was NT$1,274,327 thousand, NT$1,096,552 thousand, NT$2,219,851 thousand and NT$2,312,174 thousand, respectively, , which included write-downs of inventories and unallocated manufacturing overhead as follows :

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Loss on write-down of inventories and obsolete inventories (reversal gain)	($ 135,251)	$ 58,915	($ 124,517)	$ 46,110
Loss on disposal of inventories	$ 146,487	$ -	$ 146,487	$ -

The reversal gain on write-down of inventories and obsolete inventories for the three months and the six months ended June 30, 2026 was primarily attributable to the reversal of inventory disposal losses.

11. NON-CURRENT ASSETS HELD FOR SALE

To support future business development and enhance working capital, the Board of Directors, in November 2024, authorized the Chairman to dispose of the real estate of the Luzhu Plant II at a total consideration of NT$1.52 billion and to execute the related sales agreement and associated matters. The signing and disposal procedures were completed in January and April 2025, respectively. A disposal gain of NT$1,155,984 thousand was recognized under “Other Gains and Losses.”

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2026	December 31, 2025	June 30, 2025	
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited （Union Top）	General investment	100.00	100.00	100.00	
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	100.00	100.00	100.00	
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	99.83	99.83	99.83	
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	99.14	99.14	99.14	
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	94.58	94.58	94.58	
	POTZU CO., LTD.	Manufacturing and processing of metal part	60.00	60.00	60.00	Note 1
	Tongtai Machine & Tool Japan Co., Ltd. （TTJP）	Sales and manufacturing of equipment	100.00	100.00	100.00	
	Tong Tai Machinery Co., Ltd.（TTM）	Sales of customized machine	100.00	100.00	100.00	
	Tongtai Seiki Vietnam Co., Ltd.（TTVN）	Sales of customized machine	100.00	100.00	100.00	
	Tongtai Machine Tool (SEA) Sdn. Bhd. （TTS）	Sales of customized machine	52.00	52.00	52.00	
	Tongtai Machine Tool (MFG) Sdn. Bhd. （TMM）	Sales and manufacturing of equipment	100.00	100.00	100.00	
	TTGroup America Inc. （TTGA）	Sales of equipment	100.00	100.00	100.00	
	Tongtai Mexico S.A.DE C.V.（TTGMx）	Sales and maintenance of machine tools	100.00	100.00	100.00	
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines （PCI-SCEMM）	Sales, manufacturing and maintenance of equipment	100.00	100.00	-	Note 3
	Tongtai Europe B.V. （TTE）	Sales of merchandise	100.00	100.00	100.00	
	Tongan GmbH （Tongan）	General investment	100.00	100.00	100.00	
	TTGroup Technologies （TTGT）	General investment	100.00	100.00	100.00	Note 2
Union Top	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100.00	100.00	100.00	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100.00	100.00	100.00	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100.00	100.00	100.00	
	Great Pursuit Limited	General investment	55.00	55.00	55.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2025	December 31, 2024	June 30, 2024	
Great Pursuit Limited	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100.00	100.00	100.00	
TTJP	SKTD Co., Ltd.（SKTD）	Sales and maintenance of machine tools	98.73	98.73	98.73	
TTGT	PCI	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	Note 2
	CERIMATEC	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	Notes 2 and 4
	TTGroup France（TTGF）	Sales of merchandise	-	-	100.00	Note 2
Tongan	Mbi-group Beteiligung GmbH（MBI）	General investment	100.00	100.00	100.00	
MBI	Anger Machining GmbH（Anger）	Sales, manufacturing and maintenance of equipment	100.00	100.00	100.00	
Anger	Anger Service Deutschland GmbH（Anger - DE）	Sales and maintenance of machine tools	100.00	100.00	100.00	
	Anger Machining Inc.（Anger - US）	Sales and maintenance of machine tools	-	-	100.00	Note 3

(Concluded)

Note 1: In February 2025, the Company participated in the cash capital increase of Potzu and acquired a 60% equity interest in the company. (refer to Note 29).

Note 2: In February 2025, the Company established TTGT and acquired a 100% equity interest therein. Subsequently, in consideration of future operational development needs, expansion of its business in France, and enhancement of operating efficiency, the Company carried out an organizational restructuring in May 2025, whereby all of its equity interest in PCI, together with PCI's entire equity interests in CERIMATEC and TTGF, were transferred to TTGT. In December 2025, as part of a further organizational restructuring, PCI and TTGF were merged, with PCI as the surviving entity and TTGF as the dissolved entity.

Note 3: The company completed its liquidation in 2025.

Note 4: In March 2026, TTGT increased the capital of CERIMATEC through a cash contribution of EUR 2.8 million.

The financial statements of the non-significant subsidiaries were based on the subsidiaries' financial statements which have not been reviewed for the same periods.

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Material associate			
Honor Seiki Co., Ltd. (Honor Seiki)	$ 784,027	$ 780,415	$ 749,331
Associates that are not individually material	13,639	14,514	15,255
	$ 797,666	$ 794,929	$ 764,586

a. Material associate

Company	Percentage of Ownership and Voting Rights (%)		
	June 30, 2026	December 31, 2025	June 30, 2025
Honor Seiki	39.60%	39.60%	39.60%

In February 2025, the Company did not subscribe to Honor Seiki's cash capital increase in proportion to its shareholding, resulting in a decrease in its ownership interest from 44.88% to 39.60%. As the Company's significant influence over Honor Seiki was not affected, the transaction was accounted for as an equity transaction. Accordingly, an amount of NT$13,831 thousand was recognized as an adjustment to capital surplus under changes in ownership interests in subsidiaries and associates.

The following is the Level 1 fair value information of associates with publicly quoted market prices:

	June 30, 2026	December 31, 2025	June 30, 2025
Honor Seiki	$ 1,347,273	$ 585,367	$ 629,502

The summarized financial information below represents shown in the financial statements of Honor Seiki, which have been prepared in accordance with the IFRS Accounting Standards and adjusted of the purposes of applying equity method.

Honor Seiki

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	$ 1,921,874	$ 1,482,445	$ 1,492,357
Non-current assets	864,310	823,564	811,290
Current liabilities	(921,018)	(606,887)	(683,495)
Non-current liabilities	(167,743)	(10,820)	(10,338)
Equity	$ 1,697,423	$ 1,688,302	$ 1,609,814
Ownership percentage (%)	39.60	39.60	39.60
Equity attributable to the Company and its subsidiaries	$ 672,230	$ 668,618	$ 637,534
Goodwill	111,797	111,797	111,797
Carrying amount of the investment	$ 784,027	$ 780,415	$ 749,331

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating revenues	$ 295,611	$ 277,887	$ 479,523	$ 449,958
Net profit for the year	$ 53,299	($ 13,993)	$ 67,775	$ 16,769
Other comprehensive income	-	-	-	-
Total comprehensive income	$ 53,299	($ 13,993)	$ 67,775	$ 16,769

b. Material associate

	June 30, 2026	December 31, 2025	June 30, 2025
Printin3d DigiTech Co., Ltd.	$ 10,254	$ 10,193	$ 9,786
Ruei Yang Precision Co., Ltd.	3,385	4,321	5,469
Magdeburger Werkzeugmaschinen & Automation GmbH	-	-	-
Cyber Laser Taiwan Co., Ltd.	-	-	-
	$ 13,639	$ 14,514	$ 15,255

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
The Company and its subsidiaries' share of				
Net profit (loss) for the period	($ 396)	($ 940)	($ 1,124)	($ 1,458)
Other comprehensive income	-	-	-	-
Total comprehensive income	($ 396)	($ 940)	($ 1,124)	($ 1,458)

In May 2025, the Company's Board of Directors approved participation in the cash capital increase of Magdeburger Werkzeugmaschinen & Automation GmbH. The Company made an investment of NT$13,624 thousand in June 2025 and acquired a 20% equity interest in the company. 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 entire investment was recognized as an impairment loss in the fourth quarter of 2025.

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.

The share of profit or loss and other comprehensive income of associates recognized using the equity method for the sixs months ended June 30, 2026 and 2025, except for Honor Seiki, was calculated based on unaudited financial statements.

Names, locations, and related information of associates please refer to Table 6.

14. OTHER FINANCIAL ASSETS

a. Other financial assets

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Pledged deposits and time deposits (note 34)	$ 14,568	$ 37,048	$ 49,721
Time deposits with original maturities more than three months	20,000	35,000	-
Deposits for projects	13,974	8,102	7,382
Restricted deposit	-	-	78,206
	$ 48,542	$ 80,150	$ 135,309

(Continued)

	June 30, 2026	December 31, 2025	June 30, 2025
Non-current			
Pledged deposits and time deposits (note 34)	$ 95,893	$ 39,483	$ 43,172
Deposits for projects	13,675	15,727	17,644
Restricted deposit	-	-	976
	$ 109,568	$ 55,210	$ 61,792

(Concluded)

b. Other assets

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Advances to suppliers	$ 129,294	$ 78,651	$ 92,178
Prepaid expenses	51,067	34,832	44,402
Vat refundable	18,407	30,483	46,736
Others	27,244	17,688	23,488
	$ 226,012	$ 161,654	$ 206,804
Non-current			
Prepayments for equipment	$ 16,328	$ 51,565	$ 22,863
Prepayments for land (note 33)	-	-	30,000
Prepayments for investments	-	20,000	13,624
Long-term prepaid expenses	46,031	39,313	25,665
Others	739	1,847	715
	$ 63,098	$ 112,725	$ 92,867

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 prepaid the investment amount of NT$13,642 thousand and was expected to acquire a 20% equity interest in the company. Magdeburger Werkzeugmaschinen & Automation GmbH is principally engaged in the trading of machine tools and related businesses. The cash capital increase was completed in September 2025, and the investment was reclassified to investments accounted for using the equity method.

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, and is expected to acquire an 11% equity interest therein. The cash capital increase procedures were completed in January 2026, and the investment was subsequently reclassified to Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) – Non-current.

15. PROPERTY, PLANT AND EQUIPMENT

The assets used by the Company and its subsidiaries

For the Six Months Ended June 30, 2026

	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, 2026	$ 399,210	$ 2,155,793	$ 901,176	$ 154,037	$ 142,356	$ 328,661	$ -	$ 63,138
Additions	-	22,734	93,980	771	1,028	31,199	1,726	(39,021)
Disposals	-	(308)	(36,393)	(15,952)	(589)	(21,068)	-	-
Reclassifications	-	-	(3,651)	-	-	-	-	-
Effects of foreign currency exchange difference	(1,200)	9,864	3,368	956	(795)	4,051	-	919
Balance at June 30, 2026	398,010	2,188,083	958,480	139,812	142,000	342,843	1,726	25,036
Accumulated depreciation and impairment								
Balance at January 1, 2026	-	1,316,804	549,694	135,051	113,924	261,241	-	-
Depreciation	-	28,564	25,858	2,464	4,268	8,958	323	-
Disposals	-	(294)	(24,028)	(13,049)	(577)	(20,855)	-	-
Reclassifications	-	-	(794)	-	-	-	-	-
Effects of foreign currency exchange difference	-	6,380	1,161	802	(600)	3,127	-	-
Balance at June 30, 2026	-	1,351,454	551,891	125,268	117,015	252,471	323	-
Carrying amount at December 31, 2025	$ 399,210	$ 838,989	$ 351,482	$ 18,986	$ 28,432	$ 67,420	$ -	$ 63,138
Carrying amount at June 30, 2026	$ 398,010	$ 836,629	$ 406,589	$ 14,544	$ 24,985	$ 90,372	$ 1,403	$ 25,036

For the Six Months Ended June 30, 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
Acquisition of a business combination (note 29)	49,336	16,610	213,564	9,023	-	2,739	4,500	295,772
Additions	-	8,361	22,168	159	2,205	7,265	46,705	86,863
Disposals	-	-	(321,044)	(17,318)	(1,014)	(9,329)	-	(348,705)
Reclassifications	-	(24,106)	3,927	-	-	(3,927)	-	(24,106)
Effects of foreign currency exchange difference	(409)	(36,130)	(18,519)	(2,983)	(1,287)	(3,810)	(3,185)	(66,323)
Balance at June 30, 2025	394,948	2,084,817	821,949	155,430	148,581	310,227	59,304	3,975,256
Accumulated depreciation and impairment								
Balance at January 1, 2025	-	1,253,118	709,332	143,427	124,435	263,531	-	2,493,843
Acquisition of a business combination (note 29)	-	4,076	39,913	1,902	-	1,296	-	47,187
Depreciation	-	28,006	29,640	3,821	3,587	7,174	-	72,228
Disposals	-	-	(264,837)	(11,423)	(1,012)	(9,265)	-	(286,537)
Reclassifications	-	(11,832)	1,622	-	-	(1,622)	-	(11,832)
Effects of foreign currency exchange difference	-	(20,485)	(12,520)	(2,287)	(1,094)	(4,708)	-	(41,094)
Balance at June 30, 2025	-	1,252,883	503,150	135,440	125,916	256,406	-	2,273,795
Carrying amount at June 30, 2025	$ 394,948	$ 831,934	$ 318,799	$ 19,990	$ 22,665	$ 53,821	$ 59,304	$ 1,701,461

The subsidiary PCI assessed that the future cash inflows from certain machinery and equipment used for production would decrease, resulting in their recoverable amounts being lower than their carrying amounts. Accordingly, an impairment loss of NT$6,421 thousand was recognized in the fourth quarter of 2025. The impaired machinery and equipment were fully disposed of in the second quarter of 2026.

Due to the subsidiary Tongye's operational performance falling short of expectations, the estimated future cash inflows from machinery and other equipment used in production have decreased, resulting in a recoverable amount lower than the carrying amount. An impairment loss was recognized in previous years. The accumulated impairment loss amounted to NT$9,231 thousand as of June 30, 2026, December 31, 2025, and June 30, 2025.

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
Leasehold improvements	2 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

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts			
Land	$ 250,367	$ 240,922	$ 369,347
Buildings	39,673	49,563	49,167
Machinery	390	556	666
Transportation equipment	10,026	14,193	18,026
	$ 300,456	$ 305,234	$ 437,206

	For the Six Months Ended June 30	
	2026	2025
Additions to right-of-use assets	$ 1,733	$ 6,124
Acquisition of a business combination (note 29)	$ -	$ 20,249

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation charge for right-of-use assets				
Land	$ 3,514	$ 5,050	$ 7,028	$ 10,786
Buildings	4,746	3,832	9,512	7,192
Machinery	79	75	159	150
Transportation equipment	2,895	3,141	5,865	6,167
	$ 11,234	$ 12,098	$ 22,564	$ 24,295

Except for the aforementioned addition, acquisition of a business combination and recognized depreciation, the Company and its subsidiaries did not have significant sublease or impairment of right-of-use assets during the six months ended June, 2026 and 2025. 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

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts			
Current	$ 17,415	$ 27,358	$ 32,346
Non-current	$ 295,178	$ 289,456	$ 419,463

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

	June 30, 2026	December 31, 2025	June 30, 2025
Land	2.16	2.16	2.13～2.16
Buildings	1.45～3.24	2.21～3.24	1.45～3.24
Machinery	1.45	1.45	1.45
Transportation equipment	1.45～2.63	1.45～2.63	1.45～2.63

c. Material lease activities and terms

T The land on which the Company's Kaohsiung Luke Plant No. 1 is located is leased from the Kaohsiung Science Park Administration of the Southern Taiwan Science Park. The lease term will expire before May 2027, and the Company may apply for a renewal upon expiration of the lease term. Upon termination of the lease, the Company does not have a preferential right to purchase 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 is leasing its location from non-related parties. The lease period will expire in November 2038.

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

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases and low-value asset leases	$ 7,717	$ 8,587	$ 14,010	$ 17,221
Total cash outflow for leases			$ 39,256	$ 44,571

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 Six Months Ended June 30, 2026

	Land	Buildings	Total
Cost			
Balance at January 1, 2025	$ 252,550	$ 272,178	$ 252,550
Effects of foreign currency exchange differences	-	4,500	-
Balance at June 30, 2025	252,550	276,678	252,550
Accumulated depreciation			
Balance at January 1, 2025	-	$ 144,725	-
Depreciation	-	4,607	-
Effects of foreign currency exchange differences	-	2,036	-
Balance at June 30, 2026	-	151,368	-
Balance at December 31, 2025	$ 252,550	$ 127,453	$ 252,550
Carrying amount at June 30, 2026	$ 252,550	$ 125,310	$ 252,550

For the Six Months Ended June 30, 2025

	Land	Buildings	Right-of-use assets (note)	Total
Cost				
Balance at January 1, 2025	$ 252,550	$ 247,654	$ 104,420	$ 604,624
Reclassifications (Note)	-	24,106	(104,420)	(80,314)
Effects of foreign currency exchange differences	-	(8,976)	-	(8,976)
Balance at June 30, 2025	252,550	262,784	-	515,334
Accumulated depreciation				
Balance at January 1, 2025	-	123,827	11,853	135,680
Depreciation	-	4,250	582	4,832
Reclassifications (Note)	-	11,832	(12,435)	(603)
Effects of foreign currency exchange differences	-	(3,705)	-	(3,705)
Balance at June 30, 2025	-	136,204	-	136,204
Carrying amount at June 30, 2025	$ 252,550	$ 126,580	$ -	$ 379,130

Note : The right-of-use assets subleased to non-related parties under operating leases were derecognized in April 2025 following the termination of the lease agreement between the parties and the completion of the disposal of the real property of Kaohsiung Science Park Plant No. 2 (see Note 11). At the same time, the lease agreement with the Kaohsiung Science Park Administration of the Southern Taiwan Science Park was terminated, resulting in a lease modification gain of NT$13,282 thousand, which was recognized under "Other Gains and Losses."

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Year 1	$ 22,685	$ 16,396	$ 14,335
Year 2	11,640	10,225	12,802
Year 3	7,800	139	6,501
Year 4	7,800	-	6,060
Year 5	7,800	-	6,180
Year 6 onwards	-	-	22,560
	$ 57,725	$ 26,760	$ 68,438

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 as of June 30, 2026, December 31, 2025 and June 30, 2025 are NT$689,265 thousand, NT$690,536 thousand and NT$691,450 thousand.

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 Six Months Ended June 30, 2026

	Computer Software	Goodwill	Patents	Core Technology	Total
Cost					
Balance at January 1, 2026	$ 172,371	$ 14,468	$ 1,812	$ 18,987	$ 207,638
Additions	15,676	-	-	-	15,676
Derecognition	(10,910)	-	-	-	(10,910)
Effects of foreign currency exchange differences	(288)	-	(30)	-	(318)
Balance at June 30, 2026	176,849	14,468	1,782	18,987	212,086

(Continued)

	Computer Software	Goodwill	Patents	Core Technology	Total
Accumulated amortization and impairment					
Balance at January 1, 2026	$ 122,055	$ 11,989	$ 1,054	$ 2,901	$ 137,999
Amortization	11,120	-	101	1,582	12,803
Derecognition	(10,910)	-	-	-	(10,910)
Effects of foreign currency exchange differences	(547)	-	(20)	-	(567)
Balance at June 30, 2026	121,718	11,989	1,135	4,483	139,325
Balance at December 31, 2025	$ 50,316	$ 2,479	$ 758	$ 16,086	$ 69,639
Carrying amount at June 30, 2026	$ 55,131	$ 2,479	$ 647	$ 14,504	$ 72,761

(Concluded)

For the Six Months Ended June 30, 2025

	Computer Software	Goodwill	Patents	Core Technology	Total
Cost					
Balance at January 1, 2025	$ 144,586	$ 11,989	$ 1,210	$ -	$ 157,785
Acquisition of a business combination (note 29)	8,123	2,479	-	18,987	29,589
Additions	19,138	-	-	-	19,138
Derecognition	(1,033)	-	-	-	(1,033)
Effects of foreign currency exchange differences	(337)	-	8	-	(329)
Balance at June 30, 2025	170,477	14,468	1,218	18,987	205,150
Accumulated amortization and impairment					
Balance at January 1, 2025	107,927	11,989	852	-	120,768
Acquisition of a business combination (note 29)	1,362	-	-	-	1,362
Amortization expenses	11,532	-	22	1,319	12,873
Derecognition	(1,033)	-	-	-	(1,033)
Effects of foreign currency exchange differences	140	-	5	-	145
Balance at June 30, 2025	119,928	11,989	879	1,319	134,115
Carrying amount at June 30, 2025	$ 50,549	$ 2,479	$ 339	$ 17,668	$ 71,035

In January 2026, the Company obtained the purchase price allocation report for the acquisition of Potzu Corporation. Based on the report, the Company adjusted the provisional amounts and the initial accounting for the acquisition from the acquisition date and restated the comparative information accordingly.

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

	At the acquisition date	
	Before restatement	After restatement
Goodwill	$ 36,051	$ 2,479
Property, Plant and Equipment	$ 211,619	$ 248,585
Intangible Assets	$ 6,761	$ 25,748
Non-controlling Interests	$ 63,966	$ 86,347

The impact of the retrospective adjustments to the relevant items in the consolidated statement of comprehensive income is as follows:

	For the Six Months Ended June 30	
	2026	**2025**
Operating Expenses –		
Administrative Expenses	$ 792	$ 1,319

Impact of the retrospective restatement on the consolidated financial statements for the second quarter of 2025

a. Consolidated balance sheet as of December 31, 2025

	Before restatement	Impact	After restatement
Current assets	$ 7,719,126	$ -	$ 7,719,126
Property, plant and equipment	1,730,691	36,966	1,767,657
Intangible assets	87,125	(17,486)	69,639
Other non-current assets	3,003,738	-	3,003,738
Total assets	$12,540,680	$ 19,480	$12,560,160
Current liabilities	$ 6,221,927	$ -	$ 6,221,927
Non-current liabilities	1,476,682	-	1,476,682
Total liabilities	7,698,609	-	7,698,609
Equity attributable to owners of the company	4,788,335	(1,740)	4,786,595
Non-controlling interests	53,736	21,220	74,956
Total equity	4,820,958	19,480	4,861,551
Total liabilities and equity	$12,540,680	$ 19,480	$12,560,160

b. Consolidated balance sheet as of June 30, 2025

	Before restatement	Impact	After restatement
Current assets	$ 8,191,537	$ -	$ 8,191,537
Property, plant and equipment	1,664,495	36,966	1,701,461
Intangible assets	86,939	(15,904)	71,035
Other non-current assets	2,725,735	-	2,725,735
Total assets	$12,668,706	$ 21,062	$12,689,768
Current liabilities	$ 6,027,371	$ -	$ 6,027,371
Non-current liabilities	1,738,820	-	1,738,820
Total liabilities	7,766,191	-	7,766,191
Equity attributable to owners of the company	4,842,739	(792)	4,841,947
Non-controlling interests	59,776	21,854	81,630
Total equity	4,902,515	21,062	4,923,577
Total liabilities and equity	$12,668,706	$ 21,062	$12,689,768

c. Consolidated statements of comprehensive income for the six months ended June 30, 2025

	Before restatement	Impact	After restatement
Net income attributable to owners of the company	$ 651,610	($ 792)	$ 650,818
Net loss attributable to non-controlling interests	(6,267)	(527)	(6,794)
Net income for the period	$ 645,343	($ 1,319)	$ 644,024
Total comprehensive income attributable to owners of the company	$ 465,833	($ 792)	$ 465,041
Total comprehensive income attributable to non-controlling interests	(5,776)	(527)	(6,303)
Total comprehensive income for the period	$ 460,057	($ 1,319)	$ 458,738

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
Core Technology	6 years

19. BORROWINGS

a. Short-term borrowings

	June 30, 2026	**December 31, 2025**	**June 30, 2025**
Unsecured loans	$ 2,991,092	$ 2,683,602	$ 2,348,186
Secured borrowings	449,532	382,146	292,587
	$ 3,440,624	$ 3,065,748	$ 2,640,773
Annual interest rate of unsecured loan (%)	1.87～4.88	0.872～4.85	1.87～5.33
Annual interest rate of secured loan (%)	1.95～2.2	1.95～2.125	1.82～2.125

b. Short-term bills payable

	June 30, 2026	**December 31, 2025**	**June 30, 2025**
Commercial paper	$ -	$ -	$ 80,000
Less: Unamortized discounts	-	-	181
	$ -	$ -	$ 79,819
Annual interest rate (%)	-	-	1.802～1.81

The above commercial paper was secured by Mega Bills Finance Corporation, International Bills Finance Corporation, Ta Ching Bill Finance Ltd., Dah Chung Bills Finance Corp. and China Bills Finance Corporation.

c. Long-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Revolving bank loans			
Due on various dates through April 2027, September 2028, January and September 2029, and April 2030	$ 706,816	$ 280,157	$ 405,519
Mortgage loans			
Due on various dates through August 2030, January 2032 and June 2035	807,276	1,050,383	1,135,287
Other loans			
Due on various dates through April 2026 and July 2028	39,983	52,219	-
	1,554,075	1,382,759	1,540,806
Less: Current portion	552,098	277,067	313,841
	$ 1,001,977	$ 1,105,692	$ 1,226,965
Annual interest rate of unsecured loan (%)	0.22～2.22	0.22～1.89	0.22～2.22
Annual interest rate of secured loan (%)	1.92～2.272	1.92～2.272	1.93～4.5
Annual interest rate of other loan (%)	3.25～4.5	3.25～4.52	-

The subsidiary Anger entered into loan agreements with E.SUN Commercial Bank, Taishin International Bank and Taipei Fubon Bank. Pursuant to the terms of these loan agreements, during the loan period the Company is required to maintain a specified shareholding ratio in Anger and maintain pledged bank deposits at or above a specified level. If the Company fails to comply with these requirements, the lending banks may increase the applicable interest rate or require additional pledged bank deposits. Compliance with the foregoing covenants is tested semi-annually or quarterly, as applicable. The consolidated financial statements of the Company and its subsidiary for the six months ended June 30, 2026, the year ended December 31, 2025, and the six months ended June 30, 2025 were in compliance with the aforementioned loan covenants.

The subsidiary Potzu entered into a loan agreement with CTBC Bank in July 2025. Pursuant to the terms of the loan agreement, compliance is tested semi-annually. During the term of the agreement, certain financial ratios and amounts in the Company's consolidated financial statements are required to meet specified thresholds. In the event of a breach of the foregoing covenants, the bank has the right to demand immediate repayment of the outstanding indebtedness. The consolidated financial statements of the Company and its subsidiary for the six months ended June 30, 2026, the year ended December 31, 2025 were in compliance with the aforementioned loan covenants.

The subsidiary PCI entered into a debt restructuring agreement with the local government and its lending banks. Pursuant to the agreement, PCI was entitled to certain debt forgiveness upon completion of its restructuring. PCI completed the restructuring in July 2025 and recognized a gain on debt restructuring.

Other long-term borrowings represent loans obtained by the subsidiary Potzu from finance companies at fixed interest rates.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Salaries and incentive bonus	$ 204,243	$ 226,025	$ 219,945
Commission and service fee	83,953	99,581	111,200
Insurance	28,427	25,121	24,411
Employee compensation and remuneration of directors	$ 26,171	$ 27,044	$ 39,521
Others	165,190	170,057	170,211
	$ 507,984	$ 547,828	$ 565,288

22. PROVISIONS

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Warranties	$ 121,400	$ 126,038	$ 121,663

	For the Six Months Ended June 30	
	2026	2025
Balance, beginning of period	$ 126,038	$ 132,842
Recognized	61,611	51,020
Paid	(67,339)	(59,127)
Effects of foreign currency exchange differences	1,090	(3,072)
Balance, end of period	$ 121,400	$ 121,663

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

Employee benefit expenses in respect of the Company and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2025 and 2024, the amounts was NT$1,999 thousand, NT$238 thousand, NT$3,451 thousand and NT$478 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

24. EQUITY

a. Ordinary Shares

	June 30, 2026	December 31, 2025	June 30, 2025
Numbers of shares authorized (in thousands)	400,000	400,000	400,000
Amount of shares authorized	$ 4,000,000	$ 4,000,000	$ 4,000,000
Numbers of shares issued and fully paid (in thousands)	254,827	254,827	254,827
Amount of shares issued	$ 2,548,265	$ 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

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Additional paid-in capital	$ 721,619	$ 960,854	$ 960,854
Conversion of bonds	222,593	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	26,569
Interest compensation	5,577	5,577	5,577
Expired employee stock warrants	1,234	1,234	1,234
	977,592	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	3,838
Changes in associates recognized using the equity method	13,831	13,831	13,831
	17,669	17,669	17,669
	$ 995,261	$ 1,234,496	$ 1,234,496

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.

As the Company incurred a loss for the year ended December 31, 2024, the resolution adopted at the shareholders' annual general meeting in June 2025 was to offset the loss and make no distribution of earnings.

The appropriations of earnings for 2025 had been approved in the shareholder's meeting in June 2026. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	Dividend Per Share (NT$)
Legal reserve	$ 2,222	
Cash dividends	12,591	$ 0.05
	$ 14,813	

In June 2026, the shareholder's meeting additionally proposed the distribution of cash dividends of NT$239,235 thousand from capital surplus, or NT$0.95 per share.

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 Six Months Ended June 30	
	2026	2025
Balance, beginning of period	($ 103,948)	($ 111,524)
Recognized for the period		
Exchange differences on translating foreign operations	55,508	(107,374)
Income tax	-	21,475
Balance, end of period	($ 48,440)	($ 197,423)

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2026	**2025**
Balance, beginning of period	$ 314,918	$ 352,787
Recognized for the period		
Unrealized gain and loss - equity instruments	675,863	(99,878)
Balance, end of period	$ 990,781	$ 252,909

f. Non-controlling interests

	For the Six Months Ended June 30	
	2026	**2025**
Balance, beginning of period	$ 74,956	$ 1,586
Share in profit for the period	(5,754)	(6,794)
Exchange difference on translating foreign operations	(464)	491
Increase in non-controlling interests arising from the acquisition of a subsidiary (note 29)	-	86,347
Balance, end of period	$ 68,738	$ 81,630

g. Treasury Shares

Shares Transferred to Employees (in thousands)	For the Six Months Ended June 30	
	2026	**2025**
Balance as of January 1, 2025	3,000	-
Increase	-	2,316
Balance as of June 30, 2025	3,000	2,316

To motivate employees and enhance cohesion, the Board of Directors resolved in May 2025 to repurchase 3,000 thousand common shares of the Company from the open market for transfer to employees. The intended repurchase price range was set between NT$16.95 and NT$33.90 per share. If the market price falls below the lower bound of the range, the Company will continue with the repurchase. The repurchase period was scheduled from May 12, 2025 to July 11, 2025.

In accordance with the Securities and Exchange Act, treasury shares held by the Company may not be pledged and are not entitled to dividends or voting rights. The repurchased shares must be transferred to employees within five years from the date of repurchase. Any shares not transferred within this period shall be deemed unissued by the Company and must be retired and cancelled through registration of capital reduction.

25. OPERATING REVENUE

a. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Notes and accounts receivable(include related parties), long-term notes and accounts receivables	$2,402,455	$2,186,650	$2,022,321	$2,258,653
Contract liabilities				
Sales of goods	$1,081,883	$ 801,149	$ 870,175	$ 897,376

b. Disaggregation of revenue

	Reportable Segments			
	Machine Manufacturer	Component Manufacturer	Others	Total
For the Six Months Ended June 30, 2026				
Revenue from sale of goods	$2,008,214	$ 95,519	$ 62,308	$2,166,041
Revenue from maintenance and rebuilding services	407,124	7,580	45,619	460,323
	$2,415,338	$ 103,099	$ 107,927	$2,626,364
For the Six Months Ended June 30, 2025				
Revenue from sale of goods	$2,266,091	$ 86,017	$ 38,238	$2,390,346
Revenue from maintenance and rebuilding services	369,415	-	50,364	419,779
	$2,635,506	$ 86,017	$ 88,602	$2,810,125

26. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Rental income	$ 6,850	$ 6,803	$ 14,814	$ 25,585
Dividend income	1,063	975	1,063	975
Government subsidy income	1,030	832	1,883	1,774
Investment Property's income from electricity sales	-	5,370	-	64,028
Value-added tax refund	2,537	1,853	2,537	4,334
Others	19,890	1,319	19,892	8,887
	$ 31,370	$ 17,152	$ 40,189	$ 105,583

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net foreign exchange profit (loss)	($ 8,228)	($ 176,911)	$ 14,378	($ 123,296)
Depreciation expense	(2,957)	(3,235)	(5,892)	(6,208)
Gain (loss) on disposal of property, plant and equipment	6,910	(5,872)	6,195	(3,537)
Disposal of Interests in Non-current Assets Held for Sale (Note 11)	-	1,155,984	-	1,155,984
Gain on Lease Modification (Note 17)	-	13,282	-	13,282
Others	(939)	(10,907)	(2,376)	(11,408)
	($ 5,214)	$ 972,341	$ 12,305	$1,024,817

The components of net foreign exchange gain were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Foreign exchange gain	($ 2,154)	($ 21,686)	$ 36,822	$ 63,338
Foreign exchange loss	(6,074)	(155,225)	(22,444)	(186,634)
Net foreign exchange gain (loss)	($ 8,228)	($ 176,911)	$ 14,378	($ 123,296)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest on bank loans	$ 27,848	$ 27,924	$ 54,833	$ 54,136
Interest on lease liabilities	1,763	2,775	3,585	6,696
Others	2,967	2,481	3,099	2,506
	$ 32,578	$ 33,180	$ 61,517	$ 63,338

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation and amortization expenses				
Property, plant and equipment	$ 35,262	$ 35,182	$ 70,435	$ 72,228
Right-of-use assets	11,234	12,098	22,564	24,295
Investment properties	2,314	2,547	4,607	4,832
Intangible assets	6,191	6,028	12,803	12,873
Others	3,914	2,989	7,596	6,031
	$ 58,915	$ 58,844	$ 118,005	$ 120,259
An analysis of depreciation by function				
Operating costs	$ 26,891	$ 22,877	$ 53,483	$ 50,785
Operating expenses	18,962	23,715	38,231	44,362
Non-operating expenses	2,957	3,235	5,892	6,208
	$ 48,810	$ 49,827	$ 97,606	$ 101,355

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
An analysis of amortization by function				
Operating costs	$ 4,321	$ 5,121	$ 8,613	$ 10,152
Operating expenses	3,904	4,545	8,972	8,996
	$ 8,225	$ 9,666	$ 17,585	$ 19,148

(Concluded)

e. Operating expenses directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Direct operating expenses of investment properties that generated rental income	$ 3,018	$ 3,235	$ 5,311	$ 5,520

f. Employee benefits

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	$ 356,573	$ 403,945	$ 719,948	$ 770,704
Post-employment benefits				
Defined contribution plans	17,288	20,197	32,058	39,940
Defined benefit plans (Note 23)	1,999	238	3,451	478
	19,287	20,435	35,509	40,418
	$ 375,860	$ 424,380	$ 755,457	$ 811,122
Analysis of employee benefits by function				
Operating costs	$ 247,699	$ 247,220	$ 491,959	$ 510,137
Operating expenses	128,161	177,160	263,498	300,985
	$ 375,860	$ 424,380	$ 755,457	$ 811,122

To be in compliance with the Company Act, the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of the pre-tax profit before deduction for employees' compensation and remuneration of directors. Pursuant to the amendment of the Securities and Exchange Act in August 2024, the Company plans to approve an amendment to its Articles of Incorporation at the shareholders' meeting in June 2025, stipulating that no less than 40% of the allocated employee remuneration shall be distributed to grassroots employees.

For the six months ended June 30, 2026, no employee compensation or director remuneration was estimated due to the loss incurred during the period.

Employees' compensation and directors' remuneration for the three-month and six-month periods ended June 30, 2025, were estimated as follows:

	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Employees' compensation	$ 26,103	$ 26,103
Remuneration of directors and supervisors	7,910	7,910

The employees' compensation and remuneration of directors and supervisors for 2023 had been approved by the Board of Director in March, 2024, as illustrated below:

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

There is no difference between the amounts of employee and director compensation (all to be paid in cash) approved for distribution by the Board of Directors as described above and the amounts recognized in the consolidated financial statements.

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 (benefit) recognized in profit or loss are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current tax				
In respect of the current year	$ 7,287	$ 141,313	$ 13,112	$ 146,609
Additional Tax on Undistributed Earnings	1,777	2,147	1,777	2,147
Adjustments for prior years	(472)	4,937	(472)	4,937
	8,592	148,397	14,417	153,693
Deferred tax				
In respect of the current year	19,713	14,420	13,276	39,663
Adjustments for prior years	22	(55,706)	22	(55,706)
	19,735	(41,286)	13,298	(16,043)
	$ 28,327	$ 107,111	$ 27,715	$ 137,650

b. Income tax Expense (Benefit) recognized directly in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Deferred tax				
In respect of the current period				
Translation of foreign operations	$ -	($ 25,814)	$ -	($ 21,475)

c. Income tax assessments

The income tax returns of the Company the subsidiary POTZU, APEC, Quick-Tech, Tongfong and Tong-Yeh through 2023 have been assessed by the tax authorities.

28. EARNINGS (LOSSES) PER SHARE

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

Net profit (loss) for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Attributable to owners of the Company	($ 94,310)	$ 616,671	($ 256,862)	$ 650,818

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted-average number of ordinary shares outstanding	254,827	254,827	254,827	254,827
Less: treasury shares	3,000	499	3,000	253
Weighted-average number of ordinary shares in computation of basic earnings per share	251,827	254,328	251,827	254,574
Effect of potentially dilutive potential ordinary shares:				
Employees' compensation	-	258	-	513
Weighted-average number of ordinary shares used in the computation of diluted earnings per share	251,827	254,586	251,827	255,087

For the three-month and six-month periods ended June 30, 2026, the Company incurred a net loss. The calculation of diluted loss per share would have resulted in an anti-dilutive effect; therefore, diluted loss per share was not presented.

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. BUSINESS COMBINATION

a. Acquisition of a subsidiary

	Principal Business Activity	Acquisition Date	Ownership interest with voting rights (%)	Transfer of consideration
POTZU CO., LTD.	Manufacturing and processing of mechanical parts	February 2025	60	$132,000

The acquisition of Puzi Potzu Co., Ltd. in February 2025 was made to further expand the Group's scale of operations and diversify its product portfolio.

b. Transfer of consideration

	POTZU
Cash	$ 132,000

c. Assets acquired and liabilities assumed at the acquisition date

	POTZU
Current Assets	
Cash	$ 60,325
Notes receivable	37,928
Accounts receivable	748
Other receivables	25,968
Inventory	1,436
Other current assets	2,577
Non-current Assets	
Property, plant and equipment	248,585
Right-of-use assets	20,249
Intangible assets	6,761
Intangible assets –core technology	18,987
Other non-current assets	18,518
Current Liabilities	
Short-term borrowings	(41,500)
Notes payable	(36,086)
Accounts payable	(14,456)
Other payables	(16,417)
Current income tax liabilities	(5,143)
Lease liabilities – current	(309)
Other current liabilities	
Non-current Liabilities	(96,860)
Long-term borrowings	(15,294)
Lease liabilities – non-current	(149)
	$ 215,868

d. Non-controlling interest

The non-controlling interest (representing a 40% ownership) in the Potzu subsidiary is

measured as the proportionate share of the recognized amount of the acquiree's identifiable net assets.

e. Goodwill Arising from Acquisition

	POTZU
Consideration Transferred	$ 132,000
Add: Non-controlling Interest	86,347
Less: Fair Value of Identifiable Net Assets Acquired	(215,868)
Goodwill Arising from Acquisition	$ 2,479

The goodwill arising from the acquisition of Pu Tzu Company is primarily attributable to a control premium. The goodwill arising from the merger is not expected to be deductible for tax purposes.

f. Net Cash Outflow for Acquisition of Subsidiary

	February 14, 2025 (Acquisition Date)
Cash Consideration Paid	$ 132,000
Less: Cash Balance Acquired	(60,325)
	$ 71,675

g. Impact of Business Combination on Operating Results

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

	POTZU
Revenue	$ 54,846
Net Loss	($ 12,590)

If the acquisition of Puzi Subsidiary had occurred on January 1, 2025, the pro forma consolidated revenue and net loss of the Company and its subsidiaries for the six months ended June 30, 2025, would have been $2,822,407 thousand and $637,551 thousand, respectively.

These amounts do not reflect the actual results the Company and its subsidiaries would have achieved had the business combination been completed at the beginning of the acquisition year, and therefore should not be used as an indicator of future operating performance.

30. NON-CASH TRANSACTIONS

For the six months ended June 30, 2026 and 2025, 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 Six Months Ended June 30	
	2026	**2025**
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	$ 112,417	$ 86,863
Inventory transferred to property, plant, and equipment for own use	-	(3,528)
Decrease (increase) in payables for equipment	516	(4,050)

Increase (Decrease) in prepayments for equipment	(35,237)	39,737
Cash paid	$ 77,696	$ 119,022
Investing activities affecting both cash and non-cash items		
Acquisition of intangible assets	$ 15,676	$ 19,138
Increase in prepaid expenses	-	3,740
Cash paid	$ 15,676	$ 22,878

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 19).

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

	Level 1	Level 2	Level 3	Total
June 30, 2026				
Financial assets at FVTOCI - non-current				
Domestic listed shares	$1,013,966	$ -	$ -	$1,013,966
Domestic unlisted shares	-	-	384,080	384,080
	$1,013,966	$ -	$ 384,080	$1,398,046
December 31, 2025				
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

June 30, 2026				
Financial assets at FVTOCI - non-current				
Domestic listed shares	$ 281,664	$ -	$ -	$ 281,664
Domestic unlisted shares	-	-	29,790	29,790
	$ 281,664	$ -	$ 29,790	$ 311,454

There was no transfer between Level 1 and Level 2 for the six months ended June 30, 2026 and 2025.

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

For the six months ended June 30, 2026

	Equity Instruments
	Financial Assets at FVTOCI
Financial assets	
Balance, beginning of period	$ 363,741
Purchase	20,000
Change in fair value recognized in other comprehensive income	339
Balance, end of period	$ 384,080

For the six months ended June 30, 2025

	Equity Instruments
	Financial Assets at FVTOCI
Financial assets	
Balance, beginning of period	$ 30,454
Change in fair value recognized in other comprehensive income	(664)
Balance, end of period	$ 29,790

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.

c. Categories of financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Financial assets at amortized cost (1)	$ 3,844,735	$ 3,658,601	$ 4,417,631
Financial assets at FVTOCI			
Equity instruments	1,398,046	702,183	311,454
Financial liabilities			
Financial liabilities at amortized cost (2)	6,754,955	6,224,018	6,031,503

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, 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 and accounts receivable, long-term notes and accounts receivable, notes and 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 cross-currency swap contract and foreign exchange forward contracts.

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 the USD, CNY and EUR. The following table details the Company and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk

internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		CNY Impact		EUR Impact	
	For the Six Months Ended June 30					
	2026	2025	2026	2025	2026	2025
Pre-tax profit or loss (Note)	($36,815)	$28,421	($17,866)	$12,650	($18,314)	$16,683

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:

	June 30, 2026	December 31, 2025	June 30, 2026
Fair value interest rate risk			
Financial assets	$ 107,194	$ 51,826	$ 50,899
Financial liabilities	384,875	383,189	635,408
Cash flow interest rate risk			
Financial liabilities	4,922,417	4,156,109	3,865,224

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 would have been higher/lower by NT$24,612 thousand and NT$19,326 thousand for the six months ended June 30, 2026 and 2025, respectively.

c) Other price risk

The Company and its subsidiaries are exposed to equity price risk through their

investments in mutual funds, and domestic listed shares. If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2026 and 2025 would have been higher/lower by NT$10,140 thousand and lower/higher NT$2,817 thousand, as a result of the changes in fair value of financial assets at FVTOCI respectively.

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.

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.

June 30, 2026

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$1,756,243	$ 4,013	$	$1,760,256
Interest bearing liabilities	4,085,923	878,546	126,036	5,090,505
Finance lease liabilities	47,405	89,893	228,767	366,065
	$5,889,571	$ 972,452	$ 354,803	$7,216,826

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	$ 47,405	$ 89,893	$ 92,635	$ 90,265	$ 45,867	$ -

December 31, 2025

	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	$ -

June 30, 2025

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$1,764,482	$ 5,623	$ -	$1,770,105
Interest bearing liabilities	3,102,826	1,026,104	260,715	4,389,645
Finance lease liabilities	38,649	130,242	351,802	520,693
	$4,905,957	$1,161,969	$ 612,517	$6,680,443

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	$ 38,649	$130,242	$131,054	$123,763	$ 96,985	$ -

e. Financial assets transfer information

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.

As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of the un-derecognition transferred bank acceptance receivable were NT$157,607 thousand, NT$171,768 thousand and NT$102,388 thousand, respectively, and the carrying amounts of related liabilities were NT$157,607 thousand NT$171,768 thousand and NT$102,388 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
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
Contrel Technology Co., Ltd.	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party
Lerinc Werkzeugmaschinen & Automation GmbH（LWA）	Substantial related party
IAMECH TECHNOLOGY INC.	Substantial related party (Not a related party in substance from March 2026)
YCM Technology (USA), Inc.	Substantial related party
YCM Technology(Europe) GmbH	Substantial related party
Yen Cheng Shih	Other related parties

b. Sales of goods

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Account Item	**Related Party Type**	**2026**	**2025**	**2026**	**2025**
Revenues from sales	Other related parties	$ 18,090	$ 11,446	$ 22,851	$ 15,490

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 Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Type	**2026**	**2025**	**2026**	**2025**
Other related parties	$ 29,698	$ 21,930	$ 40,013	$ 47,875

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

d. Receivables from related parties

Account Item	**Related Party Type**	**June 30, 2026**	**December 31, 2025**	**June 30, 2025**
Accounts receivable - related parties	Other related parties – YCM (USA)	$ 21,024	$ -	$ -
	Other related parties - Other	8,215	20,752	8,936
		$ 29,239	$ 20,752	$ 8,936
Other accounts receivable	Other related parties - Honor	$ 25,258	$ 2,034	$ 40,258
	Other related parties - Other	10,167	10,201	1,928
		35,425	12,235	42,186
Less : Allowance for losses (Note 9)		1,158	1,178	-
		$ 34,267	$ 11,057	$ 42,186

e. Loans to Related Parties

Account Item	Related Party Type	June 30, 2026	December 31, 2025	June 30, 2025
Other accounts receivable	De facto related party－LWA	$ 43,548	$ 44,280	$ 41,220
Other accounts receivable	De facto related party－Other	2,666	2,711	1,408
		46,214	46,991	42,628
Less : Allowance for losses (Note 9)		43,548	44,280	-
		$ 2,666	$ 2,711	$ 42,628

		For the Three Months Ended June 30		For the Six Months Ended June 30	
	Related Party Type	2026	2025	2026	2025
Interest revenue	De facto related party	$ 27	$ 95	$ 56	$ 95

f. Payables to related parties

Account Item	Related Party Type	June 30, 2026	December 31, 2025	June 30, 2025
Notes payable - related parties	Honor	$ 16,417	$ 19,086	$ -
	Other	31	68	-
		$ 16,448	$ 19,154	$ -
Accounts payable - related parties	Other related parties			
	Honor	$ 403	$ 18,320	$ 38,313
	Shiang Jen	-	8,284	31,683
	Shan Shin	$ 16,548	$ 13,563	$ 12,048
	Other	523	1,049	2,194
		$ 17,474	$ 41,216	$ 84,238
Other accounts payable	Other related parties	$ 548	$ 213	$ 425

g. Contract liabilities

Account Item	Related Party Type	June 30, 2026	December 31, 2025	June 30, 2025
Contract liabilities - current	Other related parties	$ 3,656	$ -	$ 5,590

h. Prepayments

Account Item	Related Party Type	June 30, 2026	December 31, 2025	June 30, 2025
dvance Payments for Goods	Other related parties	$ 15,714	$ 11,428	$ 7,640

i. Acquisition of Property, Plant and Equipment

In February 2025, the subsidiary Potzu made an advance payment of NT$30,000

thousand to the related party, Yen Cheng Shih, for the purchase of land, which was recorded as prepayments for land. The aforementioned transaction was agreed upon by both parties in October 2024 following negotiations to purchase the land, with a total purchase price of NT$150,000 thousand. Subsequently, in October 2025, both parties entered into an agreement to cancel the transaction, and the advance payment was recovered in December 2025 in accordance with the agreement.

j. Other transactions with related parties

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Type	**2026**	**2025**	**2026**	**2025**
Other related parties	$ 379	$ -	$ 452	$ -

2) Rental income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	**2025**	**2026**	**2025**
Related Party Type/ Name				
Other related parties				
Shiang Jen	$ -	$ 1,410	$ -	$ 2,820
Ruei Yang	285	190	571	476
	$ 285	$ 1,600	$ 571	$ 3,296

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.

k. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	**2025**	**2026**	**2025**
Short-term employee benefits	$ 3,339	$ 2,813	$ 6,632	$ 6,265
Post-employment benefits	35	82	70	164
	$ 3,374	$ 2,895	$ 6,702	$ 6,429

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 Southern Science Industrial Park, banker's guarantee and discount were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Discounted notes receivable	$ 157,607	$ 171,768	$ 102,388
Property, plant and equipment	928,065	942,332	895,810
Investment properties	131,849	133,120	134,391
Other financial assets (including current and noncurrent portion)	110,461	76,531	92,893
	$ 1,327,982	$ 1,323,751	$ 1,225,482

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 16, significant commitments and contingencies of the Company and its subsidiaries as of June 30, 2026 were as follows:

a. Unused letters of credit in the amount of NT$4,148 thousand.

b. For sales, bidding, export tariff, commodity tax and bank loan, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT$129,965 thousand.

36. SIGNIFICANT SUBSEQUENT EVENTS

In consideration of the Group's operational and funding needs in Europe, the subsidiary Tongan GmbH resolved at its board meeting in August 2026 to increase the capital of its subsidiary, Anger Machining GmbH. The capital increase is expected to amount to EUR 8.8 million, with the funds to be sourced through bank financing.

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:

June 30, 2026	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets				
USD	$ 42,653	31.85	(USD:NTD)	$ 1,358,498
USD	3,681	6.79	(USD:CNY)	117,240
EUR	22,076	36.29	(EUR:NTD)	801,138
CNY	126,982	4.69	(CNY:NTD)	595,546
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	7,019	7.555	(MYR:NTD)	53,029
Monetary foreign currency liabilities				
USD	7,804	31.85	(USD:NTD)	248,557
EUR	5,254	36.29	(EUR:NTD)	190,668
Monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	12,832	36.29	(EUR:NTD)	465,682

(Continued)

	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
CNY	1,904	6.991	(USD:CNY)	59,843
USD	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
June 30, 2025				
Monetary foreign currency assets				
USD	37,884	29.3	(USD:NTD)	1,110,001
USD	208	0.853	(USD:EUR)	6,094
USD	497	4.379	(USD:MYR)	14,562
USD	3,110	7.162	(USD:CNY)	91,123
EUR	20,156	34.35	(EUR:NTD)	692,359
CNY	106,240	4.091	(CNY:NTD)	434,628
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	7,476	6.691	(MYR:NTD)	50,021
JPY	114,941	0.2034	(JPY:NTD)	23,379
Monetary foreign currency liabilities				
USD	8,023	29.3	(USD:NTD)	235,074
USD	416	0.853	(USD:EUR)	12,189
USD	1	4.379	(USD:MYR)	29
USD	926	7.162	(USD:CNY)	27,132
EUR	3,967	34.35	(EUR:NTD)	136,266
CNY	3,172	4.091	(CNY:NTD)	12,977
Monetary foreign currency liabilities				
Investment accounted for using the equity method				
USD	220	29.3	(USD:NTD)	6,443
EUR	6,080	34.35	(EUR:NTD)	208,852

For the three months and six months ended June 30, 2026 and 2025, net foreign exchange gains and losses were loss of NT$8,228 thousand, loss of NT$176,911 thousand, gains of NT$14,378 thousand and loss of NT$123,296 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction 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: None;

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

6) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 5 attached;

b. Information about Subsidiaries: Please see Table 6.

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 7 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: During the current year, sales to the subsidiary Suzhou Tongyu amounted to NT$59,395 thousand (2.26%). As of June 30, 2026, the balance of outstanding receivables is presented in Table 5;

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 Six Months Ended June 30, 2026					
Revenues from external customers	$ 2,415,338	$ 103,099	$ 107,927	$ -	$ 2,626,364
Inter-segment revenues	251,657	51,096	33,909	(336,662)	-
Segment revenues	$ 2,666,995	$ 154,195	$ 141,836	($ 336,662)	$ 2,626,364
Segment profit (loss)	($ 266,013)	($ 4,647)	$ 6,314	$ 8,025	($ 256,321)
Interest income	10,072	167	3,181	(8,694)	4,726
Financial costs	(54,692)	(3,373)	(12,146)	8,694	(61,517)
Share of the profit (loss) of associates and subsidiaries	25,717	-	-	-	25,717
Other non-operating income and expenses	69,750	2,359	(11,292)	(8,323)	52,494
Profit (loss) before income tax	(215,166)	(5,494)	(13,943)	(298)	(234,901)
Income tax expense (benefit)	26,375	807	533	-	27,715
Net profit (loss) for the period	($ 241,541)	($ 6,301)	($ 14,476)	($ 298)	($ 262,616)
For the Six Months Ended June 30, 2025					
Revenues from external customers	$ 2,635,506	$ 86,017	$ 88,602	$ -	$ 2,810,125
Inter-segment revenues	161,601	62,867	21,830	(246,298)	-
Segment revenues	$ 2,797,107	$ 148,884	$ 110,432	($ 246,298)	$ 2,810,125
Segment profit (loss)	($ 283,367)	($ 5,564)	($ 11,983)	($ 3,538)	($ 304,452)
Interest income	23,254	160	3,633	(14,533)	12,514
Financial costs	(63,876)	(3,023)	(10,972)	14,533	(63,338)
Share of the profit (loss) of associates and subsidiaries	6,550	-	-	-	6,550
Other non-operating income and expenses	1,115,901	5,966	4,074	4,459	1,130,400
Profit (loss) before income tax	798,462	(2,461)	(15,248)	921	781,674
Income tax expense (benefit)	134,045	176	3,429	-	137,650
Net profit (loss) for the period	$ 664,417	($ 2,637)	($ 18,677)	$ 921	$ 644,024

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

	June 30, 2026	December 31, 2025	June 30, 2025
Segment assets			
Machine Manufacturer	$15,304,310	$14,179,635	$14,140,975
Component Manufacturer	562,998	518,529	497,315
Others	1,313,821	1,361,143	1,466,952
Adjustment and Elimination	(3,402,656)	(3,499,147)	(3,415,474)
	$13,778,473	$12,560,160	$12,689,768
Segment liabilities			
Machine Manufacturer	$ 9,055,530	$ 8,197,522	$ 8,125,983
Component Manufacturer	398,250	347,193	290,788
Others	951,628	796,446	688,846
Adjustment and Elimination	(1,704,951)	(1,642,552)	(1,339,426)
	$ 8,700,457	$ 7,698,609	$ 7,766,191

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(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 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
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	$ 59,784	$ 28,665	$ 27,073	3.5	Note 1	-	Operating capital	$ -	-	$ -	$ 500,927	$ 1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	315,672	304,836	304,836	2.004～2.013	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	151,032	76,440	76,440	3.5	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	93,800	93,800	93,800	1.9	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	TTGroup Technologies	Other receivables - related party	Yes	199,174	192,337	192,337	2.198～2.837	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	Other receivables - related party	Yes	7,839	429	429	4	Note 1	$ -	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	CERIMATEC	Other receivables - related party	Yes	105,224	10,887	-	-	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Industury Co., Ltd.	Other receivables - related party	Yes	40,000	20,000	12,100	1.9	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	POTZU CO., LTD.	Other receivables - related party	Yes	20,000	20,000	-	-	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
0	Tongtai Machine & Tool Co., Ltd.	PT TONG-TAI SEIKINDO	Other receivables - related party	Yes	3,943	3,925	2,666	4	Note 1	-	Operating capital	-	-	-	500,927	1,001,855	Note 2
1	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	37,580	36,290	36,290	4.7	Note 1	-	Operating capital	-	-	-	91,740	183,480	Note 3
1	Union Top Industrial (Samoa) Limited	PCI-SCEMM	Other receivables - related party	Yes	7,516	-	-	-	Note 1	-	Operating capital	-	-	-	91,740	183,480	Note 3
1	Union Top Industrial (Samoa) Limited	TTGroup America, Inc.	Other receivables - related party	Yes	14,398	14,333	14,333	6.5	Note 1	-	Operating capital	-	-	-	91,740	183,480	Note 3
1	Union Top Industrial (Samoa) Limited	CERIMATEC	Other receivables - related party	Yes	30,064	29,032	29,032	3.1	Note 1	-	Operating capital	-	-	-	91,740	183,480	Note 3
1	Union Top Industrial (Samoa) Limited	LWA	Other receivables - related party	Yes	45,096	43,548	43,548	5.26	Note 1	-	Operating capital	43,548	-	-	91,740	183,480	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 the transactions had been eliminated when preparing consolidated financial statements.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(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	$ 1,502,783	$ 493,683	$ 491,446	$ 372,359	$ -	9.81	$ 2,504,639	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	A company in which more than 50% of the voting shares are directly or indirectly held by the Company	1,502,783	891,941	874,589	635,075	-	17.46	2,504,639	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,502,783	235,000	205,000	32,700	-	4.09	2,504,639	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,502,783	25,000	25,000	15,500	-	0.5	2,504,639	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	POTZU CO., LTD.	The Company owns directly or indirectly over 50% ownership of the investee company	1,502,783	310,000	260,000	182,579	-	5.19	2,504,639	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,502,783	31,465	-	-	-	-	2,504,639	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).

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2026
(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	June 30, 2026				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	$ 999,980	4	$ 999,980	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	13,986	1	13,986	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	13,673	4	13,673	
	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	
	Hantop Intelligence Technology Co., LTD.	-	Financial assets at fair value through other comprehensive income - non current	2,000,000	20,000	11	20,000	
					$ 1,398,046		$ 1,398,046	
	Financial bond CATLIF_5.8_050934		Financial assets at amortized cost - non-current	-	$ 31,850	-	$ 31,850	

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 SIX MONTHS ENDED JUNE 30, 2026
(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	Amount		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	$ 154,927(Note 1)	1.72	$ -	-	$ 173	$ -
	Anger Machining GmbH	Subsidiary	316,581(Note 2)	-	-	-	-	-
	TTGroup Technologies	Subsidiary	193,403(Note 3)	-	-	-	-	-

Note 1: Including accounts receivable amounted of NT$60,136 thousand and other receivable amounted of NT$94,791 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT$564 thousand and other receivable amounted of NT$316,017 thousand. Other receivable was excluded in the calculation turnover rate.

Note 3: Classified as other receivables; therefore, the turnover ratio is not applicable.

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 SIX MONTHS ENDED JUNE 30, 2026
(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	$ 60,136	Based on contracts	0.44
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Other receivable	94,791	Based on contracts and BOD resolution	0.69
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd	Parent to subsidiary	Sales	59,395	Based on contracts	2.26
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	316,017	Based on contracts and BOD resolution	2.29
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	80,921	Based on contracts and BOD resolution	0.59
0	Tongtai Machine & Tool Co., Ltd.	TTGroup Technologies	Parent to subsidiary	Other receivable	193,403	Based on contracts and BOD resolution	1.40
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Sales	42,757	Based on contracts	1.63
0	Tongtai Machine & Tool Co., Ltd.	TTGroup America Ina.	Parent to subsidiary	Sales	38,400	Based on contracts	1.46
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to parent	Accounts receivable	37,220	Based on contracts	0.27
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to parent	Sales	39,883	Based on contracts	1.52
2	Union Top Industrial (Samoa) Limited	Mbi-group Beteiligung GmbH	Subsidiary to subsidiary	Other receivable	38,841	Based on contracts and BOD resolution	0.28
2	Union Top Industrial (Samoa) Limited	PCI-SCEMM	Subsidiary to subsidiary	Sales	49,923	Based on contracts	1.90

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2026	December 31, 2025	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	$ 915,750	($ 13,382)	($ 13,382)	Note
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	32,137	3,155	3,155	Note
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	280,416	46,274	46,196	Note
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	111,444	10,030	10,267	Note
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	(5,990)	(2)	(2)	Note
Tongtai Machine & Tool Co., Ltd.	Potzu Co., LTD.	Chiayi County	Sales, manufacturing and processing of machine component	132,000	132,000	45,000	60.00	109,297	(8,944)	(6,316)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	20,040	406	406	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	30,759	427	427	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	25,610	1,851	1,851	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	11,929	(3,548)	(1,845)	Note
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	41,100	(239)	(239)	Note
Tongtai Machine & Tool Co., Ltd.	TTGroup America, Inc.	USA	Sales of merchandise	71,667	71,667	-	100.00	(12,282)	(2,641)	(2,641)	Note
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	2,791	(194)	(194)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(84,255)	(10,008)	(10,008)	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	981,154	981,154	35,000	100.00	(460,626)	(98,321)	(98,321)	Note
Tongtai Machine & Tool Co., Ltd.	TTGroup Technologies	France	General investment	171,600	171,600	5,000,000	100.00	79,199	(50,145)	(50,145)	Note
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	784,027	67,775	26,841	
Tongtai Machine & Tool Co., Ltd.	Ruei Yang Precision Co., Ltd.	Tainan City	Sales, manufacturing and processing of machine component	10,000	10,000	1,000,000	20.00	3,385	(5,928)	(1,185)	
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	10,254	154	61	
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 equipment	13,624	13,624	1	20.00	-	-	-	
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	Note
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	12,228	(511)	(504)	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2026	December 31, 2025	Number of Shares	%	Carrying Amount			
TTGroup Technologies	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	$ 399,492	$ 399,492	2,050,000	100.00	$ 228,848	($ 14,887)	($ 14,887)	Note
TTGroup Technologies	CERIMATEC	France	Sales of machine tools	112,604	9,816	600,000	100.00	37,995	(32,663)	(32,663)	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	946,577	946,577	-	100.00	(461,973)	(99,273)	(98,311)	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	991,615	991,615	-	100.00	(396,357)	(98,281)	(98,281)	Note
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	6,543	505	505	Note

(Concluded)

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(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, 2025 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2026 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2026	Accumulated Repatriation of Investment Income as of June 30, 2026	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	$ 76,695	Investments through a holding company registered in a third region	$ 76,695	$	$	$ 76,695	($ 3,257)	100.00	($ 3,257)	$ 76,388	$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	796,250	Investments through a holding company registered in a third region	796,250			796,250	(5,409)	100.00	(5,409)	1,089,029	-	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,370	Investments through a holding company registered in a third region	6,370			6,370	(60)	100.00	(60)	10,339	-	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	79,625	Investments through a holding company registered in a third region	43,794			43,794	-	55.00	-	-	-	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2026 (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.	$ 923,109	$ 923,109	$ 3,005,566

Note 1: The amounts were calculated based on the foreign exchange rate as of June 30, 2026.

Note 2: The basis for recognition of investment income (loss) of Suzhou Tongyu Machine Tool Co., Ltd. was based on the financial statements reviewed and attested by R.O.C. parent company's CPA while the others were based on the financial statements which have not been reviewed for the same periods.

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.