

IRON FORCE INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT

AUDITORS'REPORT

DECEMBER 31, 2025 AND 2024

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Iron Force Industrial Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Iron Force Industrial Co., Ltd. as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Iron Force Industrial Co., Ltd. as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of Iron Force Industrial Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Iron Force Industrial Co., Ltd.'s 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Iron Force Industrial Co., Ltd.'s 2025 parent company only financial statements are stated as follows:

Appropriateness of cut-off of warehouse operating revenue

Description

Refer to Note 4(28) for accounting policies on revenue recognition. Refer to Note 6(16) for explanation on revenue.

To meet the needs of some customers, the Auto Parts Division of Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd., store certain inventories in the customers' distribution warehouses. The warehouse custodians are responsible for checking and accepting as well as custody of the inventories, and regularly send the requisition reports to the authorized personnel of Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd., for checking inventory quantities. In accordance with the principle of revenue recognition, sales are recognized as revenue when the inventories are actually requested and used by the customer. Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd., recognizes revenue based on the requisition reports provided by the warehouse custodians of Iron Force Industrial Co., Ltd. and the customers and verified by authorized personnel of Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd.

The distribution warehouses are in the United States, Germany and China, contents of requisition reports provided by custodians are different and the process of revenue recognition involves manual verification. Thus, in consideration of the appropriateness of the timing of revenue recognition from warehouse sales, we considered the cut-off of warehouse operating revenue as a key audit matter for this year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. For the above revenue transactions, we obtained an understanding of the sales transactions, amount and terms of mutual agreements, and selected samples and tested the reconciliation of sales records between both parties.
2. Obtained the requisition reports provided by the warehouse custodians during a certain period before and after the balance sheet date and verified the reports against the relevant invoices issued and the sales revenue on the accounting records.

3. Performed confirmation procedures based on the balance of inventory quantities at the end of the year.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iron Force Industrial Co., Ltd.'s internal control..
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Iron Force Industrial Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Iron Force Industrial Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Iron Force Industrial Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liao, Fu-Ming

Tsai, Bei-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2026

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

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

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

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

ASSETS	Notes	December 31,2025		December 31,2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 360,557	5	\$ 189,803	3
1110	Financial assets at fair value through profit or loss - current	6(2)	95,807	2	300	-
1136	Current financial assets at amortized cost	6(3)	79,000	1	400,000	5
1170	Accounts receivable, net	6(4)	381,534	5	403,888	5
1200	Other receivables, net		13,632	-	24,355	-
1210	Other receivables- related parties	7	12,449	-	27,832	1
130X	Inventories	6(5)	531,444	7	524,385	7
1410	Prepayments		13,842	-	2,343	-
1470	Other current assets		3,855	-	2,369	-
11XX	Total current assets		<u>1,492,120</u>	<u>20</u>	<u>1,575,275</u>	<u>21</u>
Non-current assets						
1550	Investments accounted for under equity method	6(6)	5,395,944	72	5,486,403	72
1600	Property, plant and equipment	6(7)	422,689	6	396,471	5
1755	Right-of-use assets	6(8)	107,512	1	4,560	-
1780	Intangible assets		11,804	-	19,872	-
1840	Deferred income tax assets	6(20)	22,966	-	36,719	1
1900	Other non-current assets		43,268	1	60,039	1
15XX	Total non-current assets		<u>6,004,183</u>	<u>80</u>	<u>6,004,064</u>	<u>79</u>
1XXX	Total assets		<u>\$ 7,496,303</u>	<u>100</u>	<u>\$ 7,579,339</u>	<u>100</u>

(Continued)

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

LIABILITIES AND EQUITY	Notes	December 31,2025		December 31,2024		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2120	Financial liabilities at fair value through profit or loss - current	6(2)	\$ 172	-	\$ 8,577	-
2130	Current contract liabilities	6(16)	88	-	92	-
2170	Accounts payable		166,472	2	142,982	2
2200	Other payables	6(9)	147,407	2	176,386	3
2220	Other payables - related parties	7	1,203,739	16	1,157,119	15
2230	Current tax liabilities		29,951	1	23,171	-
2280	Current lease liabilities		10,008	-	1,081	-
2399	Other current liabilities		3,812	-	3,971	-
21XX	Total current liabilities		<u>1,561,649</u>	<u>21</u>	<u>1,513,379</u>	<u>20</u>
Non-current liabilities						
2530	Corporate bonds payable	6(10)	267,613	4	280,886	4
2570	Deferred tax liabilities	6(20)	511,324	7	503,733	7
2580	Non-current lease liabilities		97,665	1	3,479	-
2600	Other non-current liabilities	6(11)	29,534	-	30,288	1
25XX	Total non-current liabilities		<u>906,136</u>	<u>12</u>	<u>818,386</u>	<u>11</u>
2XXX	Total liabilities		<u>2,467,785</u>	<u>33</u>	<u>2,331,765</u>	<u>31</u>
Equity attributable to owners of parent						
	Share capital	6(13)				
3110	Ordinary share		797,797	11	795,313	11
	Capital surplus	6(14)				
3200	Capital surplus		1,199,549	16	1,181,837	16
	Retained earnings	6(15)				
3310	Legal reserve		838,803	11	765,168	10
3320	Special reserve		211,041	3	331,725	4
3350	Unappropriated retained earnings		2,130,195	28	2,384,572	31
	Other equity interest					
3400	Other equity interest		(148,797)	(2)	(211,041)	(3)
3XXX	Total equity		<u>5,028,518</u>	<u>67</u>	<u>5,247,574</u>	<u>69</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	TOTAL LIABILITIES AND EQUITY		<u>\$ 7,496,303</u>	<u>100</u>	<u>\$ 7,579,339</u>	<u>100</u>

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

IRON FORCE INDUSTRIAL CO., LTD
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Notes	2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(16)	\$ 2,006,863	100	\$ 1,979,542	100
5000	Operating costs	6(5)(19)	(1,711,457)	(85)	(1,583,859)	(80)
5900	Gross profit from operations		<u>295,406</u>	<u>15</u>	<u>395,683</u>	<u>20</u>
	Operating expenses	6(19)				
6100	Selling expenses		(56,105)	(3)	(68,229)	(3)
6200	General & administrative expenses		(184,828)	(9)	(181,269)	(9)
6300	Research and development expenses		(50,118)	(3)	(55,017)	(3)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	<u>1,101</u>	<u>-</u>	<u>988</u>	<u>-</u>
6000	Total operating expenses		(289,950)	(15)	(303,527)	(15)
6900	Net operating income		<u>5,456</u>	<u>-</u>	<u>92,156</u>	<u>5</u>
	Non-operating income and expenses					
7100	Interest income	6(3)	9,598	1	9,196	-
7010	Other income	6(17) and7	54,419	3	62,020	3
7020	Other gains and losses	6(19) and7	45,147	2	60,080	3
7050	Finance costs	6(8) and7	(53,291)	(3)	(28,319)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	<u>466,849</u>	<u>23</u>	<u>566,819</u>	<u>29</u>
7000	Total non-operating income and expenses		<u>522,722</u>	<u>26</u>	<u>669,796</u>	<u>34</u>
7900	Profit before tax		528,178	-	761,952	39
7950	Income tax expense	6(20)	(110,179)	(5)	(30,926)	(2)
8200	Profit for the period		<u>\$ 417,999</u>	<u>21</u>	<u>\$ 731,026</u>	<u>37</u>
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8311	Gains(Losses) on remeasurements of defined benefit plan	6(11)	(\$ 4,679)	-	\$ 6,651	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	936	-	(1,330)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		77,843	4	150,854	8
8399	Income tax relating to the components of other comprehensive income	6(20)	(15,569)	(1)	(30,170)	(2)
8300	Other comprehensive income, net		<u>\$ 58,531</u>	<u>3</u>	<u>\$ 126,005</u>	<u>6</u>
8500	Total comprehensive income for the period		<u>\$ 476,530</u>	<u>24</u>	<u>\$ 857,031</u>	<u>43</u>
	Earnings per share(in dollars)	(21)				
9750	Basic earnings per share		<u>\$ 5.25</u>		<u>\$ 9.51</u>	
9850	Diluted earnings per share		<u>\$ 5.09</u>		<u>\$ 9.40</u>	

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

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	Notes	Ordinary share	Total capital surplus, additional paid-in capita	Retained Earnings			Exchange differences on translation of foreign financial statements	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings		
Year ended December 31, 2024								
Balance at January 1, 2024		\$ 757,803	\$ 813,473	\$ 714,295	\$ 325,899	\$ 2,083,825	(\$ 331,725)	\$ 4,363,570
Profit for the year		-	-	-	-	731,026	-	731,026
Other comprehensive loss for the year		-	-	-	-	5,321	120,684	126,005
Total comprehensive income		-	-	-	-	736,347	120,684	857,031
Appropriations of 2023 earnings :	6(15)							
Legal reserve		-	-	50,873	-	(50,873)	-	-
Special reserve		-	-	-	5,826	(5,826)	-	-
Cash dividends		-	-	-	-	(378,901)	-	(378,901)
Cash Capital Increase	6(13)	37,500	291,400	-	-	-	-	328,900
Share-based payments	6(12)	-	16,909	-	-	-	-	16,909
Equity Component of Convertible Bonds	6(10)	-	59,973	-	-	-	-	59,973
Conversion of convertible bonds to shares	6(10)(13)	10	82	-	-	-	-	92
Balance at December 31, 2024		\$ 795,313	\$ 1,181,837	\$ 765,168	\$ 331,725	\$ 2,384,572	(\$ 211,041)	\$ 5,247,574
Year ended December 31, 2025								
Balance at January 1, 2025		\$ 795,313	\$ 1,181,837	\$ 765,168	\$ 331,725	\$ 2,384,572	(\$ 211,041)	\$ 5,247,574
Profit for the year		-	-	-	-	417,999	-	417,999
Other comprehensive loss for the year		-	-	-	-	(3,743)	62,274	58,531
Total comprehensive income		-	-	-	-	414,256	62,274	476,530
Appropriations of 2024 earnings :	6(15)							
Legal reserve		-	-	73,635	-	(73,635)	-	-
Special reserve		-	-	-	(120,684)	120,684	-	-
Cash dividends		-	-	-	-	(715,782)	-	(715,782)
Conversion of convertible bonds to shares	6(10)(13)	2,484	17,712	-	-	-	-	20,196
Balance at December 31, 2025		\$ 797,797	\$ 1,199,549	\$ 838,803	\$ 211,041	\$ 2,130,095	(\$ 148,767)	\$ 5,028,518

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

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 528,178	\$ 761,952
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized profit from intercompany sales		16,867	21,207
Realized gain from intercompany sales		(21,207)	(25,019)
Reversal of impairment loss	12(2)	(1,101)	(988)
Depreciation	6(7)(8)(19)	56,579	53,478
Amortization	6(19)	16,175	17,986
Interest income		(9,598)	(9,196)
Share-based compensation cost	6(20)	-	16,909
Loss (gain) on disposal of property, plant and equipment	6(18)	60	(1,403)
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(18)	(7,208)	(27,123)
Interest expense		53,291	28,319
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(466,849)	(566,819)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(88,299)	27,561
Accounts receivable		23,455	(91,108)
Other receivables		9,068	(10,674)
Other receivables - related parties		15,383	15,064
Inventories		(7,059)	(130,810)
Prepayments		(11,499)	(510)
Other current assets		(400)	(875)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(8,405)	977
Current contract liabilities		(4)	(1,885)
Accounts payable		23,490	6,176
Other payables		(5,803)	(32,210)
Other current liabilities		(159)	(741)
Other non-current liabilities		(5,433)	1,382
Cash inflow generated from operations		109,522	51,650
Interest received		11,253	9,196
Income tax paid		(97,774)	(61,236)
Interest paid		(46,368)	(4,631)
Net cash flows from operating activities		(23,367)	(5,021)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		-	(400,000)
Proceeds from disposal of financial assets at amortized cost		321,000	-
Refund of share capital reduction of investments accounted for using equity method	6(6)	74,507	-
Acquisition of property, plant and equipment	6(22)	(83,420)	(16,105)
Proceeds from disposal of property, plant and equipment		259	1,847
Acquisition of intangible assets		(7,643)	-
Increase in guaranteed deposits received		(1,914)	-
Increase in other non-current asset		(359)	(13,540)
Dividends received	6(6)	564,984	-
Net cash flows from (used in) investing activities		867,414	(427,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loan	6(23)	-	(382,000)
Issuance of convertible bonds	6(23)	-	338,371
Increase in other payable - related party	6(23)	46,620	458,278
Payments of lease liabilities	6(23)	(4,131)	(910)
Cash capital increase	6(13)	-	328,900
Payments of cash dividends	6(15)	(715,782)	(378,901)
Net cash flows (used in) from financing activities		(673,293)	363,738
Net increase (decrease) in cash and cash equivalents		170,754	(69,081)
Cash and cash equivalents at beginning of period		189,803	258,884
Cash and cash equivalents at end of period		\$ 360,557	\$ 189,803

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

IRON FORCE INDUSTRIAL CO., LTD AND SUBSIDIARIES
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. History and Organization

Iron Force Industrial Co., Ltd. (the “Company”) was incorporated in April 1977 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and listed on the Taiwan Stock Exchange on November 25, 2013. The Company is primarily engaged in manufacturing and trading of airbag inflators for automotive safety systems and high precision metal tubes for seatbelt retractor/pre-tensioner systems, and trading of display fixtures and other metal parts.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 26, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘ Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

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

Except for the following which is to be assessed, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-

defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

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

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

(3) Foreign currency translation

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive

income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fairvalue, and recognizes the gain or loss in profit or loss.

(7) Financial assets at amortized cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual right to receive the cash flows from the financial expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the

lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

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

for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	51~56 years
Machinery and equipment	2~6 years
Office equipment	6 years
Others	4~20 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(15) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1~3 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more

than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

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

(18) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(20) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Company classifies the bonds payable upon issuance as a financial asset or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognized initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on the balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(21) Derecognition of financial liabilities

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

(22) Non-hedging derivatives

- A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(24) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.
- B. The grant date is the date on which the Company notifies employees and both parties agree on the subscription quantity and price.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect

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

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

- A. The Company manufactures and sells automotive safety components, display fixtures and other metal parts. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company

has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue from sales of automotive safety components, display fixtures and other metal parts is recognized based on the price specified in the contract, net of sales returns, volume discounts and sales discounts. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Government grants

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

5. Critical judgements in applying the Company's accounting policies

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

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

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Petty cash and cash on hand	\$ 100	\$ 100
Checking accounts and demand deposits	32,829	22,871
Time deposits	175,908	152,842
Short-term notes and bills	151,720	13,990
	<u>\$ 360,557</u>	<u>\$ 189,803</u>

- A. Time deposits and short-term notes and bills on December 31, 2025 and 2024 were listed as highly liquid investments expiring within three months and the annual interest rates ranged from 1.39%~2.10% and 1.38%~4.93%, respectively.
- B. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- C. The Company has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 12,000	\$ 12,000
Forward foreign exchange contracts	95,110	-
Derivative Instruments - redemption rights of convertible bonds	210	210
Valuation adjustment	(11,513)	(11,910)
	<u>\$ 95,807</u>	<u>\$ 300</u>
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	<u>\$ 172</u>	<u>\$ 8,577</u>

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

	Years ended December 31	
	2025	2024
Financial assets / liabilities mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ -	(\$ 528)
Forward foreign exchange contracts	6,811	27,561
Derivative Instruments - Callable Convertible Bonds	397	90
	<u>\$ 7,208</u>	<u>\$ 27,123</u>

B. Details of the transactions and contract information in respect of the Company's derivative financial assets / liabilities which were not accounted for under hedge accounting are as follows:

Financial instruments	December 31, 2025	
	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2025/07/28~2026/07/30
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2025/07/28~2026/07/30
Forward foreign exchange contracts - pre-purchase	RMB 80,000,000	2025/07/28~2026/07/30
Forward foreign exchange contracts - pre-sale	USD 150,000	2025/09/30~2026/01/13
Financial instruments	December 31, 2024	
	Contract amount (notional principal) (in dollars)	Contract period
Forward foreign exchange contracts - pre-purchase	RMB 85,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-purchase	RMB 100,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-purchase	RMB 65,000,000	2024/07/29~2025/07/30
Forward foreign exchange contracts - pre-sale	USD 910,000	2024/11/22~2025/01/24
Forward foreign exchange contracts - pre-sale	USD 767,000	2024/12/13~2025/02/26

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

C. Information relating to credit risk of financial assets / liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits with original maturity of more than three months	<u>\$ 79,000</u>	<u>\$ 400,000</u>

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

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Interest income	<u>\$ 5,733</u>	<u>\$ 1,741</u>

C. Without considering collateral held or other credit enhancement, the amounts most represent the maximum exposure to credit risk of financial assets at amortized cost as of December 31, 2025 and 2024 amounted to \$79,000 and \$400,000, respectively.

C. As the counterparties of the time deposits invested by the Company are financial institutions with good credit quality, the possibility of default is expected to be very low.

(4) Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable	\$ 383,478	\$ 406,933
Less: Allowance for uncollectible accounts	(1,944)	(3,045)
	<u>\$ 381,534</u>	<u>\$ 403,888</u>

A. The ageing analysis of accounts receivables is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not past due	\$ 317,937	\$ 306,038
Up to 30 days	61,734	89,598
31 to 90 days	3,406	11,296
91 to 180 days	-	1
Over 181 days	401	-
	<u>\$ 383,478</u>	<u>\$ 406,933</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025, December 31, 2024 and January 1,2024, the balances of accounts receivable from contracts with customers amounted to \$383,478, \$406,933, and \$315,825, respectively.

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

(5) Inventories

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 253,966	(\$ 6,402)	\$ 247,564
Work in progress	30,445	(756)	29,689
Finished goods	256,066	(1,885)	254,181
Merchandise	10,180	(10,170)	10
	<u>\$ 550,657</u>	<u>(\$ 19,213)</u>	<u>\$ 531,444</u>
	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 218,837	(\$ 1,278)	\$ 217,559
Work in progress	27,356	(386)	26,970
Finished goods	281,259	(1,420)	279,839
Merchandise	10,178	(10,161)	17
	<u>\$ 537,630</u>	<u>(\$ 13,245)</u>	<u>\$ 524,385</u>

The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2025	2024
Cost of goods sold	\$ 1,709,214	\$ 1,590,270
loss on (gain on reversal of) decline in market value (Note)	5,968 (4,079)
Other	(3,725)	(2,332)
	<u>\$ 1,711,457</u>	<u>\$ 1,583,859</u>

Note: For the years ended December 31, 2024, the Company reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because eliminating a part of the inventories had been declined in market value.

(6) Investments accounted for using equity method

	2025	2024
At January 1	\$ 5,486,403	\$ 4,764,918
Earnings distribution of investments accounted for using equity method	(564,984)	-
Refund of share capital reduction of investments accounted for using equity method	(74,507)	-
Share of profit or loss of investments accounted for using equity method	466,849	566,819
Unrealized gain or loss	4,340	3,812
Change in the comprehensive income of investments accounted for using equity method	77,843	150,854
At December 31	<u>\$ 5,395,944</u>	<u>\$ 5,486,403</u>

Note: On December 2025, The cash refund capital reduction by the Board of Directors of Transtat Investment LTD., the paid-in share capital were deducted from HKD \$15,722 thousand and USD \$23,980 thousand to HKD \$15,722 thousand and USD \$21,643, and the capital reduction refund had been returned to the ultimate parent company, Iron Force Industrial co., Ltd.

	December 31, 2025	December 31, 2024
Subsidiaries:		
Transtat investment Ltd.	\$ 4,452,270	\$ 4,614,594
Cortec GmbH	401,944	346,209
Iron Force Poland Sp. z o.o.	541,730	525,600
	<u>\$ 5,395,944</u>	<u>\$ 5,486,403</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2025.
- B. The above investments accounted for using equity method and investment income and loss were evaluated based on the financial statements audited by independent auditors for the corresponding period.

(7) Property, plant and equipment

		2025					
		Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
<u>January 1</u>							
Cost		\$ 94,514	\$ 235,701	\$ 266,496	\$ 444	\$ 19,375	\$ 616,530
Accumulated depreciation		-	(86,843)	(118,592)	(203)	(14,421)	(220,059)
		<u>\$ 94,514</u>	<u>\$ 148,858</u>	<u>\$ 147,904</u>	<u>\$ 241</u>	<u>\$ 4,954</u>	<u>\$ 396,471</u>
<u>December 31</u>							
Cost		\$ 94,514	\$ 148,858	\$ 147,904	\$ 241	\$ 4,954	\$ 396,471
Additions		-	1,254	65,222	123	11,663	78,262
Disposals		-	-	(319)	-	-	(319)
Depreciation expenses		-	(4,729)	(44,383)	(59)	(2,554)	(51,725)
		<u>\$ 94,514</u>	<u>\$ 145,383</u>	<u>\$ 168,424</u>	<u>\$ 305</u>	<u>\$ 14,063</u>	<u>\$ 422,689</u>
<u>December 31</u>							
Cost		\$ 94,514	\$ 236,955	\$ 298,341	\$ 567	\$ 24,706	\$ 655,083
Accumulated depreciation		-	(91,572)	(129,917)	(262)	(10,643)	(232,394)
		<u>\$ 94,514</u>	<u>\$ 145,383</u>	<u>\$ 168,424</u>	<u>\$ 305</u>	<u>\$ 14,063</u>	<u>\$ 422,689</u>
		2024					
		Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
<u>January 1</u>							
Cost		\$ 94,514	\$ 235,287	\$ 261,529	\$ 444	\$ 19,350	\$ 611,124
Accumulated depreciation		-	(82,140)	(111,763)	(131)	(11,091)	(205,125)
		<u>\$ 94,514</u>	<u>\$ 153,147</u>	<u>\$ 149,766</u>	<u>\$ 313</u>	<u>\$ 8,259</u>	<u>\$ 405,999</u>
<u>December 31</u>							
Cost		\$ 94,514	\$ 153,147	\$ 149,766	\$ 313	\$ 8,259	\$ 405,999
Additions		-	414	42,465	-	576	43,455
Disposals		-	-	(444)	-	-	(444)
Depreciation expenses		-	(4,703)	(43,883)	(72)	(3,881)	(52,539)
		<u>\$ 94,514</u>	<u>\$ 148,858</u>	<u>\$ 147,904</u>	<u>\$ 241</u>	<u>\$ 4,954</u>	<u>\$ 396,471</u>
<u>December 31</u>							
Cost		\$ 94,514	\$ 235,701	\$ 266,496	\$ 444	\$ 19,375	\$ 616,530
Accumulated depreciation		-	(86,843)	(118,592)	(203)	(14,421)	(220,059)
		<u>\$ 94,514</u>	<u>\$ 148,858</u>	<u>\$ 147,904</u>	<u>\$ 241</u>	<u>\$ 4,954</u>	<u>\$ 396,471</u>

The property, plant and equipment were not pledged to others as collateral by the Company.

(8) Lease agreements – lessee

A. The Company's leases include building and transportation equipment. Rental contracts are typically made for periods of 1 to 10 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.

- B. The carrying amount of the right-of-use assets and the depreciation expense recognized were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 102,883	\$ -
Transportation equipment (Company vehicles)	4,629	4,560
	<u>\$ 107,512</u>	<u>\$ 4,560</u>

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Buildings	\$ 3,548	\$ -
Transportation equipment (Company vehicles)	1,306	939
	<u>\$ 4,854</u>	<u>\$ 939</u>

- C. The additions to right-of-use assets for the years ended December 31, 2025 and 2024 were \$107,806 and \$5,470, respectively.

- D. The information of the profits and loss items that are related to lease contracts is as follows:

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,111	\$ 66
Expense on short-term lease contracts	2,857	1,720
Expense on leases of low-value assets	185	187

- E. The Company's total lease cash outflows were \$8,284 and \$2,883 for the years ended December 31, 2025 and 2024, respectively.

(9) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Wages and salaries payable	\$ 78,473	\$ 79,761
Processing fees payable	12,902	15,433
Payable on machinery and equipment	6,327	30,065
Import / export expenses payable	4,029	6,245
Payable on purchasing materials on behalf of others (Note)	-	21,031
Others	45,676	23,851
	<u>\$ 147,407</u>	<u>\$ 176,386</u>

Note: Pertains to purchases of raw materials on behalf of second-tier subsidiaries.

(10) Bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bonds payable	\$ 278,700	\$ 299,900
Less: Discount on bonds payable	(11,087)	(19,014)
	<u>\$ 267,613</u>	<u>\$ 280,886</u>

A. The terms of issuance of the third domestic convertible bonds are as follows:

- (a) The total issuance amount is \$300,000, with coupon rate of 0%, and the issuance period of 3 years. The period of circulation is from August 29, 2024 to August 29, 2027. The Company shall repay in cash one lump sum according to the par value of the convertible bonds at maturity. The convertible bonds have been listed for trading in TPEX since August 29, 2024.
- (b) From the day following the three-month period after the issuance of the convertible bonds to maturity, the bond holders may request the conversion of the convertible bonds into the Company's ordinary shares at any time, except the book closure period of the ordinary shares according to law and regulations. The rights and obligations of ordinary shares after conversion are the same as those of the originally issued ordinary shares.
- (c) The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in the Regulation. The conversion price will be adjusted in accordance with the pricing model stipulated in the Regulation, if the conditions stipulated in the anti-dilutive terms occur. The conversion price is re-determined by the pricing model stipulated in the Regulation on the base date stipulated in the Regulation. Thus, the conversion price has been adjusted from NT\$94.5 per share to NT\$85.36 per share since July 14, 2025.
- (d) From the day following the three-month period after the issuance of the convertible bonds to 40 days before the expiry of the issuance period, when the closing price of the Company's ordinary shares exceeds the current conversion price by 30% for 30 consecutive business days, or from the day following the three-month period after the issuance of the convertible bonds to 40 days before the expiry of the issuance period, when the outstanding balance of the convertible bonds is lower

than 10% of the original total issued amount, the Company may redeem all of the bonds in cash one lump sum according to the par value of the convertible bonds at any time afterwards.

- (e) In accordance with the Regulation, all the convertible bonds collected (including those bought back from the TPEX), repaid or converted will be cancelled, and may not be resold or issued. The attached conversion rights are expired accordingly.
- B. In issuance of the convertible bonds, according to IAS 32 “Financial Instruments: Presentation,” the Company separated the conversion right with equity nature from the liability components, and recognized “capital surplus – stock options” amounting to \$59,973. In accordance with IFRS 9 “Financial Instruments,” as the economic characteristics and risks of the embedded redemption rights and put options are not closely related to the economic characteristics and risks of the host contract, they are separated from the host, and recognized as “financial assets or liabilities at fair value through profit or loss” by the net amount. After separation, the effective interest rate of the host is 2.50%.
- C. As of December 31, 2025, \$21,300 of the par value of the convertible bonds has been converted into 250 thousand ordinary shares.

(11) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3.5% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) The amounts recognized in the balance sheet are as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 66,090	\$ 60,468
Fair value of plan assets	(36,596)	(30,220)
Net defined benefit liability (shown as ‘other non-current liabilities’)	<u>\$ 29,494</u>	<u>\$ 30,248</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2025			
Balance at January 1	\$ 60,468	(\$ 30,220)	\$ 30,248
Current service cost	686	-	686
Interest expense (income)	1,010	(505)	505
	<u>62,164</u>	<u>(30,725)</u>	<u>31,439</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,943)	(1,943)
Change in financial assumptions	6,525	-	6,525
Experience adjustments	97	-	97
	<u>6,622</u>	<u>(1,943)</u>	<u>4,679</u>
Pension fund contribution	-	(6,624)	(6,624)
Payment of pension fund	(2,696)	2,696	-
Balance at December 31	<u>\$ 66,090</u>	<u>(\$ 36,596)</u>	<u>\$ 29,494</u>
2024			
Balance at January 1	\$ 57,027	(\$ 21,510)	\$ 35,517
Current service cost	136	-	136
Interest expense (income)	707	(267)	440
Prior service cost	7,262	-	7,262
	<u>65,132</u>	<u>(21,777)</u>	<u>43,355</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,987)	(1,987)
Change in financial assumptions	(6,040)	-	(6,040)
Experience adjustments	1,376	-	1,376
	<u>(4,664)</u>	<u>(1,987)</u>	<u>(6,651)</u>
Pension fund contribution	-	(6,456)	(6,456)
Balance at December 31	<u>\$ 60,468</u>	<u>(\$ 30,220)</u>	<u>\$ 30,248</u>

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

	Years ended December 31	
	2025	2024
Discount rate	1.45%	1.67%
Future salary increases	1.45%	2.69%

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

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

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 3,952)	\$ 4,358	\$ 4,254	(\$ 3,901)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 3,486)	\$ 3,846	\$ 3,787	(\$ 3,469)

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the years ending December 31, 2026 amount to \$200.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 13 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	42,982
1-2 year(s)		1,504
2-5 years		4,711
Over 5 years		15,133
	<u>\$</u>	<u>64,330</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not lower than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 and 2024 were \$13,222 and \$12,816, respectively.

(12) Share-based payment

A. As of December 31, 2024, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Cash capital increase reserved for employee preemption	2024.09.06	<u>563 in thousand</u>	NA	Vested immediately

Among the share-based payment arrangements above are settled by equity.

B. The fair value of stock options is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Cash capital increase reserved for employee preemption	2024.09.06	118	88	41.78%	0.07 year	-	1.02%	\$ 30.06

C. Expenses incurred on share-based payment transactions are shown below:

	December 31	
	2025	2024
Equity-settled	\$ -	\$ 16,909

D. There was no this kind of condition as of December 31, 2025.

(13) Share capital

A. As of December 31, 2025, the Company's authorized capital was \$1,300,000, consisting of 130,000 thousand shares of ordinary stock, and the paid-in capital was \$797,797 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2025 (thousand shares)	2024 (thousand shares)
At January 1	79,531	75,780
Cash capital increase	-	3,750
Convertible bonds	249	1
At December 31	79,780	79,531

C. On August 27, 2024, the Board of Directors resolved to conduct a cash capital increase through the issuance of 3,750 thousand new common shares, each with a par value of NT\$10. The record date for the capital increase was set as October 7, 2024, and the issue price was NT\$88 per share. The Company has received full payment totaling NT\$330,000, and the registration of the newly issued shares has been completed. The underwriting fee of NT\$1,100 incurred in connection with this capital increase was recognized as a deduction from capital surplus – share premium, as it represents a necessary issuance cost.

D. As of December 31, 2025 and 2024, the Company has converted \$21,200 and \$100 of par value of the convertible bonds into 249 and 1 thousand ordinary shares, and the register of changes has been completed.

(14) Capital surplus

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

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit shall first be used to pay

all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Dividends distribution is resolved by the shareholders based on current year's profit and capital position.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. The appropriations of 2024 and 2023 earnings as resolved at the shareholders' meeting on May 29, 2025 and on June 21, 2024 are as follows:

	Years ended December 31			
	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 73,635		\$ 50,873	
Special reserve	(120,684)		5,826	
Cash dividends	715,782	\$ 9.00	378,901	\$ 5.00
	<u>\$ 668,733</u>		<u>\$ 435,600</u>	

- D. Events after the balance sheet date:

The appropriations of earnings for the years ended December 31, 2025 as proposed by the Board of Directors on February 26, 2026 is as follows

	Years ended December 31, 2025	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 41,426	
Special reserve	(62,274)	
Cash dividends	359,009	\$ 4.50
	<u>\$ 338,161</u>	

(16) Operating revenue

	Years ended December 31	
	2025	2024
Revenue from contracts with customers	\$ 2,006,863	\$ 1,979,542

A. Disaggregation of revenue from contracts with customers

Sales area	Years ended December 31	
	2025	2024
America	\$ 933,647	\$ 1,081,289
China	507,868	332,256
Asia (Except China)	121,104	90,598
Europe	444,244	475,399
	\$ 2,006,863	\$ 1,979,542

B. Contract liabilities

(a) The Company has recognized the following contract liabilities of revenue from contracts with customers as a result of advance sales receipts:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities	\$ 88	\$ 92	\$ 1,977

(b) The contract liabilities at the beginning of the period which were recognized in revenue for the years ended December 31, 2025 and 2024 amounted to \$92 and \$1,977, respectively.

(17) Other income

	Years ended December 31	
	2025	2024
Rent income	\$ 336	\$ 336
Other income-others (Note)	54,083	61,684
	\$ 54,419	\$ 62,020

Note: Refer to Note 7(2) B.

(18) Other gains and losses

	Years ended December 31	
	2025	2024
Net currency exchange gains (losses)	\$ 22,366	\$ 5,755
Gains on financial instruments at fair value through profit or loss	7,208	27,123
(Losses) gains on disposals of property, plant and equipment	(60)	1,403
Miscellaneous income (disbursements)	15,633	25,799
	<u>\$ 45,147</u>	<u>\$ 60,080</u>

(19) Expenses by nature

	Years ended December 31, 2025		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 210,683	\$ 135,226	\$ 345,909
Labour and health insurance fees	25,241	10,586	35,827
Pension costs	7,596	6,817	14,413
Directors' remuneration	-	7,105	7,105
Other personnel expenses	3,194	6,320	9,514
Depreciation charge	52,328	4,251	56,579
Amortization charge	359	15,816	16,175
	Years ended December 31, 2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 208,111	\$ 132,558	\$ 340,669
Labour and health insurance fees	22,336	10,266	32,602
Pension costs	7,238	13,416	20,654
Directors' remuneration	-	3,788	3,788
Share-based payment	-	16,909	16,909
Other personnel expenses	2,939	6,780	9,719
Depreciation charge	46,927	6,551	53,478
Amortization charge	265	17,721	17,986

Note 1: As of December 31, 2025 and 2024, the Company had 473 and 483 employees, respectively. There were 7 and 9 non-employee directors for both years.

Note 2: For the years ended December 31, 2025 and 2024, the average employee benefit expenses were \$871 and \$887, respectively, the average salary expenses were \$742 and \$719, respectively, and the adjustment of average employee salaries was 3.2%.

Note 3: The remuneration policies of the Company's directors, managers and employees are as follows.

(a) Remuneration policy of directors and managers:

- i. For general directors' remuneration, in accordance with Article 20 of Incorporation of the Company, if the Company has any profit for the current year, the Company shall distribute no more than 5% as directors' remuneration as resolved by the Board of Directors. The Board of Directors is authorized to determine the remuneration according to the degree of their participation and contribution to the Company's operations and by reference to the general pay levels in the industry.
- ii. Directors' and managers' remuneration for their services rendered are determined by taking into account the general pay levels in the same industry, individual performance assessment results, the time spent by the individual, their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also, the Company evaluates the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company. The remuneration shall be proposed by the remuneration committee and then submitted to the Board of Directors for discussion and resolution. Employees' compensation is determined by their positions and their contributions, and employees are encouraged to focus on long-term contributions and share the results of the Company's operations

(b) Employee compensation policy:

- i. Compliance with laws and regulations:
Provide employee compensation and benefits in compliance with applicable laws and regulations, including minimum basic salary, overtime pay, day off, and benefits under the laws and regulations.
- ii. Continue to promote the performance-oriented salary and welfare system to give fair and reasonable feedback to employees for their contributions:

- (i). Internally, take a job inspection to fairly reflect the contribution to the organization of relative work value of each position.
- (ii). Externally, the position grades are determined based on the sum of the various knowledge, skills, and experience required for each position, the difficulty of solving problems, the authority of the scope of responsibility, and the level of communication skills. Also, refer to the price of living index and external salary survey data to determine the salary range of the position, and expecting the payment of salary is better than the average salary level of the same external industry to meet the competitiveness of the market.
- (iii). Based on the employee's work performance, assessment and reward and punishment records as a reference for annual salary adjustment.

iii. Incentives:

- (i). Based on the employee's work performance, assessment and reward and punishment records as a reference for annual salary adjustment.
- (ii). Based on the employee's work performance, assessment and reward and punishment records as a reference for annual salary adjustment.

Through the achievement of financial indicators and balanced scorecard indicators, performance bonuses are issued to stimulate the employees' potential and break personal normal work performance, and promote the growth of the Company's revenue and profits.

iv. Better than statutory benefits items:

The Company provides better than statutory benefits items, including year-end bonus, bonus system, annual salary adjustment, holiday bonus, birthday gift certificate, wedding and funeral subsidies, annual health examination, domestic and foreign employee travel held by the welfare committee, free lunch and overtime dinner, employee education grant, senior employee recognition, special group insurance, uniforms (for employees in Nantou), free car and motorcycle parking (for employees in Nantou), year-end gathering, etc. Days off and statutory benefits are also provided.

- A. In accordance with the Articles of Incorporation of the Company, if the Company has distributable profit of the current year, the Company shall distribute at not lower than 0.5% as employees' compensation in the form of shares or in cash and not lower than 0.5% as basic employees' compensation in the form of adjusted the salaries or in cash as resolved by the Board

of Directors. The Company shall distribute directors' remuneration at no more than 5% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders during their meeting.

- B. For the years ended December 31, 2025 and 2024, employees' compensation and directors' remuneration were accrued as follows:

	Years ended December 31	
	2025	2024
Directors' remuneration	\$ 3,000	\$ 1,800
Employees' compensation	5,209	9,989
	<u>\$ 8,209</u>	<u>\$ 11,789</u>

The aforementioned amounts were recognized in salary expenses and were accrued based on the distributable profit for the years ended December 31, 2025 and the Company's Articles of Incorporation.

- C. The directors' remuneration and employees' compensation for 2025 as resolved by the Board of Directors on February 26, 2026 amounted to \$2,817 and \$3,100, respectively. The differences between the amounts resolved by the Board of Directors and the directors' remuneration of \$3,000 and employees' compensation of \$5,209 recognized in the 2025 financial statements were regarded as changes in accounting estimates and recognized in profit or loss for 2026.
- D. The directors' remuneration and employees' compensation for 2024 as resolved by the shareholders meeting on May 29, 2025 amounted to \$4,087 and \$4,300, respectively. The differences between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,800 and employees' compensation of \$9,989 recognized in the 2024 financial statements were regarded as changes in accounting estimates and recognized in profit or loss for 2025.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 100,106	\$ 38,674
Tax on undistributed earnings	3,380	3,656
Prior year income tax (over) under estimation	(18)	87
Total current tax	<u>103,468</u>	<u>42,417</u>
Deferred tax:		
Origination and reversal of temporary differences	6,711	(11,491)
Income tax expense	<u>\$ 110,179</u>	<u>\$ 30,926</u>

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

	Years ended December 31	
	2025	2024
Currency translation differences	\$ 15,569	\$ 30,170
Remeasurement of defined benefit asset	(936)	1,330

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2025	2024
Tax calculated base on profit before tax and statutory tax rate	\$ 105,635	\$ 152,390
Tax effects disallowed by tax regulation	1,451	632
Tax exempt income by tax regulation	(315)	(94)
Change on assessment of realisation of deferred tax assets (Note)	-	(126,513)
Temporary differences not recognized as deferred tax assets	46	768
Tax on undistributed earnings	3,380	3,656
Prior year income tax (over) under estimation	(18)	87
Total current tax	<u>\$ 110,179</u>	<u>\$ 30,926</u>

Note: The reversal of deferred income tax liability is primarily attributable to the expectation that the subsidiary, Huzhou Iron Force Metal Products Co., Ltd., will not distribute a portion of its retained earnings.

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

	2025			
	January 1	Recognised in profit or loss	Recognised in other comprehensive	
			income	December 31
–Deferred tax assets:				
Loss on inventory	\$ 2,649	\$ 1,194	\$ -	\$ 3,843
Unrealised gain on inter - affiliate accounts	4,240	(866)	-	3,374
Unused compensated absences	2,002	720	-	2,722
Unrealised appropriation of pension expenses	5,977	(1,087)	936	5,826
Unrealised loss on financial assets	2,448	(2,448)	-	-
Unrealised expenses	-	3,367	-	3,367
Currency translation differences	19,403	-	(15,569)	3,834
Total	36,719	880	(14,633)	22,966
–Deferred tax liabilities:				
Profit or loss of investments accounted for using equity method	(501,703)	12,655	-	(489,048)
Unrealised gain on financial assets	-	(18,335)	-	(18,335)
Unrealised exchange gain	(2,030)	(1,911)	-	(3,941)
Total	(503,733)	(7,591)	-	(511,324)
	<u>(\$ 467,014)</u>	<u>(\$ 6,711)</u>	<u>(\$ 14,633)</u>	<u>(\$ 488,358)</u>

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive	
			income	December 31
–Deferred tax assets:				
Loss on inventory	\$ 3,465	(\$ 816)	\$ -	\$ 2,649
Unrealised gain on inter - affiliate accounts	5,004	(764)	-	4,240
Unrealised gain on financial assets	2,165	283	-	2,448
Unused compensated absences	2,002	-	-	2,002
Unrealised appropriation of pension expenses	7,030	277	(1,330)	5,977
Currency translation differences	49,573	-	(30,170)	19,403
Total	69,239	(1,020)	(31,500)	36,719
–Deferred tax liabilities:				
Profit or loss of investments accounted for using equity method	(514,853)	13,150	-	(501,703)
Unrealised exchange gain	(1,391)	(639)	-	(2,030)
Total	(516,244)	12,511	-	(503,733)
	<u>(\$ 447,005)</u>	<u>\$ 11,491</u>	<u>(\$ 31,500)</u>	<u>(\$ 467,014)</u>

D. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	\$ 4,157	\$ 3,929

(21) Earnings per share

	<u>Years ended December 31, 2025</u>		
	<u>Amount after</u>	<u>Weighted average</u>	<u>Earnings per share</u>
	<u>tax</u>	<u>number</u>	<u>(in dollars)</u>
		<u>of ordinary shares</u>	
		<u>outstanding</u>	
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the period attributable to the parent	\$ 417,999	79,611	\$ 5.25
<u>Diluted earnings per share</u>			
Net profit for the period attributable to the parent	\$ 417,999	\$ 79,611	
Effective of dilutive potential ordinary shares			
Employees' compensation	-	65	
Convertible bonds	5,220	3,434	
Profit for the period attributable to the parent plus all dilutive potential ordinary shares	\$ 423,219	83,110	\$ 5.09

	<u>Years ended December 31, 2024</u>		
	<u>Amount after</u>	<u>Weighted average</u>	<u>Earnings per share</u>
	<u>tax</u>	<u>number</u>	<u>(in dollars)</u>
		<u>of ordinary shares</u>	
		<u>outstanding</u>	
		<u>(share in thousands)</u>	
<u>Basic earnings per share</u>			
Net profit for the period attributable to the parent	\$ 731,026	76,797	\$ 9.51
<u>Diluted earnings per share</u>			
Net profit for the period attributable to the parent	\$ 731,026	76,797	
Effective of dilutive potential ordinary shares			
Employees' compensation	-	120	
Convertible bonds	1,823	108	
Profit for the period attributable to the parent plus all dilutive potential ordinary shares	\$ 732,849	77,995	\$ 9.40

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ 78,262	\$ 43,455
Add: Beginning balance of payable on equipment	30,065	8,862
Less: Ending balance of payable on equipment	(6,327)	(30,065)
Add/Less: Changes in prepayments for business facilities/Ending balance of payable on equipment	(18,580)	(6,147)
Cash paid during the period	\$ 83,420	\$ 16,105

(23) Changes in liabilities from financing activities

	Short-term	Lease liabilities	Bonds payable	Other payable	Total
	borrowings			- related parties	
January 1, 2025	\$ -	\$ 4,560	\$ 280,886	\$ 1,157,119	\$ 1,442,565
Changes in cash flow from financing activities	-	(4,131)	-	46,620	42,489
Changes in other non-cash items	-	107,244	(13,273)	-	93,971
December 31, 2025	\$ -	\$ 107,673	\$ 267,613	\$ 1,203,739	\$ 1,579,025
	Short-term	Lease liabilities	Bonds payable	Other payable	Total
	borrowings			- related parties	
January 1, 2024	\$ 382,000	\$ -	\$ -	\$ 698,841	\$ 1,080,841
Changes in cash flow from financing activities	(382,000)	(910)	338,371	458,278	413,739
Changes in other non-cash items	-	5,470	(57,485)	-	(52,015)
December 31, 2024	\$ -	\$ 4,560	\$ 280,886	\$ 1,157,119	\$ 1,442,565

7. Related Party Transactions

(1) Names of related parties and relationships

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Transtat Investment Ld.	Subsidiary
Cortec GmbH	Subsidiary
Iron Force Poland Sp. z o.o.	Subsidiary
Huzhou Iron Force Metal Products Co., Ltd.	Second-tier subsidiary
Hyphen Industrial Corp.	The Chairman of the Company and the Chairman of the entity are relatives within the second degree

(2) Significant related party transactions

A. Other receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivable due from related parties:		
Huzhou Iron Force Metal Products Co., Ltd.	\$ 12,449	\$ 27,832

Other receivables arise mainly from payments on behalf of second-tier subsidiaries for purchasing raw materials and suppliers.

B. Other income

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Huzhou Iron Force Metal Products Co., Ltd.	\$ 54,083	\$ 61,684
Other related parties	336	336
	<u>\$ 54,419</u>	<u>\$ 62,020</u>

The Company's other income to second-tier subsidiaries arise mainly from the fee expenses from purchasing raw materials on behalf of second-tier subsidiaries and technical service revenue, etc; and to other related parties arise mainly from income from rental income and the price is according to the market that no difference from parties and non-parties.

C. Other income and expense – management service income

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Other related parties	<u>560</u>	<u>650</u>

The Company's management service income from related parties is based on the contractually agreed transaction price and is collected at the beginning of each month.

D. Related party financing:

Loans from related parties (Shown as “other payables – related parties.”):

(a) Outstanding balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Transtat Investment Ld.	\$ 17,904	\$ 18,687
Huzhou Iron Force Metal Products Co., Ltd.	<u>\$ 1,185,835</u>	<u>\$ 1,138,432</u>

(b) Interest expense

	Years ended December 31	
	2025	2024
Huzhou Iron Force Metal Products Co., Ltd.	\$ 42,951	\$ 21,253

E. Endorsements and guarantees provided to related parties:

	December 31, 2025	December 31, 2024
Second-tier subsidiary	\$ 395,766	\$ 229,495

(3) Key management compensation

	Years ended December 31	
	2025	2024
Short-term employee benefits	\$ 28,735	\$ 28,238
Post-employment benefits	630	578
	\$ 29,365	\$ 28,816

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments Contingencies

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2025	December 31, 2024
Consultation service contract	\$ -	\$ 10,400
Property, plant and equipment	10,593	8,832
	\$ 10,593	\$ 19,232

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Notes 6(15) and 6(19).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 95,807	\$ 300
Financial assets at amortised cost		
Cash and cash equivalents	\$ 360,557	\$ 189,803
Financial assets measured at amortized cost	79,000	400,000
Accounts receivable	381,534	403,888
Other receivables	26,081	52,187
Guarantee deposits paid (shown as other non-current assets)	2,008	94
	<u>\$ 849,180</u>	<u>\$ 1,045,972</u>
<u>Financial liabilities</u>		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 172	\$ 8,577
Financial liabilities at amortised cost		
Accounts payable	\$ 166,472	\$ 142,982
Other payable (including related parties)	1,351,146	1,333,505
Bonds payables	267,613	280,886
Lease liabilities	107,673	4,560
	<u>\$ 1,892,904</u>	<u>\$ 1,761,933</u>

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contract is used to hedge certain exchange rate risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to various currency risks arising

from transactions denominated in different currencies, mainly in USD, EUR, CNY and PLN. These currency risks arise from future commercial transactions and from recognized assets, liabilities, and net investments in foreign operations.

- ii. Management has set up a policy to manage the foreign exchange risk against the functional currency. Each company within the Company should hedge its overall exchange rate risk through the Company's finance department. The Company's treasury uses forward foreign exchange contracts and structured deposits to manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Company's business involves some non-functional currency operations (the Company's functional currency: NTD and some of subsidiary's functional currency: EUR, RMB, and PLN). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,762	31.41	\$ 118,164
EUR:NTD	5,212	36.85	192,062
RMB:NTD	40,469	4.49	181,706
<u>Non-Monetary items</u>			
USD:NTD	\$ 141,747	31.41	\$ 4,452,270
EUR:NTD	10,908	36.85	401,944
PLN:NTD	62,054	8.73	541,730
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 859	31.41	\$ 26,981
EUR:NTD	4,004	36.85	147,547
RMB:NTD	263,936	4.49	1,185,073

December 31, 2024			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 6,855	32.79	\$ 224,741
EUR:NTD	7,812	34.13	266,624
RMB:NTD	31,218	4.48	139,825
<u>Non-Monetary items</u>			
USD:NTD	\$ 140,753	32.79	\$ 4,614,594
EUR:NTD	10,144	34.13	346,209
PLN:NTD	66,230	7.936	525,600
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 699	32.79	\$ 22,917
EUR:NTD	4,458	34.13	152,152
RMB:NTD	254,143	4.48	1,138,441

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Years ended December 31, 2025			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,182	\$ -
EUR:NTD	1%	1,921	-
RMB:NTD	1%	1,817	-
<u>Non-Monetary items</u>			
USD:NTD	1%	-	\$ 44,523
EUR:NTD	1%	-	4,019
PLN:NTD	1%	-	5,417
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 270	\$ -
EUR:NTD	1%	1,475	-
RMB:NTD	1%	11,851	-

(Foreign currency: functional currency)	Years ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,247	\$ -
EUR:NTD	1%	2,666	-
RMB:NTD	1%	1,398	-
<u>Non-Monetary items</u>			
USD:NTD	1%	\$ -	\$ 46,146
EUR:NTD	1%	-	3,462
PLN:NTD	1%	-	5,256
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 229	\$ -
EUR:NTD	1%	1,522	-
RMB:NTD	1%	11,384	-

The total exchange gains, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to \$22,366, and \$5,755, respectively.

Price risk

The Company are not exposed to price risk by the equity securities.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

- iv. The Company adopts the assumption under IFRS 9, if the contract payments were past due over 30 days based on the terms, it is deemed as that there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company classifies customers' accounts and notes receivable in accordance with credit rating of customer and customer types. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Company used the foreseeing consideration to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of December 31, 2025 and 2024, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2025</u>					
Expected loss rate	0.00%~0.12%	0.01%~2.21%	0.00%~1.63%	100%	
Total book value	\$ 317,937	\$ 61,734	\$ 3,406	\$ 401	\$ 383,478
Loss allowance	344	1,143	56	401	1,944
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2024</u>					
Expected loss rate	0.16%~0.25%	0.52%~2.34%	1.30%~2.92%	100%	
Total book value	\$ 306,038	\$ 89,598	\$ 11,296	\$ 1	\$ 406,933
Loss allowance	772	1,942	330	1	3,045

- vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts and notes receivable are as follows:

	<u>Years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
January 1	\$ 3,045	\$ 4,033
Reversal of impairment loss	(1,101)	(988)
December 31	<u>\$ 1,944</u>	<u>\$ 3,045</u>

(c) Liquidity risk

- i. The cash flow forecasting is performed by various operating entities within the Company and is summarized by the Company's treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The bank financing is an important source of liquidity for the Company, the Company has the following undrawn borrowing facilities on December 31, 2025 and 2024:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured borrowing facilities		
Undrawn borrowing balance	\$ 2,000,000	\$ 2,000,000

- iii. As of December 31, 2025 and 2024, the cash flows within 1 year of short-term borrowings, accounts payables, and other payables, and are in agreement with the balance of each account in the balance sheets.
- iv. The table below analyses the Company's derivative financial liabilities into relevant maturity Companying's based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
December 31, 2025					
<u>Non-derivative financial liabilities:</u>					
Bonds payable	\$ -	\$ -	\$ 278,700	\$ -	\$ -
Lease liability	3,251	9,752	13,119	38,181	59,512
	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
December 31, 2024					
<u>Non-derivative financial liabilities:</u>					
Bonds payable	\$ -	\$ -	\$ -	\$ 300,000	\$ -
Lease liability	286	857	1,143	2,452	-

- v. The Company does not expect the timing of the cash flows analyzed on the maturity date to be significantly earlier or the actual amount to be significantly different.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly. The fair value of the Company's investment in forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

Except for those listed in the table as follows, the carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, accounts receivables, notes receivable, other receivables, guaranteed deposits paid (presented as "other non-current assets"), short-term borrowings, accounts payables, other payables, long-term borrowings (including current portion) and lease liabilities are approximate to their fair values.

	<u>December 31, 2025</u>			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Bonds payable	<u>\$ 267,613</u>	<u>\$ -</u>	<u>\$ 270,116</u>	<u>\$ -</u>
		<u>December 31, 2024</u>		
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities				
Bonds payable	<u>\$ 280,886</u>	<u>\$ -</u>	<u>\$ 283,465</u>	<u>\$ -</u>

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

(a) The related information about the nature of the assets and liabilities is as follows:

December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ 697	\$ -	\$ 697
Forward foreign exchange contracts	-	95,110	-	95,110
	<u>\$ -</u>	<u>\$ 95,807</u>	<u>\$ -</u>	<u>\$ 95,807</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 172	\$ -	\$ 172

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ 300	\$ -	\$ 300
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 8,577	\$ -	\$ 8,577

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.
 - ii. The fair value measurement of the redemption right embedded in convertible bonds is categorized within Level 2, as it is based on valuation techniques or counterparty quotations. The fair value derived through valuation techniques may refer to the current fair value of other financial instruments with substantially similar terms and characteristics, discounted cash flow models, or other valuation methodologies. These techniques incorporate observable market data available as of the parent company only balance sheet date, such as the yield curve published by the Taipei Exchange.
 - iii. The fair value measurements of forward foreign exchange contracts and structured products are included in Level 2, as they are determined based on current forward exchange rates.
 - iv. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- D. There was no transfer between level 1 and level 2 for the years ended December 31, 2025 and 2024.
- E. There was no transfer in to and out of level 3 for the years ended December 31, 2025 and 2024.
- F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2025</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ -	Market comparable companies	Discount for lack of marketability	0.10	The higher the discount for lack of marketability, the lower the fair value

	<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ -	Market comparable companies	Discount for lack of marketability	0.11	The higher the discount for lack of marketability, the lower the fair value

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

		<u>December 31, 2025</u>				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 2	(\$ 2)	\$ -	\$ -

		December 31, 2024			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change			
Financial assets					
Equity instrument	Discount on liquidity	±5%	\$ 5	(\$ 5)	\$ -
			<u>\$ 5</u>	<u>(\$ 5)</u>	<u>\$ -</u>

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of significant marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 3.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.
- F. Business relationship and significant transactions between the parent and subsidiaries: None.

(2) Information on investees

Names, locations and other information of investee companies (excluding Mainland China investee company): Refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 4.

14. SEGMENT INFORMATION

Not applicable.

Iron Force Industrial Coporation
Loans to others
Years ended December 31, 2025

Tab 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum balance		Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans		Note
					(Note 3)	(Note 8)							Item	Value	granted to a single party (Note 7)	Limit on total loans granted (Note 7)	
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	\$ 184,250	\$ 184,250	\$ -	0.00%	2	\$ -	Working capital	\$ -	None	-	\$ 502,852	\$ 2,011,407	
1	Huzhou Iron Force Metal Products Co., Ltd.	Zhejiang Iron Force Metal Products Co., Ltd.	Other receivables due from related parties	Y	68,625	67,395	-	0.00%	2	-	Working capital	-	None	-	2,161,673	4,323,346	
1	Huzhou Iron Force Metal Products Co., Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	1,143,750	1,123,250	1,123,250	3.85%	2	-	Working capital	-	None	-	2,161,673	4,323,346	
1	Huzhou Iron Force Metal Products Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	368,500	368,500	239,525	2.186%~2.629%	2	-	Working capital	-	None	-	2,161,673	4,323,346	
2	Zhejiang Iron Force Metal Products Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd.	Other receivables due from related parties	Y	150,975	-	-	0.00%	2	-	Working capital	-	None	-	57,238	114,475	Note 9
2	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Other receivables due from related parties	Y	128,975	128,975	44,220	3.658%~3.701%	2	-	Working capital	-	None	-	199,492	398,983	
3	Transtat Investment Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related	Y	18,930	17,904	17,904	0.00%	2	-	Working capital	-	None	-	2,228,146	4,456,292	

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

(1) The Company is '0'.

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

Note 2: Fill in the name of account in which the loans are recognized, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Maximum balance of loans to others.

Note 4: Nature of financing shall be filled in business transaction or necessary for short-term financing.

(1) Fill in 1 if there is business transaction.

(2) Fill in 2 if it's necessary for short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The limit on financing to a single entity and total financing based on the operational procedures of loans to others shall be filled in, and the single entity of the financing and calculation of total financing shall be explained in the note column.

- (1) The ceiling on total loans granted by the Company to others shall not exceed 40% of the Company's net assets. For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, ceiling on total loans granted shall not exceed 30% of the Company's net assets.
- (2) The limit on loans granted by the Company to a single party who has business relationship with the Company shall not exceed the higher of 30% of the business transaction amount between the borrower and the Company in the most recent year or 120% of the business transaction amount in the most recent three months, and shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, limit on total loans granted to a single party shall not exceed 10% of the Company's net assets.
- (3) For loans granted between foreign companies whose voting rights are 100% held directly and indirectly by the Company or granted to the borrower by the foreign company whose voting rights are 100% held directly and indirectly by the Company, the ceiling on total loans granted shall not exceed 100% of the creditor's net assets; limit on loans granted to a single party shall not exceed 50% of the creditor's net assets. The financing period depends on the borrower's capital needs, but it shall not exceed five years.
- (4) The limit on loans to a single entity by the subsidiary is 50% of its net assets, and ceiling on total loans granted is 100% of its net assets.

Note 8: If the public company submits the fund financing to the board of directors for resolution one by one in accordance with Paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even though the amount hasn't been drawn down, the amount resolved by the board of directors shall be included in the balance declared to disclose the risk borne. However, after the fund is repaid, the balance after repayment shall be disclosed to reflect the adjustments to the risk. If the public company authorizes the chairman within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with Paragraph 2, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of financing resolved by the board of directors shall be the balance declared. After the fund is repaid, as it is possible to give loans again, the amount of financing resolved by the board of directors shall be still the balance declared.

Note 9: The total amount that Zhejiang Iron Force financed to Huzhou Iron Force exceeded the limit on financing to a single entity. Huzhou Iron Force has repaid the principal and the interest of the fund financed in full on April 21, 2025, and the Board of Directors resolved to conduct to terminate the credit line of the fund financed from Zhejiang Iron Force to Huzhou Iron Force in advance on May 2, 2025, to complete all the improvement procedures.

Iron Force Industrial Coporation
Provision of endorsements and guarantees to others
Years ended December 31, 2025

Tab 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/guarantor	Party being endorsed/ guaranteed Relationship with the investor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum balance endorsement/ guarantees (Note 4)	Ending balance endorsement/ guarantees (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Limit on total amount of endorsements/gua rantees provided (Note 3)	Provision of uarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/g uarantees to the party in Mainland China (Note 7)	Note
0	Iron Force Industrial Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd	2	\$ 1,257,130	\$ 232,470	\$ 219,870	\$ -	4%	\$ 2,514,259	Y	N	Y	Notes 3(1) and (2)
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	2	1,257,130	185,976	175,896	-	3%	2,514,259	Y	N	N	Note 3(3)
1	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	4	199,492	61,052	56,631	21,529	1%	398,983	N	N	N	Note 3(3)

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

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Companies with business dealings.
- (2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- (3) Companies in which more than 50% of the voting shares are directly or indirectly held by the company.
- (4) Companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- (6) A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- (7) Intercompany guarantees for the performance of contracts for the sale of pre-sale properties in accordance with the Consumer Protection Act.

Note 3: The limit on endorsements and guarantees provided to a single entity and total endorsements and guarantees provided based on the operational procedures of endorsements and guarantees provided to others shall be filled in, and the single entity of the endorsements and guarantees and calculation of total endorsements and guarantees shall be explained in the note column.

- (1) The ceiling on total amount of endorsements/guarantees shall not exceed 50% of the Company's net assets.
- (2) The limit on endorsements and guarantees provided for a single party shall not exceed 25% of the Company's net assets:
 - (2.1) For the companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount is the total value of purchases, sales and other business transactions during the most recent year and shall not exceed 10% of the Company's net assets.
 - (2.2) For the companies having parent-subsidiary relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount shall not exceed 10% of the Company's net assets. However, for the companies which the Company holds 100% of the voting rights directly or indirectly, endorsements and guarantees are not limited.
- (3) The limit on endorsements and guarantees provided to a single party by the subsidiary is 50% of its net assets, and ceiling on total endorsements and guarantees provided is 100% of its net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorized by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Iron Force Industrial Coporation
Holding of significant marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)
December 31, 2025

Tab 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Name and type of the marketable Security (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	End of period				
				Number of shares	Carry amount (Note 3)	Ownership	Fair value	Note (Note 4)
Huzhou Iron Force Metal Products Co., Ltd	Beneficiary certificates/ CR Yuanta Cash Income Money Market Fund B	-	Financial assets at fair value through profit or loss - current	-	\$ 175,264	-	\$ 175,264	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: The Company determines the marketable securities that shall be presented based on significance principle.

Iron Force Industrial Coporation
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 December 31, 2025

Tab 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Company with accounts receivables	Name of counterparty	Relationship with the counterparty	Balance of receivables from related party (Note 1)	Turnover rate	Overdue receivables from related party		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Treatment		
Huzhou Iron Force Metal Products Co., Ltd.	Iron Force Poland Sp. z o.o.	Relationship with the counterparty	Other receivables \$ 247,123	Not applicable	\$ -	-	\$ -	\$ -
Huzhou Iron Force Metal Products Co.,	Iron Force Industrial Coporation	Parent company	Other receivables 1,185,835	Not applicable	-	-	-	-

Note 1: Please separately fill in accounts receivables, notes, other receivables..., etc.

Note 2: Paid-in capital refers to paid-in capital of the parent company. For issuers without par value of shares or the par value is not NT\$10, concerning the regulation about the transaction amount of 20% of the paid-in capital, it is calculated by 10% of the equity attributable to owners of the parent company in the balance sheets.

Iron Force Industrial Coporation
Name of investee company, location and other related information (excluding Mainland China investee company)
Years ended December 31, 2025

Tab 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held in the end of period			Current profit or loss of investee (Note 2(2))	Gains or losses on investments recognized in the current period (Note 2(3))	Note
				End the period	End of previous year	Number of shares	Ownership	Carry amount			
Iron Force Industrial Co., Ltd.	Transtat Investment Ltd.	Hong Kong	Holding company	\$ 799,453	\$ 873,960	23,660	100%	\$ 4,452,270	\$ 474,531	\$ 474,531	Note 3
Iron Force Industrial Co., Ltd.	Cortec GmbH	Germany	Sales and purchases of hangers and display fixtures	27,104	27,104	750	100%	401,944	27,171	27,171	
Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Poland	Producing and sales of automotive safety components	658,901	658,901	1,600	100%	541,730 (34,853) (34,853)	
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Germany	Producing and sales and purchases of hangers and display fixtures	889	889	-	100%	16,331	9,226	9,226	
Cortec GmbH	Cortec Verwaltungs GmbH	Germany	Management consulting company	881	881	-	100%	1,037	19	19	

Note 1: If a public company is equipped with an overseas holding company and takes parent company only financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Name of investee company', 'Location', 'Main business', 'Original investment amount' and 'Shares held in the end of the period' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'note' column.
- (2) The 'Current profit or loss of the investee' column shall be filled in the amount of profit or loss of each investee in the current period.
- (3) The 'Gains or losses on investments recognized in the current period' column shall only be filled in the amount of profit or loss of subsidiaries directly invested and investees accounted for using equity method and shall not be filled in for others. When filling in 'Current profit or loss of each subsidiary directly invested' column, the current profit or loss of each subsidiary shall include the gains or losses on investments of reinvestments that shall be recognized in accordance with regulations.

Note 3: On December 2025, The cash refund capital reduction by the Board of Directors of Transtat Investment LTD., the paid-in share capital were deducted from HKD \$15,722 thousand and USD \$23,980 thousand to HKD \$15,722 thousand and USD \$21,643, and the capital reduction refund had been returned to the ultimate parent company, Iron Force Industrial co.,Ltd

Iron Force Industrial Coporation
Information on investments in Mainland China
December 31, 2025

Tab 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of invertment remitted from Taiwan in the beginning of the period	Amount of investment remitted outward or inward in the current period			Current profit or loss of investee	Ownership held by the Company (direct or indirect)	Gains or losses on investments recognized in the current period (Note 2)	Carry amount of investments in the end of the period	Gains on investment remitted back as of the current period	Note
					Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of invertment remitted from Taiwan in the end of period						
Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers, display fixtures and metal fixture	\$ 46,261	(2)	\$ 143,346	\$ -	\$ 99,546	\$ 43,800	(\$ 6,143)	100%	(\$ 6,143)	\$ 114,475	\$ 63,995	Note 5
Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	1,951,294	(2)	703,149	-	-	703,149	483,744	100%	483,744	4,323,346	735,330	Note 6
<u>Company name</u>	<u>Accumulated amount remitted from Taiwan to Mainland China as of end of the period</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Limit on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
Iron Force Industrial Co., Ltd.	\$ 846,495	\$ 846,495	\$ 2,842,003										

Note 1: Investment methods are divided into the following three categories, and the labeling of each category is sufficient.

- (1) Direct investment in mainland China
- (2) Reinvesting in Mainland China through a third-party company (please specify the third-party investment company)
- (3) Other methods

Note 2: The gains or losses on investments recognized in the current period are based on the financial statements reviewed by the auditors of the parent company in Taiwan.

Note 3: The numbers in the table shall be presented in NTD.

Note 4: (1) The differences between the paid-in capital of Zhejiang Iron Force Metal Products Co., Ltd. amounting to US\$5,000 thousand and the accumulated amount of remittance from Taiwan amounting to US\$4,734 thousand is US\$266 thousand. This resulted from using dividends distribution of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$400 thousand as the capital contribution to invest in Zhejiang Iron Force Metal Products Co., Ltd. and purchasing shares from the related parties at a premium price of US\$ 134 thousand.

(2) The differences between the paid-in capital of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$63,060 thousand and the accumulated amount of remittance from Taiwan amounting to US\$22,200 thousand is US\$40,860 thousand. This resulted from purchasing shares from the related parties at a premium price of US\$1,140 thousand and the capital increase out of earnings of Huzhou Iron Force Metal Products Co., Ltd. in 2019, 2021, and 2024 in the amount of US\$42,000 thousand.

Note 5: (1) As of December 31, 2025, the accumulated amount of investment income remitted back to Taiwan by Zhejiang Iron Force Metal Products Co., Ltd. amounted to US\$2,108 thousand.

(2) On September 2025, The cash refund capital reduction by the Board of Directors of Zhejiang Iron Force Metal Products Co., Ltd., the paid-in share capital were deducted from USD \$5,000 thousand to USD \$1,528, and the capital reduction refund had been returned to Transtat Investment Ltd.. After this, it had been returned to the ultimate parent company, Iron Force Industrial co.,Ltd on December 2025.

Note 6: As of December 31, 2025, the accumulated amount of investment income remitted back to Taiwan by Huzhou Iron Force Metal Products Co., Ltd. amounted to US\$24,080 thousand.

IRON FORCE INDUSTRIAL CO., LTD.

DETAILS OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

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

Statement 1

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash and cash on hand		\$ 100
Demand deposits – NTD		17,270
– USD	USD 229 Thousand, an exchange rate of 31.41	7,191
– EUR	EUR 47 Thousand, an exchange rate of 36.85	1,744
– Others		6,624
Cash equivalents – Time deposits	Annual rate of 1.63% to 2.10%, all expiring within three months	175,908
Cash equivalents – Short-term notes	Annual rate of 1.39% to 1.43%, all expiring within three months	151,720
		<u>\$ 360,557</u>

IRON FORCE INDUSTRIAL CO., LTD.

DETAILS OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2025

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

Statement 2

<u>Client Name</u>	<u>Amount</u>	<u>Note</u>
A52	\$ 176,357	
A65	48,854	
A23	20,800	
A63	20,761	
Others	<u>116,706</u>	Balance of each client has not exceeded 5% of total account receivable.
	383,478	
Less: Allowance for uncollectible accounts	(<u>1,944</u>)	
	<u>\$ 381,534</u>	

IRON FORCE INDUSTRIAL CO., LTD.

DETAILS OF INVENTORIES

DECEMBER 31, 2025

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

Statement 3

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$ 253,966	\$ 250,458	Note 1
Work in process	30,445	51,251	Note 2
Finished goods	256,066	307,725	"
Merchandise	10,180	42	"
	<u>550,657</u>		
Less: Allowance for valuation	(19,213)		
	<u>\$ 531,444</u>		

IRON FORCE INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 4

Name	Beginning Balance		Addition/Decrease		Investment	Cumulative Translation Adjustment Amount	Changes in Deferred Credits	Ending balacne			Market Value or Net Asset Value		Guarantee or collateral	Note
	No. of Shares	Amount	No. of Shares	Amount	Income(loss)			No. of Shares	Ownership (%)	Amount	Unit	Total amount		
	(In Thousands)		(In Thousands)	(Note)	Amount			(In Thousands)			price			
Transtat Investment Ltd.	25,997	\$ 4,614,594	(2,337)	(\$ 639,491)	\$ 474,531	(\$ 1,704)	\$ 4,340	23,660	100%	\$ 4,452,270	-	\$ 4,452,270	None	
Cortec GmbH	750	346,209	-	-	27,171	28,564	-	750	100%	401,944	-	401,944	#	
Iron Force Poland Sp. z o.o.	1,600	525,600	-	-	(34,853)	50,983	-	541,730	100%	541,730	-	541,730	#	
		<u>\$ 5,486,403</u>		<u>(\$ 639,491)</u>	<u>\$ 466,849</u>	<u>\$ 77,843</u>	<u>\$ 4,340</u>			<u>\$ 5,395,944</u>		<u>\$ 5,395,944</u>		

IRON FORCE INDUSTRIAL CO., LTD.

DETAILS OF OTHER PAYABLE

DECEMBER 31, 2025

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

Statement 5

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Related party financing – principal	Huzhou Iron Force Metal Products Co., Ltd	\$ 1,123,250
Related party financing – interest expense	Huzhou Iron Force Metal Products Co., Ltd	62,585
Related party financing – principal	Transtat Investment Ltd.	17,904
		<u>\$ 1,203,739</u>

IRON FORCE INDUSTRIAL CO., LTD.

SUMMARY OF OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 6

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Auto Parts Division	37,950 thousand	\$ 1,833,117	
Display Fixtures and Housewares Division	4,077 thousand	212,049	
		\$ 2,045,166	
Less: Sales discount and allowances		(38,303)	
		<u>\$ 2,006,863</u>	

IRON FORCE INDUSTRIAL CO., LTD.

SUMMARY OF OPERATING COST

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 7

Item	Description	Amount	Note
Cost of sales (for merchandising businesses)			
Beginning inventories		\$ 10,178	
Add: Purchases during the year (net amount)		172,144	
Less: Ending inventories		(10,180)	
Cost of purchase (for merchandising businesses)		<u>172,142</u>	
Cost of goods sold (for manufacturing business)			
Beginning raw materials		210,048	
Add: Raw materials purchased (net amount)		934,296	
Less: Ending raw materials		(245,904)	
Transferred to expenses		(1,567)	
Others		-	
Consumption of raw materials		<u>896,873</u>	
Beginning supplies		8,789	
Add: Supplies purchased (net amount)		67,068	
Less: Ending supplies		(8,062)	
Transferred to expenses		(41,989)	
Others		-	
Consumption of supplies		<u>25,806</u>	
Direct labor		124,974	
Manufacturing expense		<u>350,064</u>	
Manufacturing cost		1,397,717	
Add: Beginning work in progress		27,356	
Purchases of work-in-progress (net)		127,987	
Less: Ending work in progress		(30,445)	
Transferred to expenses		(8,331)	
Others		-	
Cost of finished goods		<u>1,514,284</u>	
Add: Beginning finished goods		281,259	
Less: Ending finished goods		(256,066)	
Transferred to expenses		(2,399)	
Others		<u>(6)</u>	
Cost of goods manufactured and sold (for manufacturing business)		1,709,214	
Add: Loss on disposal of scrap and waste material		151	
Loss on slow-moving inventories and valuation loss		5,968	
Others		60	
Less: Gain on disposal of scrap and waste material		(3,936)	
		<u>\$ 1,711,457</u>	

IRON FORCE INDUSTRIAL CO., LTD.

SUMMARY OF MANUFACTURING EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 8

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries	\$ 103,923	
Processing expenses	73,570	
Depreciation charge	52,328	
Utilities expense	40,094	
Other expenses	80,149	None of the amount of each item is exceeded 5% of total account.
	<u>\$ 350,064</u>	

IRON FORCE INDUSTRIAL CO., LTD.

SUMMARY OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 9

Item	Selling Expense	Administrative Expense	Research and Development Expense	Total	Note
Wages and salaries	\$ 16,121	\$ 92,978	\$ 26,127	\$ 135,226	
Import/export (customs) expense	32,575	-	21	32,596	
Service fees	200	15,209	78	15,487	
Insurance expense	1,584	7,891	2,712	12,187	
Pension expense	802	4,691	1,324	6,817	
Sample fees	-	292	11,858	12,150	
Amortization expense	-	15,083	733	15,816	
Others	4,823	48,684	7,265	60,772	Note
	<u>\$ 56,105</u>	<u>\$ 184,828</u>	<u>\$ 50,118</u>	<u>\$ 291,051</u>	