

KENMEC MECHANICAL ENGINEERING CO., LTD.

Parent Company Only Financial Report with Independent Auditors' Report 2025 and 2024

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Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit opinion

We audited the parent company only balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2025 and 2024, parent company only statements of comprehensive income, parent company only statements of changes in equity, and parent company only statements of cash flows, as well as all notes to the parent company only financial reports (including the summary of significant accounting policies) for the periods January 1 to December 31, 2025 and 2024.

In our opinion, the said parent company only financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the parent company only financial positions of KENMEC MECHANICAL ENGINEERING CO., LTD. as of December 31, 2025 and 2024, and the parent company only financial performance and cash flows for the periods from January 1 to December 31, 2025 and 2024.

Basis of audit opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the parent company only financial reports" section in this report. We were independent of KENMEC MECHANICAL ENGINEERING CO., LTD. in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all the other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent company only financial reports of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year 2025. Such matters were addressed during the overall audit of the parent company only financial reports and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters in the audit of the parent company only financial reports of KENMEC MECHANICAL ENGINEERING CO., LTD. for the year of 2025 are as follows:

Project incomes recognized on the basis of stage of completion

As KENMEC is mainly engaged in contracting automation projects, its project income is recognized based on the degree of the completion of contracts. The estimated total cost of projects is an important factor in calculating the percentage of completion. The estimated total costs of projects and contract items are evaluated and judged by management based on the nature of projects, estimated contract amounts, project approaches and work methods. However, due to the length of the work period for many of our projects, the contracts are likely to be affected by fluctuations in prices of raw materials and labor, as well as addition/reduction of projects, making them subject to inherent risks of complexity. As there is a certain degree of subjectivity in these estimates, the calculation of the percentage of revenue from the completion of some projects may have errors or have a significant impact on the misinterpretation of revenue in each period. Therefore, the total estimated cost for project contracts is a material estimate and judgment of the Company, hence it is considered a key audit item. For accounting policies and disclosure information relevant to the recognition of construction incomes, see Notes 4, 5 and 25 to the financial statements.

For the above key audit matters, the audit procedures we performed are as follows:

1. To understand and test the Company's internal control procedures relevant to the preparation of the estimated total project cost.
2. To select samples and examine the documents of the Company's projects to confirm the reasonableness of the estimated total project cost.

Responsibilities of the management and governing bodies for parent company only financial reports

The management was responsible for fairly preparing parent company only financial reports to be in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the parent company only financial reports to ensure that the parent company only financial reports were a fair representation of the financial positions of the Company and, importantly, to ensure they were free of material misstatement due to fraud or error.

During preparation of the parent company only financial reports, the management was also responsible for evaluating KENMEC MECHANICAL ENGINEERING CO., LTD.'s ability to continue as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to liquidate KENMEC MECHANICAL ENGINEERING CO., LTD. or terminate its operations, or there were no other actual or feasible solutions other than the liquidation or termination of its operations.

KENMEC MECHANICAL ENGINEERING CO., LTD.'s governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

Responsibilities of the accountants in the audit of the parent company only financial statements

The purpose of our audit of the parent company only financial reports is to obtain reasonable assurance on whether the parent company only financial reports were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. A misstatement may be due to fraud or error. If any misstatement, or the aggregate of multiple misstatements, can reasonably be expected to have an impact on the economic decision-making of users of the parent company only financial reports, such misstatement is deemed material.

In accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism in the performance of an audit. We also performed the following:

1. We identified and assessed the risk of any misstatement in the parent company only financial reports, whether due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. As fraud may involve collusion, forgery, purposeful omission, fraudulent statements or violations of internal control, the risk of failing to detect a material misstatement due to fraud is higher than due to error.
2. We formed an understanding of the internal control mechanisms of the Company to the extent necessary to design audit procedures applicable to the current circumstances. However, the purpose of our audit was not to express opinions on the effectiveness of KENMEC MECHANICAL ENGINEERING CO., LTD.'s internal control system.
3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosures made by management.
4. We drew a conclusion on the appropriateness of the application of the management's use of the going concern basis of accounting and whether the events or circumstances which might cause major doubts about KENMEC MECHANICAL ENGINEERING CO., LTD.'s ability to continue as a going concern had material uncertainties. If any material uncertainty was deemed to exist in such event or circumstance, we provided a reminder in the parent company only financial reports for the users to pay attention to relevant disclosures therein, or amended our audit opinions when such disclosures were inappropriate. Our conclusions were drawn based on the audit evidence acquired as of the date of publication of this audit report. However, future events or circumstances might result in a situation where KENMEC MECHANICAL ENGINEERING CO., LTD. would no longer have the ability to continue as a going concern.
5. We evaluated the overall presentation, structure, and contents of the parent company only financial reports (including relevant notes), and whether the parent company only financial reports presented the relevant transactions and events fairly.

6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming KENMEC MECHANICAL ENGINEERING CO., LTD. to provide opinions regarding the parent company only financial reports. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on KENMEC MECHANICAL ENGINEERING CO., LTD.

The matters for which we communicated with the governance unit included the planned audit scope and time, as well as major audit findings (including any significant deficiencies of the internal control system identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we were in compliance with all requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in KENMEC MECHANICAL ENGINEERING CO., LTD.'s 2025 parent company only financial reports based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as doing so could reasonably expect the negative impact of the coverage to outweigh the public interest brought thereby.

Deloitte & Touche Taiwan
CPA Tsung-yuan Tsai

CPA MENG-KUEI YU

Approval No. from the
Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1130349292

Approval No. from the
Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1130357402

March 26, 2026

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Balance Sheet
December 31, 2025 and 2024

Unit: NTD thousand

		December 31, 2025		December 31, 2024	
Code	Assets	Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Note 6)	\$ 909,047	10	\$ 1,443,795	15
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	283,000	3	11,091	-
1136	Financial assets measured at amortized cost – current (Note 9)	120,227	1	138,524	2
1140	Contract assets – current (Notes 23 and 25)	875,573	9	705,955	7
1150	Notes receivable – non-related parties (Note 10)	-	-	53	-
1170	Accounts receivable – non-related parties (Note 10)	295,908	3	307,524	3
1180	Accounts receivable - related parties (Notes 10 and 35)	95	-	127,535	1
1200	Other receivables (Note 10)	3,656	-	14,679	-
1210	Other receivables – related parties (Notes 10 and 35)	362,066	4	100,538	1
1220	Current income tax assets (Note 27)	3,294	-	9,670	-
130X	Inventory (Note 11)	306,946	3	350,530	4
1429	Prepayments (Note 16)	201,409	2	136,576	1
1470	Other current assets (Notes 16, 35 and 36)	89,746	1	288,963	3
11XX	Total current assets	3,450,967	36	3,635,433	37
Non-current assets					
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	52,532	1	159,157	2
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	128,005	1	87,294	1
1535	Financial assets measured at amortized cost – non-current (Note 9)	49,405	1	49,392	1
1550	Investment under the equity method (Note 12)	2,101,571	22	2,083,670	21
1600	Property, plant, and equipment (Notes 13 and 36)	2,998,374	31	2,987,365	30
1755	Right-of-use assets (Note 14)	320,754	3	324,932	3
1780	Other intangible assets (Note 15)	15,409	-	5,972	-
1840	Deferred income tax assets (Note 27)	165,096	2	148,660	2
1990	Other non-current assets (Notes 16, 22, and 36)	321,118	3	329,916	3
15XX	Total non-current assets	6,152,264	64	6,176,358	63
1XXX	Total assets	\$ 9,603,231	100	\$ 9,811,791	100
Code	Liabilities and equity				
Current liabilities					
2100	Short-term loans (Note 17)	\$ 180,000	2	\$ 420,000	5
2120	Financial liabilities measured at fair value through profit or loss – current (Note 7)	4,731	-	-	-
2130	Contract liabilities – current (Notes 23 and 25)	1,114,867	12	744,862	8
2150	Notes payable – non-related parties (Note 18)	4,623	-	6,472	-
2170	Accounts payable – non-related parties (Note 18)	571,813	6	697,302	7
2180	Accounts payable - related parties (Notes 18 and 35)	4,363	-	26,103	-
2219	Other payables (Note 20)	233,919	3	203,247	2
2220	Other payables - related parties (Notes 20 and 35)	-	-	1,733	-
2250	Liability reserve – current (Note 21)	16,294	-	17,962	-
2280	Lease liabilities – current (Note 14)	27,139	-	21,277	-
2313	Deferred income (Note 30)	371	-	25,097	-
2321	Corporate bonds with put options exercisable within one year or one operating cycle (Note 19)	553,340	6	-	-
2322	Current portion of long-term borrowings (Note 17)	21,667	-	26,659	1
2399	Other current liabilities	4,504	-	4,346	-
21XX	Total current liabilities	2,737,631	29	2,195,060	23
Non-current liabilities					
2500	Financial liabilities measured at fair value through profit or loss – non-current (Note 7)	-	-	3,900	-
2530	Bonds payable (Note 19)	-	-	570,483	6
2540	Long-term loans (Note 17)	2,033,194	21	2,065,034	21
2580	Lease liabilities – non-current (Note 14)	234,635	2	239,677	2
2570	Deferred income tax liabilities (Note 27)	64,309	1	58,123	1
2650	Credit balance of investments accounted for using the equity method (Note 12)	92,584	1	122,651	1
2670	Other non-current liabilities (Note 20)	7,890	-	7,890	-
25XX	Total non-current liabilities	2,432,612	25	3,067,758	31
2XXX	Total liabilities	5,170,243	54	5,262,818	54
Equity (Note 24)					
3110	Common stock capital	2,590,112	27	2,590,112	26
3200	Capital reserves	1,247,843	13	1,416,239	14
Retained earnings					
3310	Legal reserves	247,047	2	247,047	3
3320	Special reserves	297,092	3	297,092	3
3350	Undistributed earnings	258,569	3	224,446	2
3300	Total retained earnings	802,708	8	768,585	8
Other equity					
3410	Exchange differences on translation of financial statements of foreign operations	(218,500)	(2)	(217,796)	(2)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	10,825	-	(8,167)	-
3400	Total of other equity	(207,675)	(2)	(225,963)	(2)
31XX	Total equity	4,432,988	46	4,548,973	46
Total liabilities and equity		\$ 9,603,231	100	\$ 9,811,791	100

The attached notes are an integral part of the parent company only financial reports.

Chairman: Hsieh Ming-Kai

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: NTD thousand; however earnings (loss) per share is in NTD

Code		2025		2024	
		Amount	%	Amount	%
	Operating revenue (Notes 25 and 35)				
4100	Sales revenue	\$ 482	-	\$ 2,445	-
4520	Project income	2,594,735	97	1,983,685	96
4600	Service income	<u>85,919</u>	<u>3</u>	<u>78,936</u>	<u>4</u>
4000	Total operating revenue	<u>2,681,136</u>	<u>100</u>	<u>2,065,066</u>	<u>100</u>
	Operating costs (Notes 11, 26 and 35)				
5110	Cost of sales	(331)	-	(1,088)	-
5520	Project cost	(1,957,729)	(73)	(1,404,879)	(68)
5600	Service cost	(68,966)	(2)	(70,092)	(3)
5800	Other operating costs	(<u>22,309</u>)	(<u>1</u>)	(<u>18,891</u>)	(<u>1</u>)
5000	Total operating costs	(<u>2,049,335</u>)	(<u>76</u>)	(<u>1,494,950</u>)	(<u>72</u>)
5900	Operating gross profit	631,801	24	570,116	28
5910	Unrealized profit or loss with subsidiaries (Note 35)	(17,865)	(1)	(98,329)	(5)
5920	Realized profit or loss with subsidiaries (Note 35)	<u>17,841</u>	<u>1</u>	<u>26,205</u>	<u>1</u>
5950	Realized operating gross profit	<u>631,777</u>	<u>24</u>	<u>497,992</u>	<u>24</u>
	Operating expenses (Notes 10, 26 and 35)				
6100	Marketing expense	(94,571)	(4)	(116,141)	(6)
6200	Administrative expense	(226,328)	(8)	(267,351)	(13)
6300	R&D expense	(206,602)	(8)	(246,922)	(12)
6450	Expected credit impairment losses	-	-	(<u>11,877</u>)	-
6000	Total operating expenses	(<u>527,501</u>)	(<u>20</u>)	(<u>642,291</u>)	(<u>31</u>)

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Code		2025		2024	
		Amount	%	Amount	%
6900	Operating profit (loss) – net	<u>\$ 104,276</u>	<u>4</u>	<u>(\$ 144,299)</u>	<u>(7)</u>
	Non-operating income and expense (Notes 26 and 35)				
7100	Interest income	17,933	1	23,883	1
7010	Other revenue	147,379	5	154,104	7
7020	Other profits and losses	33,053	1	23,107	1
7050	Financial costs	(65,542)	(2)	(68,780)	(3)
7070	Share of profit or loss of subsidiaries accounted for using the equity method	(217,464)	(8)	(104,473)	(5)
7000	Total non-operating revenue and expenses	<u>(84,641)</u>	<u>(3)</u>	<u>27,841</u>	<u>1</u>
7900	Net profit (loss) before tax	19,635	1	(116,458)	(6)
7950	Income tax benefit (expense) (Note 27)	<u>6,545</u>	<u>-</u>	<u>(26,769)</u>	<u>(1)</u>
8200	Current net profit (loss)	<u>26,180</u>	<u>1</u>	<u>(143,227)</u>	<u>(7)</u>
	Other comprehensive income (Notes 24 and 27)				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of defined benefit plans	-	-	5,612	-
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income	5,211	-	(1,825)	-
8330	Share of other comprehensive income of subsidiaries accounted for using the equity method	20,996	1	3,144	-
8349	Income tax relating to non- reclassified items	<u>-</u>	<u>-</u>	<u>(240)</u>	<u>-</u>
8310		<u>26,207</u>	<u>1</u>	<u>6,691</u>	<u>-</u>

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Code		2025		2024	
		Amount	%	Amount	%
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations	(\$ 29,443)	(1)	\$ 25,015	1
8380	Share of other comprehensive income of subsidiaries accounted for using the equity method	30,844	1	18,044	1
8399	Income tax related to items likely to be reclassified	809	-	(5,116)	-
8360		2,210	-	37,943	2
8300	Total other comprehensive income (net) for the year	28,417	1	44,634	2
8500	Total comprehensive income for the year	\$ 54,597	2	(\$ 98,593)	(5)
	Earnings (losses) per share (Note 28)				
9710	Basic	\$ 0.10		(\$ 0.56)	
9810	Diluted	\$ 0.10		(\$ 0.56)	

The attached notes are an integral part of the parent company only financial reports.

Chairman: Hsieh Ming-Kai

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2025 and 2024

Unit: NTD thousand

Code		Share capital		Retained earnings				Other equity		Total equity
		Number of shares (thousand shares)	Amount	Capital reserves	Legal reserves	Special reserves	Retained earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	
A1	Balance on January 1, 2024	249,011	\$ 2,490,112	\$ 456,725	\$ 182,797	\$ 297,092	\$ 848,592	(\$ 255,739)	(\$ 8,208)	\$ 4,011,371
	Allocation and distribution of earnings in 2023									
B1	Appropriation of legal reserve	-	-	-	64,250	-	(64,250)	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	-	(423,319)	-	-	(423,319)
E1	Cash capital increase	10,000	100,000	800,000	-	-	-	-	-	900,000
	Other changes in capital reserves									
M5	Difference between the price of acquiring or disposing of the equity of the subsidiary and the book value	-	-	(511)	-	-	-	-	-	(511)
C5	The Company's convertible corporate bonds recognized as equity	-	-	141,525	-	-	-	-	-	141,525
N1	Employee stock options issued by the Company	-	-	18,500	-	-	-	-	-	18,500
D1	Net loss in 2024	-	-	-	-	-	(143,227)	-	-	(143,227)
D3	Other comprehensive income after tax in 2024	-	-	-	-	-	6,650	37,943	41	44,634
D5	Total comprehensive income in 2024	-	-	-	-	-	(136,577)	37,943	41	(98,593)
Z1	Balance on December 31, 2024	259,011	2,590,112	1,416,239	247,047	297,092	224,446	(217,796)	(8,167)	4,548,973
	Other changes in capital reserves									
M7	Changes in ownership interests in subsidiaries	-	-	12,919	-	-	-	(2,914)	728	10,733
C15	Cash dividends distributed from capital reserves	-	-	(181,308)	-	-	-	-	-	(181,308)
C17	Changes in other capital surplus	-	-	(7)	-	-	-	-	-	(7)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	6,429	-	(6,429)	-
D1	2025 Net Profit	-	-	-	-	-	26,180	-	-	26,180
D3	Other comprehensive income after tax in 2025	-	-	-	-	-	1,514	2,210	24,693	28,417
D5	Total comprehensive income in 2025	-	-	-	-	-	27,694	2,210	24,693	54,597
Z1	Balance on December 31, 2025	<u>259,011</u>	<u>\$ 2,590,112</u>	<u>\$ 1,247,843</u>	<u>\$ 247,047</u>	<u>\$ 297,092</u>	<u>\$ 258,569</u>	<u>(\$ 218,500)</u>	<u>\$ 10,825</u>	<u>\$ 4,432,988</u>

The attached notes are an integral part of the parent company only financial reports.

Chairman: Hsieh Ming-Kai

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2025 and 2024

Unit: NTD thousand

Code		2025	2024
	Cash flow from operating activities		
A10000	Net profit (loss) before tax	\$ 19,635	(\$ 116,458)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	105,988	108,088
A20200	Amortization expenses	6,460	6,044
A20300	Expected credit impairment losses	-	11,877
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	(29,180)	3,703
A20900	Financial costs	65,542	68,780
A21200	Interest income	(17,933)	(23,883)
A21300	Dividend revenue	(2,143)	(2,675)
A21900	Compensation cost of employee stock options	-	18,500
A22500	Profit on disposal of property, plants, and equipment	(325)	(29)
A22400	Share of profit or loss of subsidiaries accounted for using the equity method	217,464	104,473
A23100	Gain on disposal of investments	(626)	-
A23700	Reversal of inventory write-downs and obsolescence	-	(6,668)
A23800	Loss on inventory devaluation and obsolescence	4,851	-
A23900	Unrealized profit or loss with subsidiaries	17,865	98,329
A24000	Realized profit or loss with subsidiaries	(17,841)	(26,205)
A24200	Loss on repurchase of bonds payable	546	-
A29900	Profit on lease modification	-	(48)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(169,843)	(25,640)
A31130	Notes receivable	53	(26)
A31150	Accounts receivable	11,616	73,175
A31160	Accounts receivable – related parties	127,440	(84,328)
A31180	Other receivables	(146)	7,493
A31190	Other receivables – related parties	93,393	(99)
A31200	Inventory	38,733	(106,080)
A31230	Prepayments	(64,833)	(17,956)
A31240	Other current assets	198,492	(7)
A31250	Other non-current assets	1	(222,344)

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Code		2025	2024
A31990	Net defined benefit assets	\$ -	\$ 6,801
A32125	Contract liabilities	370,005	263,590
A32130	Notes payable	(1,849)	6,472
A32150	Accounts payable	(125,489)	138,016
A32160	Accounts payable – related parties	(21,740)	(8,027)
A32180	Other payables	24,040	(74,164)
A32190	Other payables – related parties	(1,733)	(487,504)
A32200	Liability reserve	(1,668)	(25,876)
A32230	Other current liabilities	158	210
A32990	Deferred income	(24,726)	(9,903)
A33000	Cash generated from operations	822,207	(322,369)
A33100	Interest received	22,916	22,952
A33300	Interest paid	(53,941)	(62,519)
A33500	Income taxes received (paid)	3,480	(2,329)
AAAA	Net cash inflow (outflow) from operating activities	<u>794,662</u>	<u>(364,265)</u>
Cash flows from investing activities			
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(35,500)	(29,952)
B00050	Disposal of financial assets measured at amortized cost	18,284	31,765
B00100	Acquisition of financial assets measured at fair value through profit or loss	(900,858)	(374,887)
B00200	Disposal of financial assets measured at fair value through profit or loss	772,110	511,570
B01800	Acquisition of investment under the equity method	(377,879)	(88,064)
B01900	Disposal of long-term equity investment under the equity method	103,000	-
B02700	Purchase of property, plants, and equipment	(86,332)	(70,548)
B02800	Proceeds from disposal of property, plant and equipment	7,610	29
B03800	Decrease in guarantee deposits paid	25,003	14,289
B04100	Other receivables	-	1,485
B04300	Other receivables – related parties	(354,921)	-
B04500	Purchase of intangible assets	(16,126)	(1,995)
B04600	Disposal of intangible assets	229	-
B07100	Increase in prepayments for equipment	(15,481)	-
B07200	Decrease in prepaid equipment purchase	-	24,698
B07600	Dividends received	2,143	2,675
B09900	Dividends received from subsidiaries	43,179	236,275
BBBB	Net cash inflow (outflow) from investing activities	<u>(815,539)</u>	<u>257,340</u>

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Code		2025	2024
	Cash flows from financing activities		
C01200	Issuance of corporate bonds	\$ -	\$ 708,087
C01300	Repurchase of corporate bonds	(29,636)	-
C01600	Borrowing of long-term loans	440,000	400,000
C01700	Repayment of long-term loans	(476,832)	(528,057)
C00200	Decrease in short-term loans	(240,000)	(90,000)
C03100	Decrease in guarantee deposits received	-	(5,040)
C04020	Repayment of the principal of leases	(26,095)	(27,878)
C04500	Cash dividends paid	(181,308)	(423,319)
C04600	Cash capital increase	-	900,000
CCCC	Net cash inflow (outflow) from financing activities	(513,871)	933,793
EEEE	Net increase (decrease) in cash and cash equivalents	(534,748)	826,868
E00100	Balance of cash and cash equivalents at beginning of the year	1,443,795	616,927
E00200	Balance of cash and cash equivalents at ending of the year	\$ 909,047	\$ 1,443,795

The attached notes are an integral part of the parent company only financial reports.

Chairman: Hsieh Ming-Kai

Manager: CHIH-CHUN KE

Accounting Manager: YA-LING CHU

KENMEC MECHANICAL ENGINEERING CO., LTD.
Notes to the Parent Company Only Financial Reports
January 1 to December 31, 2025 and 2024
(All amounts are in NTD thousand unless otherwise specified.)

1. Company milestones

KENMEC MECHANICAL ENGINEERING CO., LTD. (hereinafter referred to as the Company) was established in July 1976 focusing on the design, machining, manufacturing and trading of industrial machines and steel angle frames; import and export of machinery, hardware, office equipment, and electric machinery; machining, manufacturing and trading of transfer lines, robot production lines, flexible manufacturing systems, automatic conveyors, automatic pallet stackers, automatic warehousing equipment, unmanned trucks, and robotic arms; manufacturing, machining and trading of computer and optical communication products and their components; agent of domestic and foreign manufacturers for manufacturing, trading, quoting and bidding of the aforementioned products.

The Company has traded on Taipei Exchange since January 23, 2002.

The parent company only financial report is expressed in New Taiwan dollars, the functional currency of the Company.

2. Approval date and procedures of the financial report

The parent company only financial statement was approved at the Board meeting on March 4, 2026.

3. Application of new and amended standards and interpretation

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

The Company expected no material changes to the accounting policies of the Company after adopting the amended IFRSs approved and released by the FSC:

(2) FSC-approved IFRSs to be applied in 2026

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB</u>
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
“Annual Improvements to IFRS Accounting Standards — Volume 11”	January 1, 2026
IFRS 17 — Insurance Contracts (including 2020 and 2021 Amendments)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 — Amendments to the Classification and Measurement of Financial Instruments

A. Amendments to Application Guidance on the Classification of Financial Assets

The amendments primarily revise the classification requirements for financial assets, including the following:

- a. Where a financial asset contains a contingent feature that may alter the timing or amount of contractual cash flows, and the nature of that contingency has no direct relationship to changes in basic lending risks and costs (such as whether the debtor achieves a specified reduction in carbon emissions), the contractual cash flows of such a financial asset still qualify solely as payments of principal and interest on the principal amount outstanding if both of the following conditions are met:
 - The contractual cash flows arising under all possible scenarios (whether before or after the occurrence of the contingent event) are solely payments of principal and interest on the principal amount outstanding; and
 - The contractual cash flows arising under all possible scenarios do not differ significantly from those of a financial instrument with identical contractual terms but without the contingent feature.
 - b. Clarifies that financial assets with non-recourse features are those where the enterprise's ultimate right to receive cash flows is contractually limited to the cash flows generated by specific assets.
 - c. Clarifies that contractually linked instruments establish payment priority among holders of financial assets through waterfall payment structures that create multiple tranches of securities, resulting in a concentration of credit risk and causing shortfalls in cash flows from the underlying pool to be distributed disproportionately across the tranches.
- B. Amendments to Application Guidance on the Derecognition of Financial Liabilities

The amendment primarily addresses the derecognition of financial liabilities, which are to be derecognized on the settlement date. However, where an enterprise settles a financial liability in cash using an electronic payment system, the enterprise may elect to derecognize the financial liability prior to the settlement date if all of the following conditions are met:

- The enterprise has no practical ability to withdraw, stop, or cancel the payment instruction;
- The enterprise has no practical ability to access the cash that will be used to settle the liability as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

The Company shall apply the amendment retrospectively without restating comparative periods, and shall recognize the effect of initial application as of the date of initial application. However, if the enterprise cannot restate without the benefit of hindsight, it may choose to re-compile the financial statements.

Apart from the above, as of the date these parent company only financial statements were approved for issuance, the Company has assessed that amendments to other standards will not have a material impact on its financial position or financial performance.

(3) IFRSs issued by the IASB but not yet approved and released by the FSC

<u>New/Amended/Revised Standards and Interpretation</u>	<u>Effective Date per IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and their Associate or Joint Venture”	Undetermined
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 — “Subsidiaries without Public Accountability: Disclosures” (including 2025 Amendments)	January 1, 2027
Amendment to IAS 21 — “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

Note 2: On September 25, 2025, the FSC announced that enterprises in the Republic of China are required to apply IFRS 18 beginning January 1, 2028, and may elect early adoption following the FSC’s endorsement of IFRS 18.

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

IFRS 18 will replace IAS 1 “Expression of Financial Statements”. The main changes include:

- The Company shall assess whether it has specific principal business activities of investing in particular types of assets and providing financing to customers, and on that basis classify income and expense items in the statement of profit or loss into the following categories: operating, investing, financing, income taxes, and discontinued operations.
- The income statement shall be reported as operating income, pre-tax income before financing, and the sum and total of profit and loss.
- Provide guidance to strengthen aggregation and segmentation: The Company must identify the assets, liabilities, equity, income, expenses and cash flows generated from individual transactions or other matters, and group and aggregate them based on common characteristics, so that each line item presented in the financial statements has at least one similar characteristic. Items that are dissimilar from other items should be disaggregated. The Company only labels such items as “other” when it is unable to find a more informative label.
- Increasing the disclosure of the performance measurement defined by management: When the Company has open communication outside the financial statements, and when management’s view of the Company’s overall financial performance on a certain aspect is disclosed to users of the financial statements, it shall be disclosed in a separate note to the financial statements on performance measurements defined by management, including descriptions of the measurements, how to calculate them, reconciliations between them and any subtotals or totals specified in IFRS, and the impact of relevant adjustments on income tax and non-controlling interests, etc.

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

- When preparing cash flows from operating activities using the indirect method, the Company shall use operating profit or loss as the starting point for the reconciliation.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. Where the Company determines upon assessment that it has specific principal business activities, it shall consider the categories under which dividend income, interest income, and interest expense are presented in the statement of profit or loss in order to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows; provided that each of the foregoing cash flows may only be classified under a single activity in the statement of cash flows.

In addition to the above-mentioned effects, up to the approval and release date of the parent company only financial reports, the Company is still evaluating the impact of the amendments to various standards and interpretations on the financial position and performance on a continuous basis. The relevant impacts are disclosed after the assessment.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial reports were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(2) Basis for preparation

With the exception of financial instruments measured at fair value and the net defined benefit asset (liability) recognized as the present value of the defined benefit obligation less the fair value of plan assets, these parent company only financial statements have been prepared on the historical cost basis.

Fair value measurements are classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

- A. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
- B. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
- C. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

During preparation of the parent company only financial reports, the Company adopted the equity method for investment in subsidiaries, associates, or joint ventures. To ensure the profit or loss, other comprehensive income, and equity of the year attributable to the owners of the Company in the parent company only financial reports are the same as those attributed to the owners in the consolidated financial statements, certain accounting treatment differences between the individual and consolidated statements are adjustments of related equity items, including “investment under the equity method,” “share of profit/loss of subsidiaries, associates and joint ventures under the equity method,” and “share of other comprehensive income of subsidiaries, associates, and joint ventures.”

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

Current assets include:

- A. assets held mainly for the purpose of trading;
- B. assets expected to be realized within 12 months after the balance sheet date; and

C. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

- A. liabilities held mainly for the purpose of trading;
- B. liabilities to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial reports; such liabilities are still current liabilities); and
- C. liabilities that do not have substantial rights to defer the settlement period to at least 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities. For the terms of a liability that may be settled by the transfer of the Company's equity instruments at the option of the counterparty, if the Company classifies the option as an equity instrument, the terms and conditions do not affect the liability classification as current or non-current.

The Company engages in construction work with an operating cycle longer than a year. Assets and liabilities, with respect to the construction business, are classified as current or non-current based on the normal operating cycle.

(4) Foreign currency

During preparation of the financial reports, the transactions using currencies other than the Company's functional currency (foreign currencies) were stated in the functional currency record based on the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

In preparing the parent company only financial statements, the assets and liabilities of the Company and its foreign operations (including subsidiaries operating in countries or using currencies different from those of the Company) are translated into New Taiwan dollars at the exchange rate prevailing at each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized as other comprehensive income.

(5) Inventory

Inventory includes raw materials, work-in-progress goods, and finished goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(6) Investment in subsidiaries

The Company deals with the investment in subsidiaries using the equity method.

A subsidiary refers to an entity controlled by the Company.

Under the equity method, the investment is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Company's shares of profits/losses and other comprehensive income in subsidiaries and the distributed profits. In addition, changes to the Company's equity in the subsidiaries are recognized based on the shareholding ratio.

Changes to the Company's equity ownership in the subsidiaries are deemed equity transactions when they do not result in loss of control. The difference between the book value of investment and the fair value of paid or received consideration is directly recognized in equity.

When the Company's shares of losses in the subsidiaries are equal to or exceed our equity in the subsidiaries (including the subsidiary's carrying amount under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned), we continue recognition for losses based on our shareholding ratio.

The unrealized profit or loss from the downstream transactions between the Company and subsidiaries is removed in the parent company only financial reports. The profit or loss generated from the upstream and side stream transactions between the Company and subsidiaries is recognized in the parent company only financial reports only when such profit or loss is irrelevant to the Company's equity in the subsidiaries.

(7) Property, plant, and equipment

The property, plant, and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

Except for the self-owned land, each significant part of the property, plant and equipment is separately depreciated on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognize the effect from changes in accounting estimates.

For derecognition of property, plant, and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(8) Intangible assets

A. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful life, residual value, and method of amortization by the end day of each year and prospectively recognizes the effect from changes in accounting estimates. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

B. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(9) Property, Plant, and Equipment, Right-of-Use Assets, Intangible Assets, and Impairment of Related Assets

The Company assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, and intangible assets may be impaired on each balance sheet date. If there are any such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years for that asset or cash-generating unit. The reversal of the impairment loss is recognized as profit or loss.

(10) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company became a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are also included in the initial recognition amount of those financial assets and financial liabilities.

A. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(A) Type of measurements

The financial assets held by the Company are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

a. Financial assets measured at fair value through profit or loss

Financial assets that are measured at fair value through profit or loss must be measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss comprise equity instrument investments that the Company has not designated as measured at fair value through other comprehensive income.

The financial assets measured at fair value through profit or loss are measured at fair value. Dividends and interest are recognized in other income and interest income, respectively. The profit or loss generated from remeasurement is recognized in other profit or loss. Refer to Note 34 for the basis of determination of fair value.

b. Financial assets measured at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

- i. Financial assets held with the purpose of collecting contractual cash flows; and
- ii. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, interest income is calculated as the effective interest rate multiplied by the total book value of financial assets:

- i. For purchased or created credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- ii. For financial assets originally not purchased or created with credit impairment but subsequently became credit-impaired, the interest income is calculated as the effective interest rate multiplied by the amortized cost of the financial assets in the next reporting period after the credit impairment.

Credit-impaired financial assets are financial assets in which the issuer or debtor has experienced significant financial difficulties, defaulted, are likely to file for bankruptcy or other financial reorganization, or whose active market has disappeared due to financial difficulties.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

c. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments which are not held for trading and not recognized by the acquirer in a business merger or with consideration at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Company's right to receive dividends is determined, the dividends of investment in equity instruments measure at fair value through other comprehensive income are recognized in profit or loss unless such dividends clearly represent a partial return of the investment cost.

(B) Impairment of financial and contractual assets

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

Loss allowances for accounts receivable and contract assets are recognized based on the lifetime-expected credit losses. The Company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when the following circumstance occurred, without consideration of the collateral held:

- a. Any internal or external information indicates that a debtor will not be able to pay off the debts.
- b. Any payment is overdue more than 365 days, unless any reasonable and substantiated information makes it appropriate to postpone the default criteria.

Impairment losses on all financial assets are recognized by reducing their carrying amounts through an allowance account.

(C) Derecognition of financial assets

The Company removes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For the complete disposal of financial assets measured at amortized cost, the differences between the book value and the received consideration were recognized in profit or loss. When equity instrument investments measured at fair value through other comprehensive income are completely excluded, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

B. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Company are recognized at the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction from equity. Purchase, sale, issuance, or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

C. Financial liabilities

(A) Subsequent measurement

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

(B) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized as profit or loss.

D. Convertible bonds

The compound financial instruments (convertible corporate bonds) issued by the Company are classified into financial liabilities and equity at the time of initial recognition in accordance with the substance of the contractual agreements and the definition of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of the liability component is estimated based on the market interest rate of similar non-convertible instruments, and the amortized cost measured by the effective interest method before the conversion or maturity date. The liabilities of non-equity derivatives are measured at fair value.

The conversion of equity is equal to the remaining amount of the overall fair value of the instrument less the fair value of the liability determined separately, and is recognized as equity after deducting the income tax, and is not subsequently measured. Upon exercise of the conversion right, the associated liability component and the amount recognized in equity are reclassified to share capital and capital surplus — share issuance premium. If the conversion right of convertible bonds remains unexercised at maturity, the amount recognized in equity is reclassified to capital surplus — share issuance premium.

The related transaction cost of the convertible corporate bonds is allocated to the liabilities of the instrument (recognized in the book value of the liabilities) and equity components (recognized in equity) in proportion to the total price allocated.

(11) Liability reserve

The amount recognized as a liability reserve is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

A. Onerous contract

When the unavoidable cost for fulfillment of contractual obligations is expected to exceed the expected economic benefit from the contract, the present obligation deriving from the onerous contract is recognized as liability reserve.

B. Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by the management for the expenses needed to settle the Company's obligation when the revenue of the relevant commodities is recognized.

(12) Recognition of revenue

After our recognition of performance obligations under a contract with clients, we allocate the transaction price to each performance obligation and recognize the allocated amount in revenue after each performance obligation is met.

For contracts in which the transfer of commodities or services and receipt of consideration within a time interval of less than 1 year, the transaction price is not adjusted for significant financing components.

A. Sales revenue

Sales revenue is generated from the sales of products. Once the products are delivered to the customer-designated location and accepted by the customer, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes on the risk that the products might become outdated. Therefore, revenue and accounts receivable are recognized at that point of time.

B. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Company, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are provided. Equipment repair relies on the input of technicians. The Company measures the progress of the work based on the percentage of the actual man-hours to the total estimated man-hours. Since payment is made after completion of the repair as agreed in the contract, the Company recognizes the service income as contract assets when the service is provided and transfer it to accounts receivable when the repair is completed.

C. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Company measures the progress based on the percentage of the actually invested cost in the estimated total cost. The Company progressively recognizes contract assets during the construction and transfers them to accounts receivable when billing. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as a contract liability. Project retention funds retained by customers according to contractual terms and conditions ensure that the Company fulfills all the contractual obligation thereof and is recognized as a contract asset before the fulfillment of the contract.

If the result of the fulfillment cannot be measured reliably, the contract income is recognized only within the scope of the actually incurred contract fulfillment cost expected to be recovered.

(13) Lease

We assess whether an agreement is (or contains) a lease on the date of entering into the agreement.

A. The Company is the lessor

A lease is classified as a finance lease when almost all the risks and returns attached to the ownership of assets are transferred to the lessee according to the terms and conditions, and all other leases are classified as operating leases.

Lease payments under operating leases less lease incentives are recognized as profit on the straight-line basis over the lease term. The original direct costs generated from the acquisition of the operating leases plus the book value of underlying assets is recognized as expenses on the straight-line basis over the lease term. The lease agreement with the lessee is dealt with as a new lease from the effective date of lease modification.

Where a lease comprises both land and building elements, the Company assesses the classification of each element as a finance lease or an operating lease based on whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payment is allocated to the land and building based on a relative proportion of the leasehold interest fair value of this land and building on the execution date of the contract. If the lease payment can be allocated to these two elements reliably, each of them is dealt with depending on the category it belongs. If the lease payment cannot be allocated to these two elements reliably, the overall lease is classified as financial lease; if these two elements obviously meet the criteria of operating lease, the overall lease is classified as operating lease.

B. The Company is the lessee

Except for lease payments on low-value underlying assets to and short-term leases eligible for recognition exemption and which are recognized as expenses on the straight-line basis over the lease term, all other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

Right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments made to the remeasurement of the lease liabilities. Right-of-use assets are separately presented in the parent company only balance sheet.

Right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner.

Lease liabilities were initially measured based on the present value of lease payments (including fixed payments). Where the interest rate implicit in a lease can be readily determined, lease payments are discounted using that rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term result in changes to future lease payments, we remeasure the lease liability and adjust the right-of-use asset accordingly. However, residual remeasurement is recognized in profit or loss when the book value of right-of-use assets was reduced to zero. For lease modifications not dealt with as a single lease, the remeasurement of the lease liability due to reduction of the lease scope is conducted to reduce the right-of-use assets and recognized in profit or loss in terms of termination of any part of all of the lease; the remeasurement of the lease liabilities due to other modifications is conducted for adjustment of the right-of-use assets. The lease liabilities are separately presented in the parent company only balance sheet.

(14) Government grants

Government grants shall only be recognized when it is reasonable to ensure that the Company will comply with the conditions attached to the government grant and will be able to receive the grant.

Government grants related to any gains are recognized in other revenue on a systematic basis within the period when the Company recognizes the related costs intended to be reimbursed as expenses. Government grants that are conditional upon the Company's purchase, construction, or other acquisition of non-current assets are recognized as deferred income and transferred to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets.

If the government grants are used to make up the expenses or losses that have occurred, or immediately support the finance of the Company and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(15) Employee benefits

A. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

B. Retirement benefits

Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. Service costs (including current service cost, prior service cost, and settlement gains or losses) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses as they incur or when the settlement incurs. Remeasurement (including actuarial profits or losses and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. The net defined benefit asset shall not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

(16) Share-based payment arrangement

Employee stock options for employees

Employee stock options are recognized as expenses based on the fair value of equity instruments on the grant date and the best estimate of the vested amount on the straight-line basis over the vesting period, while the capital reserve – employee stock options is adjusted. If the amount is immediately vested on the grant date, it is recognized as an expense on that date. The Company's capital increase in cash reserved for employee subscription. The grant date is the date of notification to employees.

(17) Income tax

Income tax expenses are the total of current and deferred income taxes.

A. Current income tax

The Company determines the current income (loss) in accordance with the Income Tax Act of the Republic of China, and calculates the income tax payable (recoverable) accordingly.

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

B. Deferred income tax

Deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machinery/equipment, R&D and talent training.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that we expect to use to recover or settle the book value of the liabilities and assets.

C. Current and deferred income taxes

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

5. Major sources of uncertainty of significant accounting judgments, estimates, and assumptions

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

When the Company develops significant accounting estimates, it takes into account the possible impact of inflation and market interest rate fluctuations in the estimation of cash flow, growth rate, discount rate, and profitability. Management will continue to review estimates and underlying assumptions.

Main sources of uncertainties of estimates, and assumptions

Construction contracts

Construction profit or loss of a construction contract is recognized in revenue and cost with reference to the completion level of the contractual activities. The completion level is measured based on the percentage of the contract cost incurred to the completed works up to now in the estimated total contract cost.

Since the estimated total cost and contract items are derived by management from assessment and judgment of the nature of individual products, expected outsourcing price, project period, construction project, and construction method, they may affect the calculation of the completion percentage and construction profit/loss. (Please refer to Note 25.)

6. Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and working capital	\$ 1,180	\$ 1,278
Bank check and demand deposit	354,437	380,723
Cash equivalents (investment with an initial maturity date within 3 months)		
Bank time deposit	<u>553,430</u>	<u>1,061,794</u>
	<u>\$ 909,047</u>	<u>\$ 1,443,795</u>

Interest rate range of bank deposits on the balance sheet date

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank deposit	0.03%-0.725%	0.002%-0.8%
Bank deposit with an initial maturity date within 3 months	0.45%-1.68%	1.46%-2.75%

7. Financial instruments measured at fair value through profit or loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets – current</u>		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
— Domestic listed (OTC) and emerging stocks	\$ 99,688	\$ -
— Overseas listed (OTC) stocks	12,929	11,091
— Fund beneficiary certificates	<u>170,383</u>	<u>-</u>
	<u>\$ 283,000</u>	<u>\$ 11,091</u>

Financial assets – non-current

Mandatory measurement at fair value through profit or loss

Non-derivative financial assets
— Domestic non-listed (non-OTC) stocks

	<u>\$ 52,532</u>	<u>\$ 159,157</u>
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Financial liabilities – current

Mandatory measurement at fair value through profit or loss		
Non-derivatives		
- Redemption of convertible bonds	\$ <u>4,731</u>	\$ <u>-</u>
<u>Financial liabilities – non-current</u>		
Mandatory measurement at fair value through profit or loss		
Non-derivatives		
- Redemption of convertible bonds	\$ <u>-</u>	\$ <u>3,900</u>
8. <u>Financial assets measured at fair value through other comprehensive income</u>		
<u>Investment in equity instruments</u>		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Domestic investment		
Non-listed (Non-OTC) stock		
Common stock of United Information System Service Co., Ltd.	\$ 36,652	\$ 31,442
Common stock of Ecatch Automation Co., Ltd.	900	900
Meng-Lue Venture Investment Limited Partnership	22,500	15,000
Common stock of MetAI Technology Co., Ltd.	47,953	19,952
Common stock of DARA POWER Co., Ltd.	10,000	10,000
Ordinary shares of Alpha X Technology Co., Ltd.	<u>10,000</u>	<u>10,000</u>
	<u>\$ 128,005</u>	<u>\$ 87,294</u>

The Company invests in the listed stocks for medium and long-term strategic purposes, and expects to make profits through long-term investments. Since the Company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

9. Financial assets measured at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	\$ 120,227	\$ 138,524
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 120,227</u>	<u>\$ 138,524</u>
<u>Non-current</u>		
Domestic investment		
Time deposit with an initial maturity date over 3 months	\$ 49,405	\$ 49,392
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 49,405</u>	<u>\$ 49,392</u>

- (1) As of December 31, 2025 and 2024, the interest rate range of the time deposit with an initial maturity date over 3 months was 0.685%–1.745% and 0.675%–4.20%, respectively.
- (2) For more information on the pledge of the financial assets measured at amortized cost, please refer to Note 36.
- (3) In 2024, the Company incurred a default due to construction-related issues. Following an assessment that the probability of recovering the time deposits had declined, the Company recognized expected credit loss impairment losses of NTD 16,497 thousand accordingly.

10. Notes/accounts receivable and other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
Measurement at amortized cost		
Total book value	\$ -	\$ 53
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 53</u>
<u>Accounts receivable</u>		
Measurement at amortized cost		
Total book value	\$ 295,908	\$ 307,524
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 295,908</u>	<u>\$ 307,524</u>
Accounts receivable - related parties (Note 35)	<u>\$ 95</u>	<u>\$ 127,535</u>
<u>Other receivables</u>		
Interest receivable	\$ 2,066	\$ 7,049
Proceeds receivable from disposal of investments	-	6,260
Government grants receivable (Note 30)	1,364	1,364
Others	<u>226</u>	<u>6</u>
	<u>\$ 3,656</u>	<u>\$ 14,679</u>

Other receivables – related parties
(Note 35)

\$ 362,066

\$ 100,538

(1) Notes and accounts receivable

The Company provides an O/A 30-to-90-day credit period on average for the sale of its commodities, and interest does not accrue on accounts receivable. When determining the recoverability of accounts receivable, the Company considers any changes in their credit quality from the original credit date to the balance sheet date. Since historical experience tells that the accounts receivable overdue for more than 1 year are not recoverable, the Company recognizes accounts receivable of more than 1 year as 100% loss allowance. As for the loss allowance of the accounts receivable within 1 year, the amount not recoverable is estimated with reference to the previous default record and current financial status of the counterparty.

We recognize the loss allowance for accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different clients, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and we cannot estimate a reasonable recoverable amount (for example, the trading counterparty is undergoing liquidation or any debt has been overdue for more than 365 days), the Company directly writes off related accounts receivable, continues to claim for payment, and recognizes the recovered amount therefrom in profit or loss.

Our loss allowance for notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2025

	Not overdue	1–90 days overdue	91–180 days overdue	181–365 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	0%	0%	0%	0%	100%	
Total book value	\$ 296,003	\$ -	\$ -	\$ -	\$ -	\$ 296,003
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 296,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,003</u>

December 31, 2024

	Not overdue	1–90 days overdue	91–180 days overdue	181–365 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	0%	0%	0%	0%	100%	
Total book value	\$ 435,112	\$ -	\$ -	\$ -	\$ -	\$ 435,112
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 435,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,112</u>

Information on changes in the allowance for losses on notes receivable and accounts receivable is as follows:

	<u>2025</u>	<u>2024</u>
Balance – beginning of the year	\$ -	\$ -
Add: Written-off bad debts recovered	-	4,620
Less: Impairment loss reversed in the year	<u>-</u>	(<u>4,620</u>)
Balance – ending of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(2) Other receivables

The interest of the loans that the Company provides to related parties is calculated with reference to the market rate. Interest does not accrue on other receivables. When determining the recoverability of other receivables, the Company considers any changes in their credit quality from the original credit date to the balance sheet date. The Company estimates the allowance for losses on other receivables by reference to the historical delinquency records of counterparties and an analysis of their current financial condition in order to estimate amounts that may not be recoverable.

As of the balance sheet dates of December 31, 2025 and 2024, the Company assessed the expected credit loss rate on other receivables to be 0%.

11. Inventory

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Work in process	\$ -	\$ 19,621
Raw material	305,917	320,747
Finished goods	<u>1,029</u>	<u>10,162</u>
	<u><u>\$ 306,946</u></u>	<u><u>\$ 350,530</u></u>

The nature of costs of sales is shown below:

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 17,789	\$ 26,647
Inventory write-downs and obsolescence loss (reversal)	<u>4,851</u>	(<u>6,668</u>)
	<u><u>\$ 22,640</u></u>	<u><u>\$ 19,979</u></u>

The increase in the net realizable value of inventories was due to the increase in the selling price of the inventories in a specific market.

12. Investment under the equity method

Investment in subsidiaries

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Publicly quoted company		
Tainergy Tech. Co., Ltd.	\$ 389,545	\$ 437,914
Non-publicly quoted entity		
KENTEC INC.	621,845	638,578
Kenmec International Holding (BVI) Co., Ltd.	313,408	320,886

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	<u>December 31, 2025</u>	<u>December 31, 2024</u>
KENMEC VIETNAM COMPANY LIMITED	\$ 112,154	\$ 111,570
TAISIC MATERIALS CO.	(92,584)	(122,651)
Hua-Xia Construction Co., Ltd.	-	100,111
Chief Global Logistics Co., Ltd.	4,386	5,101
KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	99,216	102,945
Kenmec Communication Holding (BVI) Co., Ltd.	<u>561,017</u>	<u>366,565</u>
	2,008,987	1,961,019
Add: Investment credit balance under equity method	<u>92,584</u>	<u>122,651</u>
	<u>\$ 2,101,571</u>	<u>\$ 2,083,670</u>

<u>Name of the subsidiary</u>	<u>Proportion of Ownership and Voting Right</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tainergy Tech. Co., Ltd.	27.17%	27.17%
KENTEC INC.	81.47%	89.16%
Kenmec International Holding (BVI) Co., Ltd.	100%	100%
KENMEC VIETNAM COMPANY LIMITED	100%	100%
TAISIC MATERIALS CO.	8.55%	8.8%
Hua-Xia Construction Co., Ltd.	-	100%
Chief Global Logistics Co., Ltd.	58.03%	52%
KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	99.9999%	99.9999%
Kenmec Communication Holding (BVI) Co., Ltd.	100%	60%

- (1) The Company has a shareholding of 27.17% in Tainergy Tech. Co., Ltd. but, nevertheless, has substantial control over the company. It is thus incorporated as a subsidiary of the Company.
- (2) In February 2025, the Company participated in the cash capital increase of Taisic Materials Co., Ltd. on a non-pro-rata basis for NTD 39,600 thousand, resulting in a decrease in its shareholding ratio to 8.55%. In addition, the Company's subsidiary, Tainergy Tech. Co., Ltd., holds a 42.28% interest in the same entity. Since the Company has substantial control over the Taisic Materials Co., it is incorporated as a subsidiary of the Company.
- (3) In March 2025, the Board of Directors resolved to sell the entire equity interest in Hua-Xia Construction Co., Ltd. for NTD 103,000 thousand, and the sale agreement was completed in the same month.
- (4) In April 2025, the Company participated in the capital increase of Kentec Inc. on a non-pro-rata basis, resulting in a decrease in its shareholding ratio to 81.47%.

- (5) In December 2025, the Company participated in the cash capital increase of Chief Global Logistics Co., Ltd. on a non-pro-rata basis for NTD 7,610 thousand, resulting in an increase in its shareholding ratio to 58.03%. In October 2024, the Company participated in the capital increase of cash of Chief Global Logistics in the amount of NTD 5,200 thousand based on its shareholding ratio.
- (6) Cash dividends received by the Company from KENTEC INC. were NTD 43,179 thousand and NTD 236,275 thousand for 2025 and 2024, respectively.
- (7) In December 2024, Hua Xia Company arranged a capital decrease in cash of NTD 100,000 thousand and refunded the shares to the Company.
- (8) KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd., located in Bangkok, Thailand, was established in June 2023 and is 99.99% invested by the Company. The Company increased its capital by THB 10,000 thousand (NTD 8,920 thousand) in February 2024 and by THB 78,000 thousand (NTD 73,944 thousand) in November 2024. As of December 31, 2025, the Company's capital contribution totaled NTD 105,589 thousand (THB 113,000 thousand).
- (9) In March 2025, the Company conducted an internal group reorganization and transferred the 40% equity interest in Kenmec Communication Holding (BVI) Co., Ltd., previously held by KENTEC INC., to be held 100% by the Company for NTD 330,669 thousand (RMB72,675 thousand).
- (10) On March 7, 2025, the Company spun off its Thermal Transfer Business Division to Kentec, with a spin-off effective date of April 30, 2025. The operating value of the spun-off business was NTD 43,272 thousand.

13. Property, plant, and equipment

	<u>Land</u>	<u>House and building</u>	<u>Machinery and equipment</u>	<u>Transport equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Other equipment</u>	<u>Uncompleted construction</u>	<u>Total</u>
<u>Cost</u>									
Balance on January 1, 2025	\$ 2,106,082	\$ 1,006,310	\$ 319,556	\$ 36,223	\$ 82,302	\$ 1,654	\$ 4,210	\$ 49,174	\$ 3,605,511
Addition	-	52,852	12,232	1,714	9,366	-	530	16,270	92,964
Disposal	-	(167)	(34,935)	(4,340)	(4,585)	-	-	-	(44,027)
Reclassification	-	40,283	-	-	-	-	-	(40,058)	225
Balance on December 31, 2025	<u>\$ 2,106,082</u>	<u>\$ 1,099,278</u>	<u>\$ 296,853</u>	<u>\$ 33,597</u>	<u>\$ 87,083</u>	<u>\$ 1,654</u>	<u>\$ 4,740</u>	<u>\$ 25,386</u>	<u>\$ 3,654,673</u>
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2025	\$ -	\$ 344,977	\$ 184,282	\$ 32,495	\$ 51,870	\$ 1,252	\$ 3,270	\$ -	\$ 618,146
Depreciation expenses	-	38,167	22,144	1,795	11,878	402	509	-	74,895
Disposal	-	(51)	(28,471)	(4,340)	(3,880)	-	-	-	(36,742)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 383,093</u>	<u>\$ 177,955</u>	<u>\$ 29,950</u>	<u>\$ 59,868</u>	<u>\$ 1,654</u>	<u>\$ 3,779</u>	<u>\$ -</u>	<u>\$ 656,299</u>
Net amount on December 31, 2025	<u>\$ 2,106,082</u>	<u>\$ 716,185</u>	<u>\$ 118,898</u>	<u>\$ 3,647</u>	<u>\$ 27,215</u>	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 25,386</u>	<u>\$ 2,998,374</u>
<u>Cost</u>									
Balance on January 1, 2024	\$ 2,106,082	\$ 995,449	\$ 302,587	\$ 36,993	\$ 64,597	\$ 8,468	\$ 3,259	\$ 23,950	\$ 3,541,385
Addition	-	10,861	16,580	-	18,910	438	951	25,224	72,964
Disposal	-	-	(23)	(770)	(1,205)	(7,252)	-	-	(9,250)
Reclassification	-	-	412	-	-	-	-	-	412
Balance on December 31, 2024	<u>\$ 2,106,082</u>	<u>\$ 1,006,310</u>	<u>\$ 319,556</u>	<u>\$ 36,223</u>	<u>\$ 82,302</u>	<u>\$ 1,654</u>	<u>\$ 4,210</u>	<u>\$ 49,174</u>	<u>\$ 3,605,511</u>

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	<u>Land</u>	<u>House and building</u>	<u>Machinery and equipment</u>	<u>Transport equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Other equipment</u>	<u>Uncompleted construction</u>	<u>Total</u>
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2024	\$ -	\$ 307,158	\$ 161,270	\$ 30,947	\$ 43,899	\$ 8,468	\$ 3,020	\$ -	\$ 554,762
Depreciation expenses	-	37,819	23,035	2,318	9,176	36	250	-	72,634
Disposal	-	-	(23)	(770)	(1,205)	(7,252)	-	-	(9,250)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 344,977</u>	<u>\$ 184,282</u>	<u>\$ 32,495</u>	<u>\$ 51,870</u>	<u>\$ 1,252</u>	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ 618,146</u>
Net amount on December 31, 2024	<u>\$ 2,106,082</u>	<u>\$ 661,333</u>	<u>\$ 135,274</u>	<u>\$ 3,728</u>	<u>\$ 30,432</u>	<u>\$ 402</u>	<u>\$ 940</u>	<u>\$ 49,174</u>	<u>\$ 2,987,365</u>

The Company did not recognize or reverse impairment loss in 2025 and 2024.

The depreciation expense was calculated on the straight-line basis over the following useful lives:

House and building	2 - 40 years
Machinery and equipment	1 - 20 years
Transport equipment	6 - 7 years
Office equipment	2 - 11 years
Leasehold improvement	2 - 16 years
Other equipment	3 - 6 years

For the amount of the property, plant and equipment pledged as collateral for loans, please refer to Note 36.

14. Lease agreement

(1) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Book value of right-of-use assets		
Building	\$ 308,566	\$ 318,442
Transport equipment	7,088	5,984
Land	<u>5,100</u>	<u>506</u>
	<u>\$ 320,754</u>	<u>\$ 324,932</u>
	<u>2025</u>	<u>2024</u>
Addition of right-of-use assets	<u>\$ 28,442</u>	<u>\$ 698</u>
Lease modification of right-of-use assets	<u>(\$ 1,527)</u>	<u>\$ 7,662</u>
De-recognize the right-of-use assets	<u>\$ -</u>	<u>(\$ 3,670)</u>
Depreciation expense of right-of-use assets		
Building	\$ 27,219	\$ 32,136
Transport equipment	2,857	2,305
Land	<u>1,017</u>	<u>1,013</u>
	<u>\$ 31,093</u>	<u>\$ 35,454</u>

The Company did not recognize or reverse impairment loss in 2025 and 2024.

(2) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Book value of lease liabilities		
Current	\$ 27,139	\$ 21,277
Non-current	<u>234,635</u>	<u>239,677</u>
	<u>\$ 261,774</u>	<u>\$ 260,954</u>

The discount rate for lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Building	1.68%~2.1%	1.68%~2.1%
Transport equipment	2.1%	2.1%
Land	2.1%	2.1%

(3) Other lease information

	<u>2025</u>	<u>2024</u>
Short-term lease and lease expense of low-value assets	<u>\$ 6,999</u>	<u>\$ 5,556</u>
Total cash (outflow) amount for lease	<u>(\$ 37,976)</u>	<u>(\$ 38,465)</u>

The Company has elected to apply the recognition exemption for leases of properties that qualify as short-term leases and leases of office equipment that qualify as leases of low-value assets, and accordingly does not recognize right-of-use assets and lease liabilities for such leases.

15. Other intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance on January 1, 2025	\$ 45,092
Acquired separately	16,126
Disposal	(30,142)
Balance on December 31, 2025	<u>\$ 31,076</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2025	\$ 39,120
Amortization expenses	6,460
Disposal	(29,913)
Balance on December 31, 2025	<u>\$ 15,667</u>
Net amount on December 31, 2025	<u>\$ 15,409</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 43,097
Acquired separately	1,995
Balance on December 31, 2024	<u>\$ 45,092</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2024	\$ 33,076
Amortization expenses	6,044
Balance on December 31, 2024	<u>\$ 39,120</u>
Net amount on December 31, 2024	<u>\$ 5,972</u>

The amortization expense was calculated on the straight-line basis over the following useful lives:

Computer software 1-3 years

Summary of amortization expenses by function:

	<u>2025</u>	<u>2024</u>
Operating costs	\$ 1,946	\$ 2,036
Marketing expense	453	674
Administrative expense	4,061	2,506
R&D expense	<u>-</u>	<u>828</u>
	<u>\$ 6,460</u>	<u>\$ 6,044</u>

16. Other assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Prepayments		
Prepayments for purchase (Note 35)	\$ 167,772	\$ 89,918
Prepaid expenses	<u>33,637</u>	<u>46,658</u>
	<u>\$ 201,409</u>	<u>\$ 136,576</u>
Other current assets		
Other financial assets (Note 36)	\$ 72,151	\$ 270,658
Construction guarantee deposits paid (Note 36)	17,573	18,298
Others	<u>22</u>	<u>7</u>
	<u>\$ 89,746</u>	<u>\$ 288,963</u>

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	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Other non-current assets		
Other financial assets (Note 36)	\$ 227,000	\$ 227,000
Prepayment for equipment	46,431	30,950
Refundable deposits (Note 36)	44,237	68,515
Others	<u>3,450</u>	<u>3,451</u>
	<u>\$ 321,118</u>	<u>\$ 329,916</u>

(1) Other financial assets

The Company's other financial assets are mainly the current deposits and bank accounts pledged for acquisition of project contracts. Please refer to the description in Note 36.

(2) Prepayment for equipment

The Company's prepayments for equipment are the prepayments made for purchasing property, plant, and equipment needed for the production of the commodities or services to be supplied according to the purchase contracts.

17. Borrowings

(1) Short-term loans

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Unsecured loans</u>		
Credit loans	<u>\$ 180,000</u>	<u>\$ 420,000</u>

The interest rate on revolving bank borrowings was 2.3% as of December 31, 2025 and 2024.

(2) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2025	December 31, 2024
<u>Secured loan</u> (Note 35)					
First Commercial Bank	December 1, 2043	The total amount of borrowings is NTD 1,430,000 thousand, with a grace period of 3 years, a one-time disbursement of the loan, and interest is paid monthly. The principal is amortized and repaid evenly every month from the expiration date of the grace period.	1.955%	\$ 1,430,000	\$ 1,430,000
Taiwan Business Bank	January 10, 2035	The loan totals NTD 260,000 thousand for a period of 15 years (non-revolving) with a grace period of 2 years. It is disbursed on a lump-sum basis. The interest is paid every month. The installments of the principal are calculated from the expiry date of the grace period at an interval of 3 months. The principal is amortized in 52 installments.	2.325%	185,000	205,000
Bank of Taiwan	July 31, 2027	The total amount of the loan is NTD 400,000 thousand for 2 years (non-revolving) with interest charged monthly. The principal is due and payable and cannot be recycled.	2.3%	400,000	-
Bank of Taiwan	October 15, 2026	The total amount of the loan is NTD 400,000 thousand for 2 years (non-revolving) with interest charged monthly. The principal is due and payable and cannot be recycled. This loan has been fully repaid by the Company.	2.3%	-	400,000
Fubon Bank	January 2, 2027	Total borrowings of NTD 35,000 thousand, with a term of one year and two days (revolving drawdown), at an interest rate of three-month TAIBOR as of the day preceding the drawdown date plus 0.6% / 0.946 = 2.20% (floating).	2.20%	\$ 35,000	\$ -
The Shanghai Commercial & Savings Bank	November 28, 2028	Total borrowings of NTD 5,000 thousand, with a term of three years, at a floating interest rate of 2.12%.	2.12%	4,861	-
First Commercial Bank	October 13, 2032	Total borrowings of NTD 110,000 thousand, with a grace period of one year, disbursed in a single drawdown or in installments, with principal repayable in 168 equal monthly installments commencing from the expiration of the grace period. The Company has repaid these borrowings in advance.	2.605%	-	56,693
Less: Due within one year				2,054,861	2,091,693
Long-term loans				(21,667)	(26,659)
				<u>\$ 2,033,194</u>	<u>\$ 2,065,034</u>

18. Notes and accounts payable

	December 31, 2025	December 31, 2024
<u>Notes payable</u>		
From operation	<u>\$ 4,623</u>	<u>\$ 6,472</u>
<u>Accounts payable</u>		
From operation – non-related parties	\$ 571,813	\$ 697,302
Arising from operations — related parties (Note 35)	<u>4,363</u>	<u>26,103</u>
	<u>\$ 576,176</u>	<u>\$ 723,405</u>

Notes and accounts payable

The average credit period for purchasing raw materials, materials, and commodities is 30–120 days. Interest is not included in notes payable and accounts payable recognized with respect to such purchases. The Company establishes financial risk management policies to ensure that all payables can be paid back within the agreed term of credit.

19. Bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Domestic unsecured corporate bonds	\$ 553,340	\$ 570,483
Less: Due within one year	(<u>553,340</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$ 570,483</u>

Domestic unsecured convertible corporate bonds

On June 21, 2024, KENMEC issued 6,000 units of New Taiwan dollar-denominated unsecured convertible bonds at an interest rate of 0%, with an aggregate principal amount of NTD 600,000 thousand.

Each bondholder has the right to convert the bonds into ordinary shares of the Company at NTD 112 per share (the original conversion price of NTD 114 per share was adjusted to NTD 113.2 on July 11, 2024 following a rights distribution, and further adjusted to NTD 112 on July 1, 2025 following a cash dividend distribution). The conversion period is from September 22, 2024 to June 21, 2027. Where the bonds meet specified conditions, conversion shall be effected at NTD 112 per share during the period from September 22, 2024 to June 21, 2027.

From September 22, 2024 to May 12, 2027, if the closing price of the Company's common shares exceeds the conversion price of the convertible bonds by more than 30% for 30 consecutive days, the Company may withdraw the bonds within 30 days after the event.

From September 22, 2024 to May 12, 2027, if the balance of the convertible bonds is less than 10% of the original face value during the aforementioned period, the Company may withdraw the bonds at any time after the event.

June 21, 2026 is the record date for the conversion of the convertible bonds, which is the basis for early sale of the corporate bonds by the bondholders, and the bondholders may request the Company to redeem the corporate bonds held by them in cash at the face value of the corporate bonds plus interest compensation.

The convertible bonds include debt and equity components. The equity components are expressed in capital reserve - stock option under equity. The effective interest rate of the elements of liabilities recognized initially was 2.0511%.

	<u>Amount</u>
Issued price (less transaction cost of NTD 2,739 thousand) on June 21, 2024	\$ 708,087
Equity component (less amortization to equity transaction cost of NTD 141 thousand)	(141,525)
Components of liabilities	(<u>2,340</u>)
Components of liabilities (less amortization to transaction cost of NTD 2,598 thousand) on the date of issuance	564,222
Interest calculated at effective interest rate	<u>6,261</u>
Components of liabilities as of December 31, 2024	570,483
Interest calculated at effective interest rate	11,601
Repurchase of corporate bonds	(<u>28,744</u>)
Components of liabilities as of December 31, 2025	<u>\$ 553,340</u>

20.	<u>Other liabilities</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Current</u>		
	Other payables		
	Salary and bonus payable	\$ 151,282	\$ 145,088
	Equipment payment payable	17,043	10,411
	Remuneration payable to employees and directors	2,212	-
	Expenses payable	<u>63,382</u>	<u>47,748</u>
		<u>\$ 233,919</u>	<u>\$ 203,247</u>
	Other payables – Related parties (Note 35)	<u>\$ -</u>	<u>\$ 1,733</u>
	<u>Non-current</u>		
	Guarantee deposits received	<u>\$ 7,890</u>	<u>\$ 7,890</u>
21.	<u>Liability reserve</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Current</u>		
	Warranty (I)	\$ 16,139	\$ 17,807
	Onerous contract (II)	<u>155</u>	<u>155</u>
		<u>\$ 16,294</u>	<u>\$ 17,962</u>
(1)	The warranty liability reserve is the best estimate for any future outflow of economic benefits due to warranty obligation by the Company's management according the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes, or other factors that influence the quality of the products.		
(2)	An onerous contract is a contract that is expected to be fulfilled with a cost exceeding the expected economic benefit from the contract, the present obligation deriving from the onerous contract is recognized as liability reserve.		
22.	<u>Retirement benefit plan</u>		
(1)	Defined contribution plan		
	The pension system specified in the "Labor Pension Act" adopted by the Company is the defined pension appropriation plan managed by the government. A pension equal to 6% of an employee's monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.		

(2) Defined benefit plan

The pension system adopted by the Company according to the “Labor Standards Act” is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of the six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee to the labor pension fund every month and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies. The Company reached an agreement with the employees under the defined benefit pension plan to settle their seniority in 2024. In August 2024, the competent authority approved the settlement of the pension account balance, and in September 2024, the Bank of Taiwan allocated the balance of the dedicated account of the Company, NTD 6,812 thousand.

Amounts related to the defined benefit plan and included in the parent company only balance sheet are listed as follows:

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
January 1, 2024	\$ -	(\$ 1,189)	(\$ 1,189)
Interest expense (income)	-	(11)	(11)
Recognition in profit or loss	-	(11)	(11)
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(5,612)	(5,612)
Recognition in other comprehensive income	-	(5,612)	(5,612)
Return of assets	-	6,812	6,812
December 31, 2024	\$ -	\$ -	\$ -

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	2024
Administrative expense	(\$ 11)

23. Maturity analysis of assets and liabilities

The assets and liabilities of the Company, with respect to the construction business, are classified as current or non-current based on the normal operating cycle. The related amount recognized based on the amount anticipated to be recovered or reimbursed within a year and more than a year after the balance sheet date is as follows:

	Within 1 year	More than 1 year	Total
<u>December 31, 2025</u>			

Assets			
Contract assets	\$ 34,140	\$ 841,433	\$ 875,573
Liability			
Contract liabilities	\$ 169,189	\$ 945,678	\$ 1,114,867

December 31, 2024

Assets			
Contract assets	\$ 24,746	\$ 681,209	\$ 705,955
Liability			
Contract liabilities	\$ 30,166	\$ 714,696	\$ 744,862

24. Equity

(1) Share capital		
<u>Common shares</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Number of authorized shares		
(thousand shares)	<u>402,000</u>	<u>402,000</u>
Authorized capital	<u>\$ 4,020,000</u>	<u>\$ 4,020,000</u>
Number of shares issued and		
fully paid (thousand shares)	<u>259,011</u>	<u>259,011</u>
Issued capital	<u>\$ 2,590,112</u>	<u>\$ 2,590,112</u>

On April 19, 2024, the Board of Directors resolved to issue 10,000 thousand new shares with a par value of NTD 10 per share and an issue price of NTD 90 per share, issued at a premium of NTD 80 per share. After the capital increase, the paid-in capital was NTD 2,590,112 thousand. The aforementioned cash capital increase was approved by the Securities and Futures Bureau, Financial Supervisory Commission, on May 22, 2024, and the Board of Directors resolved to set the capital increase record date on July 11, 2024.

(2) Capital reserves	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Available for makeup of loss,</u>		
<u> distribution of cash dividends</u>		
<u> or transfer into capital (1)</u>		
Stock issuance in excess of par		
value	\$ 719,129	\$ 818,500
Treasury stock trading	113,590	113,597
Difference between the actual		
price for acquisition of equity		
in subsidiaries and the book		
value	-	71,003
<u>Only available for makeup of</u>		
<u> loss (2)</u>		
Recognition of changes in		
equity ownership in		
subsidiaries	280,676	271,614
<u>Not to be used for any purpose</u>		
Stock options (Note 19)	<u>134,448</u>	<u>141,525</u>
	<u>\$ 1,247,843</u>	<u>\$ 1,416,239</u>

- A. These capital reserves may be used to make up losses, distribute cash dividends, or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital every year.
 - B. These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the subsidiaries, or adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.
- (3) Retained earnings and dividend policy

According to the Company's earnings distribution policy specified in the Articles of Incorporation, if the Company has a profit at the end of a fiscal year, it shall first pay income tax and make up any cumulative losses in accordance with laws, and then allocate 10% to the legal reserve, and also make provision/reversal of special reserves pursuant to the laws. Any balance thereof shall, together with any accumulated undistributed earnings shall be submitted by the Board of Directors in the form of an earnings distribution proposal to the shareholders' meeting for ratification. For the distribution policy of employee and director remuneration regulated in the Company's Articles of Incorporation, please refer to Note 26-(7) Remuneration to employees and directors.

If the aforementioned shareholder dividends are distributed in cash, the Board of Directors is authorized to pass a resolution with a majority of Directors at a meeting attended by more than two-thirds of the directors, and shall report it to the shareholders' meeting.

The Company is currently in the stage of operational growth, requiring profits to be retained as necessary funding for operational growth and investments. Therefore, the Company currently adopts a "balanced dividend" policy, giving consideration to the distribution of a balanced dividend equaling no less than 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting after taking into account the actual funding situation of the Company.

Profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividends are at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

When the Company appropriates a special reserve in respect of a net debit balance of other equity items accumulated in prior periods, and the undistributed earnings of prior periods are insufficient for such appropriation, the appropriation shall be made from the current period's after-tax net income plus any amounts other than after-tax net income that are included in the current period's undistributed earnings.

The Company's 2024 and 2023 earnings distribution plans are as follows:

	2024	2023
Legal reserves	\$ -	\$ 64,250
Cash dividend	\$ -	\$ 423,319
Cash dividends from capital reserves	\$ 181,308	\$ -
Cash dividend per share (NTD)	\$ -	\$ 1.7
Cash dividends from capital reserves per share (NTD)	\$ 0.7	\$ -

Cash dividends for 2023 were resolved for distribution by the Board of Directors on March 7, 2024. The remaining items of earnings distribution were resolved at the Annual General Meeting of Shareholders on May 29, 2025 and May 31, 2024, respectively.

On March 4, 2026, the Board of Directors proposed the following earnings distribution plan for 2025:

	2025
Legal reserves	\$ 3,412
Cash dividend	\$ 25,901
Cash dividends from capital reserves	\$ 103,605
Cash dividend per share (NTD)	\$ 0.10
Cash dividends from capital reserves per share (NTD)	\$ 0.40

The aforementioned cash dividends have been approved for distribution by resolution of the Board of Directors; the remaining items are expected to be submitted for resolution at the Annual General Meeting of Shareholders scheduled for May 21, 2026.

(4) Special reserves

	2025	2024
Balance – beginning of the year	\$ 297,092	\$ 297,092
Reversal of special reserves	-	-
Balance – ending of the year	\$ 297,092	\$ 297,092

The special reserve set aside for the land when IFRSs are applied for the first time may be reversed at the time of disposal or reclassification. The special reserve set aside for the exchange differences from the translation of foreign operations' financial statements (including subsidiaries) is reserved according to the percentage of disposal. It will be completely reversed when the Company loses the significant influence. When earnings are distributed, a special reserve shall be set aside for the difference between the net deduction of other shareholders' equities stated on the end date of the reporting period and the special reserve set aside when IFRSs are applied for the first time. If there is any reversal of the decrease in shareholders' equity, the earnings may be distributed based on the reversal proportion.

(5) Other equity

A. Exchange differences on translation of financial statements of foreign operations:

	2025	2024
Balance – beginning of the year	(\$ 217,796)	(\$ 255,739)
Amounts incurred in the year		
Exchange differences from foreign operations	(28,634)	19,899
Share of subsidiary under the equity method	30,844	18,044
Other comprehensive income for the year	2,210	37,943
Changes in ownership interests in subsidiaries	(2,914)	-
Balance – ending of the year	(\$ 218,500)	(\$ 217,796)

B. Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income

	2025	2024
Balance – beginning of the year	(\$ 8,167)	(\$ 8,208)
Amounts incurred in the year		
Unrealized profit/loss		
Equity instruments	5,211	(1,825)
Share of subsidiary under the equity method	13,053	1,866
Changes in ownership interests in subsidiaries	728	-
Balance – ending of the year	\$ 10,825	(\$ 8,167)

25. Revenue

	2025	2024
Revenue from contracts with customers		
Project income	\$ 2,594,735	\$ 1,983,685
Sales revenue	482	2,445
Service income	85,919	78,936
	<u>\$ 2,681,136</u>	<u>\$ 2,065,066</u>

(1) Description of contracts with customers

A. Sales revenue

Sales revenue is generated from the sales of products. Once the products are delivered to the customer-designated location and accepted by the customer, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes on the risk that the products might become outdated. Therefore, revenue and accounts receivable are recognized at that point of time.

B. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Company, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are completely provided. Since payment is made after completion of the repair as agreed in the contract, the Company recognizes the service income as contract assets when the service is provided and transfer it to accounts receivable when the repair is completed.

C. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Company measures the progress based on the percentage of the actually invested cost in the estimated total cost. The Company progressively recognizes contract assets during the construction and transfers them to accounts receivable when billing. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as a contract liability. Project retention funds retained by customers according to contractual terms and conditions ensure that the Company fulfills all the contractual obligation thereof and is recognized as a contract asset before the fulfillment of the contract.

If the result of the fulfillment cannot be measured reliably, the contract income is recognized only within the scope of the actually incurred contract fulfillment cost expected to be recovered.

(2) Balance of contract amount

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts and notes receivable (Note 10)	<u>\$ 296,003</u>	<u>\$ 435,112</u>	<u>\$ 419,313</u>
Contract assets – current Construction of automated equipment	<u>\$ 875,573</u>	<u>\$ 705,955</u>	<u>\$ 680,727</u>
Contract liabilities – current Construction of automated equipment	<u>\$ 1,114,867</u>	<u>\$ 744,862</u>	<u>\$ 481,272</u>

(3) Customer contract income breakdown

	2025	2024
<u>Point in time for revenue recognition</u>		
Contract fulfilled at a point in time	\$ 482	\$ 2,445
Contract fulfilled over time	<u>2,680,654</u>	<u>2,062,621</u>
	<u>\$ 2,681,136</u>	<u>\$ 2,065,066</u>

(4) Customer contracts not fully performed

As of December 31, 2025 and 2024, the trading price amortized to the obligations that had not been fulfilled was NTD 1,114,867 thousand and NTD 744,862 thousand, respectively, in aggregate sums. The Company will recognize them in project income in the coming 1 or 2 years.

26. Net profit (loss) of continuing operations

(1) Interest income

	<u>2025</u>	<u>2024</u>
Interest income		
Bank deposit	\$ 11,388	\$ 23,883
Loans to related parties (Note 35)	<u>6,545</u>	<u>-</u>
	<u>\$ 17,933</u>	<u>\$ 23,883</u>

(2) Other revenue

	<u>2025</u>	<u>2024</u>
Lease revenue		
Rental income from operating lease (Note 35)	\$ 85,577	\$ 79,523
Dividend revenue	2,143	2,675
Government subsidy income (Note 30)	48,236	67,425
Others	<u>11,423</u>	<u>4,481</u>
	<u>\$ 147,379</u>	<u>\$ 154,104</u>

(3) Other profits and losses

	<u>2025</u>	<u>2024</u>
Net foreign exchange gains	\$ 3,470	\$ 27,992
Gains (losses) on financial assets		
Financial assets mandatorily measured at fair value through profit or loss	29,180	(3,703)
Profit on lease modification	-	48
Others	<u>403</u>	<u>(1,230)</u>
	<u>\$ 33,053</u>	<u>\$ 23,107</u>

(4) Financial costs

	<u>2025</u>	<u>2024</u>
Bank loan interest	\$ 49,059	\$ 57,488
Interest on lease liabilities	4,882	5,031
Interest on convertible corporate bonds	<u>11,601</u>	<u>6,261</u>
	<u>\$ 65,542</u>	<u>\$ 68,780</u>

(5) Depreciation and amortization

	<u>2025</u>	<u>2024</u>
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Summary of depreciation
expenses by function

Operating costs	\$ 27,477	\$ 35,127
Operating expenses	<u>78,511</u>	<u>72,961</u>
	<u>\$ 105,988</u>	<u>\$ 108,088</u>

Summary of amortization
expenses by function

Operating costs	\$ 1,946	\$ 2,036
Operating expenses	<u>4,514</u>	<u>4,008</u>
	<u>\$ 6,460</u>	<u>\$ 6,044</u>

For the information on the amortization of intangible assets allocated to each line item, please refer to Note 15.

(6) Employee benefit expense

	2025	2024
Short-term employee benefits	<u>\$ 545,035</u>	<u>\$ 524,397</u>
Retirement benefits		
Defined contribution plan	20,230	20,729
Defined benefit plan (Note 22)	<u>-</u>	<u>(11)</u>
	<u>20,230</u>	<u>20,718</u>
Share-based payment (Note 29)	<u>-</u>	<u>18,500</u>
Remuneration to directors	<u>3,991</u>	<u>3,505</u>
Total of employee benefit expenses	<u>\$ 569,256</u>	<u>\$ 567,120</u>
Summarized by function		
Operating costs	\$ 256,476	\$ 203,472
Operating expenses	<u>312,780</u>	<u>363,648</u>
	<u>\$ 569,256</u>	<u>\$ 567,120</u>

(7) Remuneration to employees and directors

In accordance with the Articles of Association, the Company allocates its pre-tax profits before deducting employee and director remuneration for the year at an amounts of 5-15% to be distributed as remuneration to employees and 1%–3% to be distributed as remuneration to directors. Pursuant to the amendment to the Securities and Exchange Act of August 2024, the Company resolved at the 2025 shareholders' meeting to amend its Articles of Incorporation to provide that no less than 1% of the total employee remuneration for the year be distributed to entry-level employees.

Since there are losses before tax in 2024, no estimates were made for the remuneration to the employees or directors. The Board of Directors resolved on March 7, 2025 not to distribute employee compensation or director compensation.

The employee compensation and director compensation estimated for 2025 were resolved by the Board of Directors on March 4, 2026 as follows:

Estimated ratio

	<u>2025</u>
Remuneration to employees	8.5%
Remuneration to directors	1.6%

Amount

	<u>2025</u>
Remuneration to employees	<u>\$ 1,856</u>
Remuneration to directors	<u>\$ 356</u>

If there were any changes in the amount after the approval and release date of annual parent company only financial reports, the change was treated as a change in accounting estimates and accounted for in the following year.

There was no discrepancy between the actual distribution of remuneration to employees and directors in 2024 and 2023 and the amount recognized in the separate financial reports in 2024 and 2023.

Information on the remuneration to employees and directors as resolved by the Board of Directors is available at the “MOPS” of TWSE.

(8) Foreign exchange (loss) gain

	<u>2025</u>	<u>2024</u>
Total profit from translation of foreign currencies	\$ 7,886	\$ 31,427
Total loss from translation of foreign currencies	(<u>4,416</u>)	(<u>3,435</u>)
Net gain	<u>\$ 3,470</u>	<u>\$ 27,992</u>

27. Income tax of continuing operations

(1) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>2025</u>	<u>2024</u>
Current income tax		
Tax incurred in the year	\$ -	\$ -
Additional tax levied on undistributed earnings	-	1,438
Adjustments for the previous year	2,896	(1,927)
Deferred income tax		
Tax incurred in the year	(<u>9,441</u>)	<u>27,258</u>
Income tax expense (benefit) recognized in profit or loss	(<u>\$ 6,545</u>)	<u>\$ 26,769</u>

Adjustments to accounting income and income tax (profit) expense are as follow:

	<u>2025</u>	<u>2024</u>
Net profit (loss) before tax	<u>\$ 19,635</u>	<u>(\$ 116,458)</u>
Income tax expense (benefit) on profit (loss) before tax calculated at the statutory tax rate	\$ 3,927	(\$ 23,292)
Expense and loss not deductible from tax	30,389	59,409
Non-taxable income	(4,057)	(1,962)
Additional tax levied on undistributed earnings	-	1,438
Unrecognized deductible temporary difference	(39,700)	(6,897)
Adjustments for the previous year	<u>2,896</u>	<u>(1,927)</u>
Income tax expenses recognized in profit or loss	<u>(\$ 6,545)</u>	<u>\$ 26,769</u>
(2) Income tax recognized in other comprehensive income	<u>2025</u>	<u>2024</u>
<u>Deferred income tax</u>		
Incurring in the year		
– Translation from foreign operations	(\$ 809)	\$ 5,116
– Remeasurement of defined benefits plans	<u>-</u>	<u>240</u>
Income tax recognized in other comprehensive income	<u>(\$ 809)</u>	<u>\$ 5,356</u>
(3) Current income tax assets	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current income tax assets		
Income tax refund receivable	<u>\$ 3,294</u>	<u>\$ 9,670</u>

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2025

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
<u>Deferred income tax assets</u>				
Temporary difference				
Share of profit or loss of subsidiaries accounted for using the equity method	\$ 129,352	\$ 11,547	\$ -	\$ 140,899
Unrealized gains among associates	1,317	(265)	-	1,052
Liability reserve	3,546	(318)	-	3,228
Exchange differences from foreign operations	7,579	(1)	809	8,387
Others	6,866	4,664	-	11,530
	<u>\$ 148,660</u>	<u>\$ 15,627</u>	<u>\$ 809</u>	<u>\$ 165,096</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial assets measured at fair value through profit or loss	(\$ 480)	(\$ 6,849)	\$ -	(\$ 7,329)
Land incremental tax	(56,108)	-	-	(56,108)
Others	(1,535)	663	-	(872)
	<u>(\$ 58,123)</u>	<u>(\$ 6,186)</u>	<u>\$ -</u>	<u>(\$ 64,309)</u>

2024

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
<u>Deferred income tax assets</u>				
Temporary difference				
Discrepancy in pension recognition	\$ 12,370	(\$ 12,130)	(\$ 240)	\$ -
Share of profit or loss of subsidiaries accounted for using the equity method	135,104	(5,752)	-	129,352
Unrealized gains among associates	2,544	(1,227)	-	1,317
Liability reserve	8,737	(5,191)	-	3,546
Exchange differences from foreign operations	12,697	(2)	(5,116)	7,579
Others	9,103	(2,237)	-	6,866
	<u>\$ 180,555</u>	<u>(\$ 26,539)</u>	<u>(\$ 5,356)</u>	<u>\$ 148,660</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Financial assets measured at fair value through profit or loss	(\$ 903)	\$ 423	\$ -	(\$ 480)
Land incremental tax	(56,108)	-	-	(56,108)
Others	(393)	(1,142)	-	(1,535)
	<u>(\$ 57,404)</u>	<u>(\$ 719)</u>	<u>\$ -</u>	<u>(\$ 58,123)</u>

(5) Deductible temporary difference of the deferred income tax assets unrecognized in parent company only balance sheet

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Loss carryforwards		
Mature in 2030	<u>\$ 562,637</u>	<u>\$ 792,005</u>

(6) Authorization of income tax

The Company's profit-seeking business income tax filings up until 2023 have been approved by the tax authority.

28. Earnings (losses) per share

	2025	Unit: NTD per share 2024
Basic earnings (loss) per share		
From continuing operations	\$ <u>0.10</u>	(\$ <u>0.56</u>)
Diluted earnings (loss) per share		
From continuing operations	\$ <u>0.10</u>	(\$ <u>0.56</u>)

The earnings (loss) and weighted average number of ordinary shares used in the computation of earnings (loss) per share are as follows:

Current net profit (loss)

	2025	2024
Earnings (loss) used in computing basic earnings (loss) per share	\$ <u>26,180</u>	(\$ <u>143,227</u>)
Earnings (loss) used in the calculation of diluted earnings (loss) per share	\$ <u>26,180</u>	(\$ <u>143,227</u>)

Number of shares

	2025	Unit: thousand shares 2024
Weighted average number of common stocks used for calculation of basic earnings (loss) per share	259,011	253,744
Effect of potential diluted common stocks:		
Remuneration to employees	<u>26</u>	<u>-</u>
Weighted average number of common stocks used for calculation of diluted earnings (loss) per share	<u>259,037</u>	<u>253,744</u>

When the Company can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability in calculating diluted EPS. The diluting capability of potential common stocks is referenced when the Board of Directors resolves to calculate the diluted EPS prior to resolving the number of shares to be distributed as employee remuneration in the following year.

The potential ordinary shares arising from the Company's convertible bonds in 2025 are anti-dilutive and have therefore been excluded from the computation of diluted earnings per share.

The Company recorded a net loss in 2024, and the inclusion of potential ordinary shares would have had an anti-dilutive effect; such shares have therefore been excluded from the computation of diluted earnings per share.

29. Share-based payment arrangement

Employee share subscription reserved for cash capital increase

On April 19, 2024, the Board of Directors of the Company resolved to issue new shares for cash capital increase, and reserved 10% of the total number of new shares, totaling 1,000 thousand shares, for employee subscription in accordance with the Company Act. The recipients include employees of the Company meeting specific criteria. For fractional shares or shares waived by the employees who subscribe for one share or more or those shares given up, the chairman is authorized to seek specific persons for purchase.

The employee stock options arising from the Company's above-mentioned cash capital increase are valued using the Black-Scholes evaluation model, and the inputs used in the evaluation model are as follows:

	<u>June 11, 2024</u>
Price on grant date	NTD 108.5
Exercise price	NTD 90
Stock price volatility	66.71%
Lifetime	0.066 years
Risk-free interest rate	1.2486%

In 2024, the Company recognized remuneration cost of NTD 18,500 thousand.

30. Government grants

- (1) The Company has signed a development plan with the Taipei Computer Association for the integration of smart low-carbon forward-looking equipment into the manufacturing technology of third-generation semiconductor substrates, from December 1, 2023 to May 31, 2026. Government grants received as of December 31, 2025 and 2024 totaled NTD 102,914 thousand and NTD 79,403 thousand, respectively. The unamortized balances of NTD 371 thousand and NTD 25,097 thousand are recorded as deferred income. In 2025 and 2024, income of NTD 48,236 thousand and NTD 54,306 thousand was recognized, in accordance with the subsidy plan.
- (2) The Company entered into a 5G Automated Logistics Engineering Transformation and Smart Manufacturing Development Project with the Taipei Computer Association covering the period from July 1, 2023 to September 30, 2024. As of December 31, 2024, government grants applied for under the plan totaled NTD 10,500 thousand, of which NTD 204 thousand had not yet been received and was recorded as other receivables. Income recognized under the grant plan for 2024 amounted to NTD 5,046 thousand.
- (3) The Company signed a contract for the railway industry development subsidy plan from September 1, 2022 to August 31, 2024 with the Railway Bureau, MOTC. Government grants applied for as of December 31, 2025 and 2024 totaled NTD 12,381 thousand, of which NTD 1,364 thousand had not yet been received and was recorded as other receivables. Income recognized under the grant plan for 2024 amounted to NTD 5,704 thousand.
- (4) In July 2022, the Company signed a Taiwan Industry Innovation Platform Counseling Project of MOEA with the Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF), covering the period from July 1, 2021 to June 30, 2025. Government grants applied for under the Silicon Carbide Crystal Growth Equipment Development and Key Materials Development Plan as of December 31, 2024 totaled NTD 15,000 thousand, with an unamortized balance of NTD 0 thousand. Income recognized under the grant plan for 2024 amounted to NTD 2,369 thousand.

31. Disposal of subsidiaries

On March 7, 2025, the Company entered into an agreement to dispose of Hua-Xia Construction to a company under the substantive control of the Chairman's family, and completed the disposal on the same date, thereby losing control over those subsidiaries. For details regarding the disposal of Hua-Xia Construction, refer to Note 33 of the Company's 2025 consolidated financial report.

32. Information on cash flow

(1) Non-cash transactions

Except as disclosed in other notes, the Company conducted the following non-cash investing activities during 2025 and 2024:

- A. The Company reclassified contract assets to property, plant, and equipment in the amounts of NTD 225 thousand and NTD 412 thousand for 2025 and 2024, respectively.
- B. Payables for equipment purchases relating to property, plant, and equipment increased by NTD 6,632 thousand and NTD 2,416 thousand for 2025 and 2024, respectively.

(2) Changes in liabilities from financing activities
2025

	January 1, 2025	Cash flow	New lease	Non-cash change Termination of contract and derecognition of account	Lease modification	December 31, 2025
Lease liabilities	\$ 260,954	(\$ 26,095)	\$ 28,442	\$ -	(\$ 1,527)	\$ 261,774

2024

	January 1, 2024	Cash flow	New lease	Non-cash change Termination of contract and derecognition of account	Lease modification	December 31, 2024
Lease liabilities	\$ 284,190	(\$ 27,878)	\$ 698	(\$ 3,718)	\$ 7,662	\$ 260,954

The interest expenses recognized for lease liabilities in 2025 and 2024 were NTD 4,882 thousand and NTD 5,031 thousand, respectively, which are already included in the interest payments in the statement of cash flows.

33. Capital risk management

The Company conducts capital management to ensure all entities of the Company can continue operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategy of the Company is currently not changed.

The capital structure of the Company is comprised of their net liabilities (i.e., loans minus cash and cash equivalents) and shareholders' equity (i.e., capital stock, capital reserves, retained earnings, and other equities).

The Company did not need to observe external capital requirements.

The key management of the Company conducts monthly review of the Company's capital structure, including the cost of capital and relevant risks. Observing the suggestions of key management, the Company balanced the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

34. Financial instruments

(1) Fair value information – financial instruments not measured at fair value

In addition to the disclosures in the table below, the Company's management believes that the carrying amount of financial assets and financial liabilities not measured at fair value is close to maturity, or the future payment price is equivalent to the carrying amount, and the carrying amount is close to its fair value.

December 31, 2025

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Bonds payable	\$ 553,340	\$ 569,031	\$ -	\$ -	\$ 569,031

December 31, 2024

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Bonds payable	\$ 570,483	\$ 633,900	\$ -	\$ -	\$ 633,900

(2) Fair value information – financial instruments measured at fair value on a repetitive basis

A. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed (OTC) and emerging stocks	\$ 99,688	\$ -	\$ -	\$ 99,688
Overseas listed (OTC) stocks	12,929	-	-	12,929
Domestic non-listed (non-OTC) stocks	-	-	52,532	52,532
Fund beneficiary certificate	170,383	-	-	170,383
Total	\$ 283,000	\$ -	\$ 52,532	\$ 335,532
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 128,005	\$ 128,005
<u>Financial liabilities measured at fair value through profit or loss</u>				
Convertible corporate bond option	\$ -	\$ -	\$ 4,731	\$ 4,731

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Overseas listed (OTC) stocks	\$ 11,091	\$ -	\$ -	\$ 11,091
Domestic non-listed (non-OTC) stocks	-	-	159,157	159,157
Total	<u>\$ 11,091</u>	<u>\$ -</u>	<u>\$ 159,157</u>	<u>\$ 170,248</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
– Domestic non-listed (non-OTC) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,294</u>	<u>\$ 87,294</u>
<u>Financial liabilities measured at fair value through profit or loss</u>				
Convertible corporate bond option	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>

There were no transfers of fair value measurements between Level 1 and Level 2 in 2025 and 2024.

B. Adjustments to the financial instruments measured at Level 3 fair value 2025

Financial assets	Measurement at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Equity instruments	Equity instruments	
Balance – beginning of the year	\$ 159,157	\$ 87,294	\$ 246,451
Purchase	-	35,500	35,500
Recognition in profit or loss (other profits and losses)	(22,114)	-	(22,114)
Recognized in other comprehensive income (unrealized profit/loss from the financial assets measured at fair value through other comprehensive income)	-	5,211	5,211
Transfers out of Level 3	(84,511)	-	(84,511)
Balance – ending of the year	<u>\$ 52,532</u>	<u>\$ 128,005</u>	<u>\$ 180,537</u>

Financial liabilities measured at fair value through profit or loss	Derivatives
Balance – beginning of the year	\$ 3,900
Recognition in profit or loss (other profits and losses)	1,170
Redemption rights for convertible corporate bonds	(339)
Balance – ending of the year	<u>\$ 4,731</u>
Changes in unrealized gains (losses) related to assets held at the end of the year and recognized in profit or loss	(<u>\$ 1,170</u>)

2024

Financial assets	Measurement at fair value through profit or loss Equity instruments	Financial assets measured at fair value through other comprehensive income Equity instruments	Total
Balance – beginning of the year	\$ 131,797	\$ 59,167	\$ 190,964
Purchase	35,000	29,952	64,952
Recognition in profit or loss (other profits and losses)	(7,640)	-	(7,640)
Recognized in other comprehensive income (unrealized profit/loss from the financial assets measured at fair value through other comprehensive income)	-	(1,825)	(1,825)
Balance – ending of the year	<u>\$ 159,157</u>	<u>\$ 87,294</u>	<u>\$ 246,451</u>

Financial liabilities measured at fair value through profit or loss	Derivatives
Balance – beginning of the year	\$ -
Recognition in profit or loss (other profits and losses)	1,560
Redemption rights for convertible corporate bonds	<u>2,340</u>
Balance – ending of the year	<u>\$ 3,900</u>
Changes in unrealized gains (losses) related to assets held at the end of the year and recognized in profit or loss	(<u>\$ 1,560</u>)

C. Evaluation technology and inputs of Level 3 fair value measurement

(A) The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of the same equity instruments on active markets, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the long-term revenue growth rate and pre-tax operating margin increase.

(B) Derivatives - convertible corporate bonds - redemption rights are valued using a binomial tree model for convertible corporate bonds, with significant unobservable inputs including stock price volatility, a risk-adjusted discount rate, liquidity risk and other parameters.

(3) Type of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Measurement at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	\$ 335,532	\$ 170,248
Financial assets measured at amortized cost (Note 1)	2,101,365	2,766,511
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	128,005	87,294
<u>Financial liabilities</u>		
Measurement at amortized cost (Note 2)	3,572,637	3,986,641
Measurement at fair value through profit or loss	4,731	3,900

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, investment in liability instruments, notes and accounts receivable, partial other receivables, guarantee deposits paid and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term loans, notes and accounts payable, partial other payables, long-term liabilities mature within one year, corporate bonds payable, guarantee deposits received, long-term loans, and other financial liabilities.

(4) Financial risk management purpose and policy

The Company's main financial instruments include investments in equity, accounts receivable, accounts payable, borrowings, and lease liabilities. Our financial management department is responsible for provision of services for business units, planning and coordination of investments in domestic and international financial markets, analysis of internal risk exposure based on the risk level and scope, and reporting, supervision, and management of the financial risks related to the Company's operations. The said risks include the market risk (such as exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at a Board of Directors meeting of the Company. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The Company did not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

The finance management department reports to the Risk Management Committee of the Company every quarter. The Committee is an independent organization dedicated to monitoring risks and implementing policies to mitigate risk exposure.

A. Market risk

The major financial risks that the operating activities imposed on the Company are exchange rate fluctuation risk (see (1) below), interest rate fluctuation risk (see (2) below), and other price risks (see (3) below). The Company is engaged in various derivative financial instruments to manage the imposed foreign exchange rate and interest rate risk, including:

- a. Forward foreign exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials;
- b. Maintenance of an adequate portfolio of fixed and variable interest rates to mitigate the fluctuation risk of cash flow and fair value.

The Company did not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(A) Exchange rate risk

The Company was engaged in sales and purchase transactions in foreign currency. These transactions exposed the Company to the exchange rate fluctuation risk. The Company uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies and the carrying amounts of derivative instruments with foreign currency risk exposure as of the balance sheet date, refer to Note 39.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of the USD, RMB and EUR.

The sensitivity analysis of the Company, when the exchange rate of NTD (functional currency) against relevant foreign currencies increases or decreases by 3%, is described in the following table. 3% is the sensitivity ratio used by the Company when reporting the exchange rate risk to the key management. It also indicates the assessment of the management on the reasonable potential fluctuation of the exchange rate. The sensitivity analysis only included the outstanding foreign currency items. The translation thereof at the end of the year is adjusted by an increase or decrease of 3% in the exchange rate. Positive figures in the table below represent amounts by which after-tax net income would increase, or after-tax net loss would decrease, when the New Taiwan dollar depreciates by 3% against each relevant foreign currency. When the New Taiwan dollar appreciates by 3% against each relevant foreign currency, the impact on after-tax net income (loss) would be the same amounts with the opposite sign.

	Effect of USD		Effect of RMB	
	2025	2024	2025	2024
Profit or loss	(\$ 114)(i)	\$ 239 (i)	\$ 2,520(i)	(\$ 819)(i)

	Effect of EUR	
	2025	2024
Profit or loss	(\$ 418)(i)	(\$ 1,224)(i)

- (i) The profit or loss was mainly generated from the Company's accounts receivable, and accounts payable valued in USD, EUR and RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

The decrease in the Company's sensitivity to the US dollar exchange rate during the current year was primarily attributable to a decrease in US dollar-denominated bank deposits. The decrease in sensitivity to the euro exchange rate was primarily attributable to a decrease in euro-denominated accounts payable. The increase in sensitivity to the RMB exchange rate was primarily attributable to an increase in RMB-denominated other receivables. Management found that the sensitivity analysis could not represent the inherent risk of the exchange rate, as the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the year.

(B) Interest rate risk

The interest rate risk exposure occurs as the Company's entities borrow funds at fixed and floating rates at the same time. The Company maintains an adequate portfolio of fixed and floating interest rates to manage the interest rate risk. The Company assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book values of the financial assets and liabilities of the Company exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
With fair value interest rate risk		
– Financial assets	\$ 169,632	\$ 187,916
– Financial liabilities	815,114	831,437
With cash flow interest rate risk		
– Financial assets	1,208,198	1,941,453
– Financial liabilities	2,234,861	2,511,693

The Company is exposed to cash flow interest rate risk due to holding bank loans at variable interest rate. This conforms to the policy of the Company to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Company is primarily due to the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative instruments and non-derivative instruments on the balance sheet date. As for liabilities at floating interest rates, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Company when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of the management on the reasonable potential fluctuation of the interest rate.

If interest rates were to increase or decrease by 1%, with all other variables remaining constant, the Company's after-tax net income (loss) for 2025 and 2024 would decrease or increase by NTD 8,213 thousand and increase or decrease by NTD 4,562 thousand, respectively, primarily due to the Company's exposure to fair value interest rate risk on variable-rate bank deposits.

The increase in the Company's interest rate sensitivity during the current year was primarily attributable to a decrease in variable-rate bank deposits.

(C) Other price risks

The Company sustains exposure to securities price risk due to investment in equity securities and fund beneficiary certificates.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If equity prices were to increase or decrease by 3%, profit or loss before tax for 2025 and 2024 would increase or decrease by NTD 4,954 thousand and NTD 5,107 thousand, respectively, due to the increase or decrease in the fair value of financial assets measured at fair value through profit or loss. Other comprehensive income before tax in 2025 and 2024 increased/decreased by NTD 3,840 thousand and NTD 2,619 thousand, respectively, due to changes in the fair value of the financial assets measured at fair value through other comprehensive income.

The sensitivity of the Company to the price risk decreased/increased in the current period because decrease/increase of the investment in equity securities.

B. Credit risk

The credit risk refers to the risk in the financial loss of the Company due to the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Company provided was mainly derived from the following:

- (A) The book value of the financial assets recognized in the parent company only balance sheet.
- (B) The Company did not take into account the highest amount likely to be paid by the Company due to provision of financial guarantee.

Receivables are to be collected from many customers. They belong to different industries and are located in different geographic areas. The Company continuously assesses the financial status of the customers from which receivables shall be recovered.

C. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support business B.V. operation and reduce the effect of the fluctuating cash flow. The management of the Company monitors the use of financing facility and ensures compliance with the terms of the loan contract.

Bank loans are one of the important sources of liquidity. For the financing facility that the Company has not used, refer to description of financing facility in (2) below.

- (A) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date required to the Company and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Company may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For interest cash flows paid at floating rates, the non-discounted interest amount is derived from the yield curve on the balance sheet date.

December 31, 2025

	Weighted average effective interest rate (%)	Less than 1 year	1-3 years	4-5 years	Over 5 years
<u>Non-derivative</u> <u>financial liability</u>					
Non-interest-bearing liabilities					
Notes payable		\$ 4,623	\$ -	\$ -	\$ -
Accounts payable		576,176	-	-	-
Other payables		233,919	-	-	-
Guarantee deposits received		7,890	-	-	-
Fixed interest rate instruments					
Bonds payable		570,000	-	-	-
Lease liabilities		31,676	52,759	45,380	163,780
Floating interest rate instruments					
Short-term loans	2.30	184,140	-	-	-
Long-term loans	2.06	21,890	648,566	206,154	1,345,472
		<u>\$ 1,630,314</u>	<u>\$ 701,325</u>	<u>\$ 251,534</u>	<u>\$ 1,509,252</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	Over 20 years
Lease liabilities	<u>\$ 31,676</u>	<u>\$ 98,139</u>	<u>\$ 102,008</u>	<u>\$ 61,772</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	Weighted average effective interest rate (%)	Less than 1 year	1-3 years	4-5 years	Over 5 years
<u>Non-derivative</u> <u>financial liability</u>					
Non-interest-bearing liabilities					
Notes payable		\$ 6,472	\$ -	\$ -	\$ -
Accounts payable		723,405	-	-	-
Other payables		204,980	-	-	-
Guarantee deposits received		7,890	-	-	-
Fixed interest rate instruments					
Bonds payable		-	600,000	-	-
Lease liabilities		25,874	44,640	41,020	185,371
Floating interest rate instruments					
Short-term loans	2.30	429,660	-	-	-
Long-term loans	2.075	26,936	547,253	218,786	1,476,329
		<u>\$ 1,425,217</u>	<u>\$ 1,191,893</u>	<u>\$ 259,806</u>	<u>\$ 1,661,700</u>

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	Over 20 years
Lease liabilities	<u>\$ 25,874</u>	<u>\$ 85,660</u>	<u>\$ 102,549</u>	<u>\$ 69,628</u>	<u>\$ 13,194</u>	<u>\$ -</u>

(B) Financing facility

	December 31, 2025	December 31, 2024
Unsecured bank loan limit (reviewed annually)		
– Employed capital	\$ 180,000	\$ 420,000
– Unemployed capital	<u>960,801</u>	<u>420,000</u>
	<u>\$ 1,140,801</u>	<u>\$ 840,000</u>
Unsecured other loan limit		
– Employed capital	\$ 495,731	\$ 221,932
– Unemployed capital	<u>478,820</u>	<u>72,000</u>
	<u>\$ 974,551</u>	<u>\$ 293,932</u>
Secured bank loan limit (extension possible under mutual agreement)		
– Employed capital	\$ 2,054,861	\$ 2,200,000
– Unemployed capital	<u>956,182</u>	<u>992,855</u>
	<u>\$ 3,011,043</u>	<u>\$ 3,192,855</u>
Secured other loan limit		
– Employed capital	\$ 240,724	\$ 429,305
– Unemployed capital	<u>113,475</u>	<u>372,840</u>
	<u>\$ 354,199</u>	<u>\$ 802,145</u>

35. Related party transaction

In addition to those disclosed in other notes, transactions between the Company and other related parties are described as follows:

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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Subsidiary
Tainergy Technology (Kunshan) Co., Ltd.	Subsidiary
Tainergy Tech. Co., Ltd.	Subsidiary
KENTEC INC.	Subsidiary
TAISIC MATERIALS CO.	Subsidiary
Hua-Xia Construction Co., Ltd.	Subsidiary
Chief Global Logistics Co., Ltd.	Subsidiary
TAI VISION CO., LTD.	Subsidiary
Thuntech Co., Ltd.	Subsidiary
CHING-FU HSIEH	The Company's directors (the Company held a full re- election of directors on May 29, 2025)
MING-KAI HSIEH	The Company's Chairman

(2) Operating revenue

Account Title	Type of Related Party	2025	2024
Project income	Subsidiary	\$ 93,228	\$ 187,732
Service income	Subsidiary	<u>90</u>	<u>792</u>
		<u>\$ 93,318</u>	<u>\$ 188,524</u>

There is no significant difference from other customers in the trading conditions and credit period applicable to the sale of goods between the Company and related parties.

The unrealized profit (recognized in investment under the equity method) from contracting and selling the plant and equipment to subsidiaries was subject to amortization in years based on the useful life of the plant and equipment.

2025						
Goods sold	Unrealized profit – beginning of the year	Sales price of the current period	Sales cost of the current period	Increase of unrealized profit	Amortization of the current period	Unrealized profit – ending of the year
System and equipment construction	<u>\$ 148,395</u>	<u>\$ 93,229</u>	<u>(\$ 75,364)</u>	<u>\$ 17,865</u>	<u>(\$ 17,841)</u>	<u>\$ 148,419</u>

2024						
Goods sold	Unrealized profit – beginning of the year	Sales price of the current period	Sales cost of the current period	Increase of unrealized profit	Amortization of the current period	Unrealized profit – ending of the year
System and equipment construction	<u>\$ 76,271</u>	<u>\$ 187,732</u>	<u>(\$ 86,052)</u>	<u>\$ 101,680</u>	<u>(\$ 29,556)</u>	<u>\$ 148,395</u>

(3) Purchase

Type of Related Party	2025	2024
Subsidiary	<u>\$ 8,870</u>	<u>\$ 17,531</u>

There is no significant difference from other suppliers in the trading conditions and credit period applicable to the purchase of goods between the Company and related parties.

- (4) Accounts receivable from related parties (excluding loans to related parties and contract assets)

Account Title	Type of Related Party	December 31, 2025	December 31, 2024
Accounts receivable	TAISIC MATERIALS CO.	\$ -	\$ 122,519
	KENTEC INC.	95	5,016
		<u>\$ 95</u>	<u>\$ 127,535</u>
Other receivables	Chief Global Logistics Co., Ltd.	\$ 259	\$ 411
	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	47	-
	TAI VISION CO., LTD.	-	127
	KENTEC INC.	2,351	-
	Hua-Xia Construction Co., Ltd.	<u>-</u>	<u>100,000</u>
		<u>\$ 2,657</u>	<u>\$ 100,538</u>

No guarantee was requested for the outstanding accounts receivable from related parties. No loss allowance was set aside for the accounts receivable from related parties in 2025 and 2024.

The other receivables from Hua-Xia Construction Co., Ltd. as of December 31, 2024 represent capital reduction refunds not yet received.

- (5) Accounts payable to related parties (excluding loans from related parties)

Account Title	Type of Related Party	December 31, 2025	December 31, 2024
Accounts payable	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	\$ 4,168	\$ 24,633
	TAISIC MATERIALS CO.	-	1,470
	KENTEC INC.	195	-
		<u>\$ 4,363</u>	<u>\$ 26,103</u>
Other payables	Hua-Xia Construction Co., Ltd.	<u>\$ -</u>	<u>\$ 1,733</u>

The outstanding balance of the accounts payable to related parties was not guaranteed.

- (6) Prepayments

Type/Name of Related Party	December 31, 2025	December 31, 2024
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	<u>\$ 818</u>	<u>\$ 11,657</u>

(7) Endorsements/guarantees

Endorsements/Guarantees for Others

For more information on the endorsement and guarantee made by the Company for related parties, please refer to Table 2 “Endorsements/guarantees for others”.

Acquisition of endorsements/guarantees

<u>Type/Name of Related Party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
CHING-FU HSIEH		
Amount guaranteed	\$ -	\$ 823,000
Drawdown	\$ -	\$ 249,964
MING-KAI HSIEH		
Amount guaranteed	\$ 774,720	\$ -
Drawdown	\$ 280,280	\$ -

(8) Loans to related parties

<u>Type of Related Party</u>	<u>2025</u>	<u>2024</u>
<u>Other receivables</u>		
KENMEC MECHA-TRONICS		
(SUZHOU) CO., LTD.	\$ 92,267	\$ -
TAISIC MATERIALS CO.	267,142	-
	<u>\$ 359,409</u>	<u>\$ -</u>
<u>Interest income</u>		
KENMEC MECHA-TRONICS		
(SUZHOU) CO., LTD.	\$ 2,236	\$ -
TAISIC MATERIALS CO.	4,309	-
	<u>\$ 6,545</u>	<u>\$ -</u>

The Company provides short-term loans to subsidiaries at interest rates ranging from 2% to 3.65%, which are consistent with prevailing market rates. Loans extended to subsidiaries during 2025 are unsecured.

(9) Related party transactions
Lease revenue

2025					
	Premises	Lease Period	Determinati on of Rent	Monthly Rental	Lease revenue
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiation	\$ 186	\$ 1,863
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	November 1, 2025 ~ October 31, 2030	Negotiation	186	373
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiation	1,768	17,679
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	November 1, 2025 ~ October 31, 2030	Negotiation	1,768	3,536
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2020.11.01 – 2025.10.31	Negotiation	25	250
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2025 ~ October 31, 2030	Negotiation	22	44
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.11.01 – 2028.10.31	Negotiation	20	40
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2025 ~ October 31, 2028	Negotiation	22	44
Subsidiary	5F., No. 97, Sec. 2, Nangang Rd., Taipei City	August 1, 2024 ~ July 31, 2025	Negotiation	5	35
Subsidiary	5F., No. 97, Sec. 2, Nangang Rd., Taipei City	August 1, 2025 ~ July 31, 2026	Negotiation	6	30
Subsidiary	Land of automation warehouse and access equipment at Xingbang Section, Qianzhen Dist., Kaohsiung City	October 20, 2024 ~ October 19, 2025	Negotiation	1,122	10,805
Subsidiary	Land of automation warehouse and access equipment at Xingbang Section, Qianzhen Dist., Kaohsiung City	October 20, 2025 ~ October 19, 2026	Negotiation	705	1,669
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2024.06.01 - 2025.05.31	Negotiation	5	25
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	June 1, 2025 ~ May 31, 2026	Negotiation	30	210
Subsidiary	6F, No. 97 and No. 95, Section 2, Nangang Road, Taipei City	March 1, 2025 ~ October 31, 2028	Negotiation	520	5,200
Subsidiary	2F and 3F, No. 68, Ruifang Industrial Park, Dingping Road, Ruifang District, New Taipei City	March 1, 2025 ~ October 31, 2028	Negotiation	350	3,500
Subsidiary	B1, 1F, 3F, and 8F, No. 5, Industrial Road 3, Pingzhen District, Taoyuan City	May 1, 2025 ~ November 30, 2026	Negotiation	1,025	3,076
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	May 1, 2025 ~ November 30, 2026	Negotiation	115	345
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	Charged based on frequency of use	Negotiation	45	135
Subsidiary	Two 3,000-liter stainless steel tanks	October 1, 2025 ~ September 30, 2027	Negotiation	2	6
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	January 1, 2025 ~ December 31, 2026	Negotiation	226	2,706
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	May 1, 2025 ~ December 31, 2026	Negotiation	21	171
					<u>\$ 51,742</u>
2024					
	Premises	Lease Period	Determinati on of Rent	Monthly Rental	Lease revenue
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiation	\$ 186	\$ 2,236
Subsidiary	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City	2020.11.01 – 2025.10.31	Negotiation	1,768	21,215
Subsidiary	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	2023.12.01 - 2024.12.31	Negotiation	5	60
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2020.11.01 – 2025.10.31	Negotiation	25	300
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.11.01 – 2028.10.31	Negotiation	20	240
Subsidiary	5F., No. 97, Sec. 2, Nangang Rd., Taipei City	2023.08.01 - 2025.10.19	Negotiation	5	60
Subsidiary	Land of automation warehouse and access equipment at Xingbang Section, Qianzhen Dist., Kaohsiung City	2023.10.20 - 2024.10.19	Negotiation	1,122	13,460
Subsidiary	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	2024.06.01 - 2025.05.31	Negotiation	5	35
					<u>\$ 37,606</u>

Other profits, expenses, and losses

	Type of Related Party	2025	2024
Operating expenses	Subsidiary	\$ 6,002	\$ 6,001
Manufacturing expense	Subsidiary	\$ 139	\$ 140
Other revenue	Subsidiary	\$ 1,051	\$ 814

(10) Remuneration to key management

	2025	2024
Short-term employee benefits	\$ 45,427	\$ 56,208
Retirement benefits	895	1,023
Share-based Payment	-	2,054
	\$ 46,322	\$ 59,285

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

36. Pledged and mortgaged assets

The following assets have been pledged as collateral for financing loans, construction performance guarantees, and other purposes:

	December 31, 2025	December 31, 2024
Pledged C/D (stated as financial assets measured at amortized cost – current)	\$ 119,966	\$ 138,524
Pledged C/D (stated as financial assets measured at amortized cost – non-current)	49,405	49,392
Other financial assets – current	72,151	270,658
Other financial assets – Non-current	227,000	227,000
Property, plant, and equipment		
Land	2,102,770	2,102,770
House and building	693,154	653,333
Construction guarantee deposits paid	17,573	18,298
Guarantee deposits paid	44,237	68,515
	\$ 3,326,256	\$ 3,528,490

37. Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the Company's significant commitments and contingencies on the balance sheet date are as follows:

Significant commitments

The amount under the letters of guarantee that the Company authorized banks to issue for performance of construction contracts or warranty of works in 2025 and 2024 totaled NTD 1,312,439 thousand and NTD 1,597,040 thousand, respectively.

38. Significant subsequent events

Except as disclosed in other notes, the Company's significant events after the reporting period are as follows:

- (1) On March 4, 2026, the Board of Directors resolved to approve loans extended to TAI VISION Co., Ltd. in the amount of NTD 150,000 thousand.
- (2) On March 4, 2026, the Board of Directors resolved to approve loans extended to TAISIC MATERIALS Co., Ltd. in the amount of NTD 70,000 thousand.
- (3) On March 4, 2026, the Board of Directors resolved to approve loans extended to KENMEC MECHA-TRONICS (Suzhou) Co., Ltd. in the amount of RMB20,000 thousand.
- (4) On January 30, 2026, the Board of Directors resolved to lease land located in Qianzhen District, Kaohsiung City to Chief Global Logistics Co., Ltd., and a sale and purchase agreement was signed on February 1, 2026, for a total transaction amount of NTD 355,281 thousand.

39. Information on foreign currency assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant effect are as follows:

December 31, 2025

	Foreign currency (thousand)	Exchange rate	Book value
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 10	31.4300 (USD : NTD)	\$ 322
JPY	263,694	0.2008 (JPY : NTD)	52,950
EUR	1,520	36.9000 (EUR : NTD)	56,099
RMB	26,750	4.496 (RMB : NTD)	120,279
			<u>\$ 229,650</u>
<u>Non-monetary items</u>			
Investment under the equity method			
THB	\$ 99,028	1.0019 (THB: NTD)	\$ 99,216
RMB	194,490	4.4960 (RMB : NTD)	874,425
VND	93,461,667	0.0012 (VND : NTD)	112,154
			<u>\$ 1,085,795</u>
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	161	31.430 (USD : NTD)	\$ 5,059
RMB	3,399	4.496 (RMB : NTD)	15,284
EUR	1,992	36.90 (EUR : NTD)	73,508
JPY	118,930	0.2008 (JPY : NTD)	23,881
SGD	62	24.45 (SGD : NTD)	1,505
			<u>\$ 119,237</u>

December 31, 2024

	Foreign currency (thousand)	Exchange rate	Book value
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 463	32.785 (USD : NTD)	\$ 15,203
JPY	67,578	0.2099 (JPY : NTD)	14,185
EUR	1,977	34.14 (EUR : NTD)	67,525
SGD	396	24.13 (SGD : NTD)	9,553
			<u>\$ 106,466</u>
<u>Non-monetary items</u>			
Investment under the equity method			
THB	106,978	0.9623 (THB: NTD)	\$ 102,945
RMB	153,517	4.478 (RMB : NTD)	687,451
VND	87,850,306	0.00127 (VND : NTD)	111,570
			<u>\$ 901,966</u>
<u>Foreign liabilities</u>			
<u>Monetary items</u>			
USD	160	32.785 (USD : NTD)	\$ 5,261
RMB	7,625	4.478 (RMB : NTD)	34,143
EUR	3,471	34.14 (EUR : NTD)	118,517
JPY	121,921	0.2099 (JPY : NTD)	25,591
SGD	395	24.13 (SGD : NTD)	9,531
			<u>\$ 193,043</u>

Profit or loss (realized and unrealized) from foreign currency translation with significant effect is as follows:

	2025		2024	
Foreign currency	Exchange rate	Net translation profit (loss)	Exchange rate	Net translation profit (loss)
USD	31.430 (USD : NTD)	(\$ 76)	32.785 (USD : NTD)	\$ 25,740
RMB	4.496 (RMB : NTD)	7,886	4.478 (RMB : NTD)	(3,433)
EUR	36.90 (EUR : NTD)	(2,077)	34.14 (EUR : NTD)	4,015
JPY	0.2008 (JPY : NTD)	(2,102)	0.2099 (JPY : NTD)	1,672
Others		(<u>161</u>)		(<u>2</u>)
		<u>\$ 3,470</u>		<u>\$ 27,992</u>

40. Disclosures of notes

- (1) Information on material transactions:
 - A. Loans to others. (Table 1)
 - B. Endorsements/guarantees for others. (Table 2)
 - C. Significant securities held at the end of the period (excluding investments in subsidiaries, associates, and joint venture interests). (Table 3)
 - D. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital. (None)
 - E. Accounts receivable from related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 4)
- (2) Information on investee companies (Schedule 5)
- (3) Information on investments in Mainland China:
 - A. Information on investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China. (Table 6)
 - B. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss:
 - (A) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - (B) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)
 - (C) The amount of property transactions and the amount of resulting profits or losses. (None)
 - (D) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
 - (E) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds. (Table 1)
 - (F) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services. (None)

KENMEC MECHANICAL ENGINEERING CO., LTD.
Loans to Others
2025

Table 1 _____ Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates %	Nature of loaning of funds	Transaction amount	Reasons for the need of short- term financing	Appropriated allowance for bad debt	Collateral		Ceiling of loans to a single borrower (Notes 2 to 8)	Ceiling of total loaning of funds (Notes 2 to 8)
													Name	Value		
0	KENMEC MECHANICAL ENGINEERING CO., LTD.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD. TAISIC MATERIALS CO.	Other receivable s	Y	\$ 179,840	\$ 179,840	\$ 89,920	3.65%	Needs for short- term financing	\$ -	Working funds	\$ -	-	\$ -	\$ 886,598	\$ 1,773,195
			Other receivable s	Y	390,000	265,000	265,000	2.875%	"	-	"	-	-	-	886,598	1,773,195
1	KENMEC AUTOMATION ENGINEERING (KUNSHAN)	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivable s	Y	RMB 169,201 37,000	RMB 152,864 34,000	RMB 146,120 32,500	3.83%	"	-	"	-	-	-	RMB 189,246 42,092	RMB 189,246 42,092
2	KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	Suzhou Kenmec Property Development Ltd.	Other receivable s	Y	RMB 18,292 4,000	RMB - -	RMB - -	3.65%	"	-	"	-	-	-	RMB 224,386 49,908	RMB 224,386 49,908
		Anhui Rongyun Property Development Co., Ltd.	Other receivable s	Y	RMB 64,022 14,000	RMB 62,944 14,000	RMB 62,944 14,000	3.45%~12%	"	-	"	-	property	42,712	RMB 224,386 49,908	RMB 224,386 49,908
3	Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Other receivable s	Y	320,000	220,000	220,000	2.95%~5.00%	"	-	"	-	-	-	310,725	621,451
		TAI VISION CO., LTD.	Other receivable s	Y	150,000	150,000	150,000	2.95%~5.00%	"	-	"	-	-	-	310,725	621,451
		Thuntech Co., Ltd.	Other receivable s	Y	10,000	10,000	10,000	2.95%~5.00%	"	-	"	-	-	-	310,725	621,451
		VIETNERGY COMPANY LIMITED	Other receivable s	Y	66,410	-	-	5.20%	"	-	"	-	-	-	310,725	621,451
4	Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivable s	Y	RMB 310,964 68,000	RMB 260,768 58,000	RMB 260,768 58,000	3.65%	"	-	"	-	-	-	RMB 259,046 57,617	RMB 259,046 57,617
5	KENTEC INC.	KENMEC MECHA- TRONICS (SUZHOU) CO., LTD.	Other receivable s	Y	91,460	-	-	3.65%	"	-	"	-	-	-	303,674	303,674
		TAISIC MATERIALS CO.	Other receivable s	Y	205,000	-	-	2.875%	"	-	"	-	-	-	303,674	303,674

Note 1: Number column description:
(1) 0 is reserved for issuer.
(2) Investee companies are numbered sequentially in Arabic numerals starting from 1.

Note 2: KENMEC MECHANICAL ENGINEERING CO., LTD.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: \$4,432,988×20%=886,598
Ceiling of total loaning of funds: 40% of the Company's net value: \$4,432,988×40%=1,773,195

Note 3: KENMEC AUTOMATION ENGINEERING (KUNSHAN)'s limit of loans to others is calculated as follows:
Lending limit per individual counterparty: 40% of the company's net equity: RMB42,092 × 40% = RMB16,837
Aggregate lending limit: 40% of the company's net equity: RMB42,092 × 40% = RMB16,837
Loans of funds between foreign companies that belong to the same parent company as the Company and in which the Company directly or indirectly holds 100% of the voting rights are not subject to the limitation that such loans may not exceed 40% of the lender's net worth:
Lending limit per individual counterparty: 100% of the company's net equity: RMB42,092 × 100% = RMB42,092
Aggregate lending limit: 100% of the company's net equity: RMB42,092 × 100% = RMB42,092

Note 4: KENMEC TECHNOLOGY (SUZHOU) CO., LTD.'s limit of loans to others is calculated as follows:
Lending limit per individual counterparty: 40% of the company's net equity: RMB124,770 × 40% = RMB49,908
Aggregate lending limit: 40% of the company's net equity: RMB124,770 × 40% = RMB49,908

Note 5: Tainergy Tech. Co., Ltd.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: 1,553,627×20%=310,725
Ceiling of total loaning of funds: 40% of the Company's net value: 1,553,627×40%=621,451

Note 6: Tainergy Technology (Kunshan) Co., Ltd.'s limit of loans to others is calculated as follows:
Lending limit per individual counterparty: 40% of the company's net equity: RMB144,043 × 40% = RMB57,617
Aggregate lending limit: 40% of the company's net equity: RMB144,043 × 40% = RMB57,617
The outstanding balance of loans extended by Tainergy Technology (Kunshan) Co., Ltd. to KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. as of the period end exceeded the lending limit per individual counterparty due to a reduction in Tainergy Technology (Kunshan) Co., Ltd.'s net equity resulting from a capital reduction. As of the date of issuance of these financial statements, the outstanding balance of loans extended by Tainergy Technology (Kunshan) Co., Ltd. to KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. was RMB60,000 thousand, with early repayment of RMB3,000 thousand planned subsequent to the period end.

Note 7: KENTEC INC.'s limit of loans to others is calculated as follows:
Ceiling of loans to a particular borrower: 40% of the Company's net value: \$759,186×40%=303,674
Ceiling of total loaning of funds: 40% of the Company's net value: \$759,186×40%=303,674

Note 8: The net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Endorsements/Guarantees for Others
2025

Table 2

Unit: NTD thousand

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee		Limits on individual endorsements/guarantees	Current maximum endorsement/guarantee balance	Current endorsement/guarantee balance – ending	Drawdown	Endorsement/guarantee amount secured with property	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/guarantee limit	Endorsements/guarantees made by the parent company for subsidiaries	Endorsements/guarantees made by the subsidiaries for parent company	Endorsements/guarantees made for the operations in Mainland China
		Company name	Relationship (Note 2)										
0	KENMEC MECHANICAL ENGINEERING CO., LTD.	KENTEC INC.	(2)	\$ 3,546,390 (Note 3)	\$ 150,000	\$ 150,000	\$ 12,706	\$ -	3.38%	\$ 3,546,390 (Note 4)	Y	N	N
1	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	(2)	1,242,902 (Note 5)	83,013	-	-	-	-	1,242,902 (Note 6)	Y	N	N

Note 1: The number column is to be completed in the following manner:

- (1) 0 is reserved for issuer.
- (2) Investee companies are numbered sequentially in Arabic numerals starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into the following six categories. It is only necessary to mark the type:

- (1) A company with which the Company has business dealings.
- (2) A company in which more than 50% of the voting rights are held by the Company, directly or indirectly.
- (3) A company in which shares representing more than 50% of the voting rights are held, directly or indirectly.
- (4) A company in which 90% or more of the voting rights are held by the Company, directly or indirectly.
- (5) A company in the same industry needing mutual guarantees pursuant to an agreement for undertaking engineering projects.
- (6) A company receiving endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
- (7) Escrow and joint and several guarantee of the contracts in the same industry that involve the transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Endorsement/guarantee limit for a single enterprise: not to exceed 80% of the Company's net equity as of December 31, 2025: $\$4,432,988 \times 80\% = 3,546,390$

Note 4: Maximum endorsement/guarantee limit: not to exceed 80% of the Company's net equity as of December 31, 2025: $\$4,432,988 \times 80\% = 3,546,390$

Note 5: Endorsement/guarantee limit for a single enterprise: not to exceed 80% of Tainergy Tech. Co., Ltd.'s net equity as of December 31, 2025: $1,553,627 \times 80\% = 1,242,902$

Note 6: Maximum endorsement/guarantee limit: not to exceed 80% of Tainergy Tech. Co., Ltd.'s net equity as of December 31, 2025: $1,553,627 \times 80\% = 1,242,902$

Note 7: The net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Securities Held at the End of the Period
2025

Table 3

Unit: NTD and foreign currency (thousand)

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
KENMEC MECHANICAL ENGINEERING CO., LTD.	<u>Fund beneficiary certificate</u>							
	Federal Money Market Fund	None	Financial assets mandatorily measured at fair value through profit or loss – current	3,587,676.64	\$ 50,125		\$ 50,125	
	FSITC Taiwan Money Market	"	"	7,419,283.50	<u>120,258</u> <u>\$ 170,383</u>		<u>120,258</u> <u>\$ 170,383</u>	
	<u>Domestic listed (OTC) and emerging stocks</u>							
	TMY Technology Inc.	The Company is a corporate director of the company	"	1,257,421	<u>\$ 99,688</u> <u>\$ 99,688</u>		<u>\$ 99,688</u> <u>\$ 99,688</u>	
	<u>Overseas listed (OTC) stocks</u>							
	EBS	None	"	39,800	\$ 554		\$ 554	
	SDT	"	"	33,120	160		160	
	PAN	"	"	64,687	2,084		2,084	
	SC5	"	"	34,848	637		637	
	HRC	"	"	35,000	1,223		1,223	
	HAC	"	"	93	1		1	
	IPA	"	"	370,800	<u>8,270</u> <u>\$ 12,929</u>		<u>8,270</u> <u>\$ 12,929</u>	
	<u>Domestic non-listed (non-OTC) stocks</u>							
	TeraSolar Energy Materials Corp.	The Company is a corporate director of the company	Financial assets mandatorily measured at fair value through profit or loss – non-current	1,776,637	\$ 24,482	10.01%	\$ 24,482	
	Tao Garden Hotel Co., Ltd.	"	"	5,000,000	<u>28,050</u> <u>\$ 52,532</u>	16.64%	<u>28,050</u> <u>\$ 52,532</u>	
	United Information System Service Co., Ltd.	The Company is a corporate director of the company	Investment in equity instruments measured at fair value through other comprehensive income – non-current	780,000	\$ 36,652	14.29%	\$ 36,652	
	Ecatch Automation Co., Ltd.	"	"	90,000	900	15.00%	900	
	Meng-Lue Venture Investment Limited Partnership	None	"	-	22,500	7.14%	22,500	
	Alpha X Technology Co., Ltd.	"	"	197,722	10,000	9.74%	10,000	
	MetAI Technology Co., Ltd.	"	"	338,028	47,953	1.29%	47,953	
	DARA POWER Co., Ltd.	"	"	500,000	<u>10,000</u> <u>\$ 128,005</u>	4.55%	<u>10,000</u> <u>\$ 128,005</u>	

(Next page)

(Continued from previous page)

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
KENTEC INC.	<u>Domestic listed (OTC) and emerging stocks</u> TMY Technology Inc.	None	Investment in equity instruments measured at fair value through other comprehensive income – non-current	560,000	<u>\$ 44,435</u>	0.93%	<u>\$ 44,435</u>	
	<u>Domestic non-listed (non-OTC) stocks</u> 3EGREEN TECHNOLOGY, INC.	"	"	168,113	\$ -	3.22%	\$ -	
	AGARUDA SYSTEM INC.	"	"	1,200,000	<u>30,000</u>	5.85%	<u>30,000</u>	
					<u>\$ 30,000</u>		<u>\$ 30,000</u>	
Chief Global Logistics Co., Ltd.	<u>International non-listed stocks</u> Cognito Health INTERNATIONAL INC.	"	"	1,333,333	<u>\$ -</u>	2.42%	<u>\$ -</u>	
	<u>Domestic non-listed (non-OTC) stocks</u> Qian-Mian Industrial Co., Ltd.	"	Financial assets mandatorily measured at fair value through profit or loss – non-current	30,000	<u>\$ 300</u>	10.00%	<u>\$ 300</u>	
Tainergy Technology (Kunshan) Co., Ltd.	<u>Floating-rate financial products</u>							
	Kunshan Rural Commercial Bank Sharing – Ririgin net worth financial commodity	"	Financial assets mandatorily measured at fair value through profit or loss – current		\$ 96,664		\$ 96,664	
	Kunshan Rural Commercial Bank Sharing – Yueying GX001D net worth financial commodity	"	"		<u>80,928</u>		<u>80,928</u>	
Kunshan Kunfu Electronic Materials Co., Ltd.	<u>Floating-rate financial products</u>				<u>\$ 177,592</u>		<u>\$ 177,592</u>	
	Kunshan Rural Commercial Bank Sharing – Tientienjin Net Asset Value Wealth Management Product	"	"		<u>\$ 2,574</u>		<u>\$ 2,574</u>	
Kenmec Technology (Suzhou) Co., Ltd.	<u>Floating-rate financial products</u>							
	Bank of Ningbo, Ningxing Tiantianliujin Financial Product	"	"		<u>\$ 6,372</u>		<u>\$ 6,372</u>	
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	<u>Floating-rate financial products</u>							
	Jinshiliu Huiying Tiantian Chuan No. 3 Net Asset Value Wealth Management Product	"	"		<u>\$ 8,992</u>		<u>\$ 8,992</u>	

Note 1: For purposes of this schedule, “securities” refers to shares, bonds, beneficiary certificates, and securities derived therefrom that fall within the scope of IFRS 9 — Financial Instruments.

Note 2: Where the issuer of the securities is not a related party, this column need not be completed.

Note 3: For securities measured at fair value, column B of the carrying amount shall be stated at the amount after fair value adjustments; for securities not measured at fair value, column B shall be stated at original acquisition cost or amortized cost less accumulated impairment.

Note 4: Where any securities listed are subject to restrictions on use due to being pledged as collateral, used as security for borrowings, or otherwise restricted pursuant to contractual terms, the number of shares pledged or used as security, the amount of collateral or borrowings secured, and the nature of the restrictions shall be noted in the remarks column.

Note 5: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 6 and Table 7.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
December 31, 2025

Table 4

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Accounts Receivable from Related Parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated allowance for loss
					Amount	Treatment		
KENMEC MECHANICAL ENGINEERING CO., LTD.	TAISIC MATERIALS CO.	Parent and subsidiary	Other receivables	(Note)	\$ -	—	\$ -	\$ -
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Subsidiary	\$ 267,142 Other receivables	(Note)	-	—	-	-
Tainergy Tech. Co., Ltd.	TAI VISION CO., LTD.	Subsidiary	221,500 Other receivables	(Note)	-	—	-	-
Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary	150,641 Other receivables	(Note)	-	—	-	-
			265,354					
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary	RMB 59,020 Other receivables	(Note)	-	—	-	-
			150,895					
			RMB 33,562					

Note: This is the amount from loaning of funds, its interest is recognized in other receivables and not incorporated in the calculation of turnover rate.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Name and Territory of Investees and Other Relevant Information
2025

Table 5

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
KENMEC MECHANICAL ENGINEERING CO., LTD.	Kenmec International Holding (BVI) Co., Ltd.	Wickhams Cay 1 P.O. BOX 362 Road Town Tortola British Virgin Islands	Investment holding business	\$ 1,168,764 USD 38,039	\$ 1,168,764 USD 38,039	\$ 38,038,752	100	\$ 313,423	(\$ 9,731)	(\$ 9,139)	Subsidiary
	Kenmec Communication Holding (BVI) Co., Ltd.	Wickhams Cay 1 P.O. BOX 3444 Road Town Tortola British Virgin Islands	Investment holding business	829,291 CNY 186,827	498,622 CNY 113,066	28,086,868	100	561,017	(50,205)	(49,518)	"
	Tainergy Tech. Co., Ltd.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Research, design, manufacture and sale of solar cells and module-related systems	1,942,337	1,942,337	61,132,856	27.17	389,545	(214,518)	(56,357)	"
	KENMEC VIETNAM COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	Manufacturing of electric water heaters, engineering machinery	122,347 USD 3,800	122,347 USD 3,800	-	100	112,154	8,508	8,508	"
	KENTEC INC.	No. 385-3, Hongzhen Road, Pingzhen District, Taoyuan City	Components manufacturing, liquid cooling thermal solutions	1,724,554	1,724,554	47,252,154	81.47	621,845	(87,203)	(69,096)	"
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Silicon carbide technology and material supply	146,600	107,000	5,984,000	8.55	(92,584)	(290,042)	(25,560)	"
	Chief Global Logistics Co., Ltd.	5F, No. 95, Nangang Sec., Nangang Dist., Taipei City	Warehousing	23,210	15,600	2,321,000	58.30	4,386	(18,608)	(9,676)	"
	Hua-Xia Construction Co., Ltd.	4F., No. 76, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City	Comprehensive Construction	-	100,980	-	-	-	958	958	Note 3
	KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	No.654/1, Samyan Business Town, Soi Chinda Thawin 10, Rama 4 Road, Maha Phruetharam Sub-district, Bangrak District, Bangkok	Manufacturing, sales and maintenance of automation equipment and components	105,589 THB 113,000	105,589 THB 113,000	1,129,999	99.99	99,216	(7,587)	(7,587)	Subsidiary
	KENTEC INC.	Kenmec Communication Holding (BVI) Co., Ltd.	Investment holding business	- USD -	431,714 USD 11,235	-	-	-	(50,205)	(687)	Note 4
Tainergy Tech. Co., Ltd.	KENTEC INC. (USA)	815 Brazons Street, Suite 500 Austin TX, USA 78701	Data center equipment trading operations	15,655 USD 500	- USD -	1,500	100	15,715	-	-	
	Tainergy Tech Holding (Samoa) Co., Ltd.	TrustNet Chambers Lotemau Centre, P.O. BoX 1225, Apia, Samoa.	Investment business	1,990,729 RMB 410,581	2,211,921 RMB 456,201	-	100	647,645	1,971	1,971	"
	VIETENERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Quoc Oai District, Ha Noi City, Vietnam	Manufacture of high-tech solar cells and related cell components	1,465,491 USD 46,500	1,465,491 USD 46,500	-	100	80,922	(24,974)	(25,264)	"
	Star Solar New Energy Co., Ltd.	11F.-8, No. 398, Huanbei Rd., Neighborhood 11, Xinjie Vil., Zhongli Dist., Taoyuan City	Solar power generation and sale of solar power systems	5,000	5,000	500,000	35.71	4,460	680	243	Associate
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Silicon carbide technology and material supply	382,567	238,280	29,599,460	42.28	97,913	(290,042)	(124,876)	Subsidiary
	TAI VISION CO., LTD.	No. 5, Gongye 3rd Rd., Pingzhen Dist., Taoyuan City	Wholesale and retail of contact lens	56,780	24,000	5,678,000	70.98	15,171	(38,210)	(28,082)	"
	Thuntech Co., Ltd.	6F., No. 95, Sec. 2, Nangang Rd., Nangang Dist., Taipei City, Taiwan	Manufacturing of charging piles and charging modules	4,932	4,932	500,000	100	(5,427)	(10,260)	(10,260)	"
	KENTEC INC.	No. 385-3, Hongzhen Road, Pingzhen District, Taoyuan City	Manufacture of electronics parts and components	20,658	20,658	2,293,885	3.955	30,026	(87,203)	(5,613)	"

Note 1: For more information on the investees in Mainland China, please refer to Table 7.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 3: In March 2025, the Company entered into an equity transfer agreement to divest its 100% equity interest in Hua-Xia Construction; the transaction was completed in March 2025, at which point control was lost.

Note 4: In March 2025, the group underwent internal organizational restructuring, whereby the 40% equity interest in KENMEC previously held by Kentec was transferred to direct ownership by the Company, increasing the Company's holding to 100%.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Information on investments in Mainland China
2025

Table 6

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, book value of investment, investment gain or loss having been remitted back:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of investee	The Company's shareholding of direct or indirect investment (%)	Profit (loss) from investments recognized in the current period (Note 2)	Book value of investment at ending	Profit received from investments as of end of current period	Remarks
					Remittance	Return							
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automatic storage equipment.	\$ 1,198,618 USD 38,800 (Note 3)	(2)-(1)	\$ 1,076,543 USD 34,900	\$ -	\$ -	\$ 1,076,543 USD 34,900	(\$ 28,737) (RMB 6,631)	100.00	(\$ 28,737) (RMB 6,631) (2)-B	\$ 126,988 RMB 28,245	\$ -	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582 RMB 252,000 (Note 4)	(2)-(2)	-	-	-	-	(9,831) (RMB 2,234)	76.88	(10,325) (RMB 2,353) (2)-B	575,928 RMB 128,098	-	
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	Automated flow line equipment and supporting equipment, display production equipment, semiconductor production equipment, etc.	266,914 RMB 60,000 (Note 5)	(2)-(1)	266,914 RMB 60,000	-	-	266,914 RMB 60,000	19,636 RMB 4,531	100.00	19,636 RMB 4,531 (2)-B	189,247 RMB 42,092	-	
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	New electronic components (chip components), digital sounds, etc.	43,921 RMB 10,000	(2)-(7)	-	-	-	-	5,531 RMB 1,285	31.53	1,719 RMB 400	32,385 RMB 7,203	-	
KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	New electronic components (chip components), digital sounds, etc.	855,358 USD 26,800 (Note 6)	(2)-(3)	666,701 USD 20,700	-	-	666,701 USD 20,700	(50,206) (RMB 11,650)	100.00	(50,139) (RMB 11,636)	560,966 RMB 124,770	-	
Anhui Rongyun Property Development Co., Ltd.	Real estate development	1,369,658 RMB 310,000	(2)-(7)	-	-	-	-	(18,300) (RMB 4,214)	41.18	(7,475) (RMB 1,722)	511,861 RMB 113,848	-	
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	1,985,779 USD 63,000	(2)-(5)	2,206,989 USD 70,000	-	-	2,206,989 USD 70,000	766 RMB 177	27.17	208 RMB 48 (2)-B	175,958 RMB 39,136	-	
Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	19,242 RMB 4,500	(2)-(6)	-	-	-	-	26 RMB 6	27.17	7 RMB 2 (2)-B	1,225 RMB 273	-	

Note 1: Investment is carried out through the following three means:

- (1) Direct investment in Mainland China.
- (2)-(1) Re-investment in Mainland China companies through Kenmec International Holding (BVI) Co., Ltd.
- (2)-(2) Invested in Mainland China jointly through Kenmec Mecha-Tronics (Suzhou) Co., Ltd. and Tainergy Technology (Kunshan) Co., Ltd.
- (2)-(3) Invested in Mainland China through Kenmec Communication Holding (BVI) Co., Ltd.
- (2)-(4) Invested in Mainland China through Tainergy Tech Holding (Samoa) Co., Ltd.
- (2)-(5) Invested in Mainland China through Tainergy Technology (Kunshan) Co., Ltd.
- (2)-(6) Re-investment in Mainland China companies through KENTEC INC.
- (2)-(7) Invested in Mainland China through KENMEC TECHNOLOGY (SUZHOU) CO., LTD.
- (3) Other means.

Note 2: In the “Profit (loss) from investments recognized in the current period” column:
(1) An indication is needed if the investment is under preparation and there is no profit or loss.
(2) There are three profit/loss recognition bases, as follows. The appropriate one must be indicated.
A. The financial statements audited and approved by an international accounting firm that has cooperative relationships with accounting firms in the Republic of China.
B. The financial statements audited and approved by the Taiwan parent company’s certified CPA.
C. Others (the unaudited financial statements of the aforesaid investees for the same period).

Note 3: The earnings of the liquidated subsidiary KENMEC Automation Engineering (Suzhou) Co., Ltd., amounting to USD 3.90 million, were used for a capital increase.

Note 4: The operating funds of the subsidiary KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. were used for a reinvestment amounting to RMB 172 million and the operating funds of the subsidiary Tainergy Technology (Kunshan) Co., Ltd. were used for investment amounting to RMB 80 million.

Note 5: The operating funds of the subsidiary Tainergy Technology (Kunshan) Co., Ltd. were used for a reinvestment amounting to RMB 4.5 million.

Note 6: In June 2021, Kenmec Technology (Suzhou) Co., Ltd. reduced its capital and refunded USD 15.2 million in shares.

2. Limit on the amount of investments in Mainland China:

Unit: foreign currency thousand/NTD thousand		
Accumulated amount of investments from Taiwan to Mainland China at the end of current period (Note 7)	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 8)
\$ 4,217,147 (USD 125,600 、RMB 60,000)	\$ 4,873,112 (USD 118,580 、RMB 254,925) (Exchange rate: USD 31.43; RMB 4.496)	\$ 3,475,067

Note 7: This includes the accumulated amount of investments from Taiwan that had not been remitted back was NTD 23,395 thousand (USD 657 thousand) after the liquidation of Huang Pin Electronics (Suzhou) Co Ltd. in February 2012.

Note 8: The Company’s investment losses in Tainergy Tech. Co., Ltd. and KENTEC INC. were recognized under the equity method resulting in the Company exceeding the limit on the amount of investments in Mainland China as specified by the Investment Commission, MOEA.

§STATEMENTS OF MAJOR ACCOUNTING ITEMS§

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KENMEC MECHANICAL ENGINEERING CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2025

Statement 1

Unit: NTD thousand unless otherwise specified

Name	Summary	Amount
Cash on hand		\$ 1,180
Bank deposit		
Check and demand deposit		348,523
Foreign currency demand deposit	Including USD 1,080 @ 31.43	34
	JPY 23,087 thousand @ 0.2008	4,636
	VND 59,928 thousand @ 0.0012	70
	RMB 215 thousand @ 4.496	967
	EUR 200 @ 36.900	7
	THB 5,840 @ 1.0019	6
	SGD 7,950 @ 24.4500	194
Cash equivalents		
Time deposits with original maturities of three months or less		420,000
Foreign currency time deposit with an initial maturity date within 3 months	Including RMB 6,500 thousand @ 4.496	29,224
	JPY 240,000 thousand @ 0.2008	48,192
	EUR 1,518 thousand @ 36.900	<u>56,014</u>
		<u>\$909,047</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Financial Assets Measured at Fair Value through Profit or Loss – Current
December 31, 2025

Statement 2

Unit: NTD thousand unless otherwise specified

Name	Number of shares or unit	Par value	Amount	Unit price	Total
Current					
Domestic fund beneficiary certificate:					
Federal Money Market Fund	3,587,676.64	-	\$ 50,125	13.97	\$ 50,125
FSITC Taiwan Money Market Fund	7,419,283.5	-	<u>120,258</u>	16.21	<u>120,258</u>
			<u>170,383</u>		<u>170,383</u>
Domestic listed (OTC) and emerging market stocks:					
TMY Technology Inc.	1,257,421	-	<u>99,688</u>	79.28	<u>99,688</u>
Overseas listed (OTC) stocks:					
HRC	35,000	-	1,223	34.93	1,223
EBS	39,800	-	554	13.92	554
HAC	93	-	1	11.80	1
SC5	34,848	-	637	18.29	637
PAN	64,687	-	2,084	33.21	2,084
SDT	33,120	-	160	4.84	160
IPA	370,800	-	<u>8,270</u>	22.30	<u>8,270</u>
			<u>12,929</u>		<u>12,929</u>
			<u>\$ 283,000</u>		<u>\$ 283,000</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.

Statement of Accounts Receivable

December 31, 2025

Statement 3

Unit: NTD thousand

Name of Customer	Summary	Amount
Non-related party accounts:		
Company A	Project income	\$ 115,451
Company B	"	61,148
Others (Note)	"	119,309
Less: Loss allowance		<u>-</u>
		<u>295,908</u>
Related party accounts:		
KENTEC INC.	Project income	<u>95</u>
		<u>\$ 296,003</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Inventories
December 31, 2025

Statement 4

Unit: NTD thousand

Item	Summary	Amount	Cost and market price (whichever is lower)	
			Cost	Market price
Raw material	Project material	\$ 305,917	\$ 331,665	\$ 299,332
Finished goods		<u>1,029</u>	<u>3,439</u>	<u>1,029</u>
		<u>\$ 306,946</u>	<u>\$ 335,104</u>	<u>\$ 300,361</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.

Statement of Prepayments

December 31, 2025

Statement 5

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Prepayment for purchase	Prepayments for construction	\$ 167,772
Other prepaid expenses	Advance payment guarantee	23,559
	Others (Note)	<u>10,078</u>
		<u>\$ 201,409</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Changes in Financial Assets Measured at Fair Value through Profit or Loss – Non-current
2025

Statement 6

Unit: NTD thousand

Name of investee	At the beginning of the period		Increase in the current period		Decrease in the current period		Fair value valuation	At the end of the period			Provided as guarantee or pledge
	Number of pieces	Book value	Number of pieces	Amount	Number of pieces	Amount		Number of pieces	Shareholding ratio %	Book value	
Domestic non-listed (non-OTC) common stocks											
TeraSolar Energy Materials Corp.	1,776,637	\$ 30,096	-	\$ -	-	\$ -	(\$ 5,614)	1,776,637	10.01	\$ 24,482	None
Tao Garden Hotel Co., Ltd.	5,000,000	<u>44,550</u>	-	<u>-</u>	-	<u>-</u>	(<u>16,500</u>)	5,000,000	16.64	<u>28,050</u>	"
		<u>\$ 74,646</u>		<u>\$ -</u>		<u>\$ -</u>	(<u>\$ 22,114</u>)			<u>\$ 52,532</u>	
Domestic unlisted (OTC) and emerging market ordinary shares											
TMY Technology Inc.	1,571,421	<u>\$ 84,511</u>	-	<u>\$ -</u>	(1,571,421)	(<u>\$ 84,511</u>)	<u>\$ -</u>	-		<u>\$ -</u>	"

Note: TMY Technology Inc. was registered on the Emerging Stock Market in January 2025 and has accordingly been reclassified to financial assets at fair value through profit or loss — current.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-current
2025

Statement 7

Unit: NTD thousand

Name of investee	At the beginning of the period		Increase in the current period		Decrease in the current period		Fair value valuation	At the end of the period			Provided as guarantee or pledge
	Number of pieces	Book value	Number of pieces	Amount	Number of pieces	Amount		Number of pieces	Shareholding ratio %	Book value	
Domestic non-listed (non-OTC) common stocks											
United Information System Service Co., Ltd.	780,000	\$ 31,442	-	\$ -	-	\$ -	\$ 5,211	780,000	14.29	\$ 36,653	None
Ecatch Automation Co., Ltd.	90,000	900	-	-	-	-	-	90,000	15.00	900	"
Meng-Lue Venture Investment Limited Partnership	-	15,000	-	7,500	-	-	-	-	7.14	22,500	"
Alpha X Technology Co., Ltd.	197,722	10,000	-	-	-	-	-	197,722	9.74	10,000	"
DARA POWER Co., Ltd.	500,000	10,000	-	-	-	-	-	500,000	4.55	10,000	"
Domestic non-listed preference shares											
MetAI Technology Co., Ltd.	140,845	<u>19,952</u>	197,183	<u>28,000</u>	-	-	-	338,028	1.29	<u>47,952</u>	"
		<u>\$ 87,294</u>		<u>\$ 35,500</u>		<u>\$ -</u>	<u>\$ 5,211</u>			<u>\$ 128,005</u>	

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Changes in Investment under Equity Method
December 31, 2025

Statement 8

Unit: NTD thousand unless otherwise specified

Name of investee	Balance – beginning of the period		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Investment profit (loss)	Unrealized profit/loss	Exchange differences on translation of financial statements of foreign operations	Net remeasurement of defined benefits plan	Other (Note 3)	Balance – ending of the period			Market price or net equity (Note 4)		Provided as guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount						Number of shares	Shareholding ratio %	Amount	Unit price (NTD)	Total price	
Publicly quoted common stocks																	
Tainergy Tech. Co., Ltd.	61,132,856	\$ 437,916	-	\$ -	-	\$ -	(\$ 56,357)	(\$ 17,368)	\$ 3,930	\$ 1,159	\$ 20,265	61,132,856	27.17	\$ 389,545	13.85	\$ 846,690	None
Non-publicly quoted common stocks																	
Kenmec International Holding (BVI) Co., Ltd.	38,038,752	320,886	-	-	-	-	(9,135)	63	1,594	-	-	38,038,752	100	313,408	8.24	313,408	None
KENMEC VIETNAM COMPANY LIMITED	-	111,570	-	-	-	-	8,508	-	(7,924)	-	-	-	100	112,154		112,154	None
KENTEC INC.	47,252,154	638,576	-	-	-	(43,179)	(69,096)	-	27,725	355	67,464	47,252,154	81.47	621,845	13.16	621,845	None
TAISIC MATERIALS CO.	4,400,000	(122,651)	1,584,000	39,600	-	-	(25,560)	12,735	-	-	3,292	5,984,000	8.55	(92,584)		(92,584)	None
Hua-Xia Construction Co., Ltd.	10,000,000	100,111	-	-	(10,000,000)	(102,374)	958	1,305	-	-	-	-	-	-		-	None
Chief Global Logistics Co., Ltd.	1,560,000	5,101	761,000	7,610	-	-	(9,676)	3,241	-	-	(1,890)	2,321,000	58.03	4,386	1.89	4,386	None
KENMEC AUTOMATION ENGINEERING (THAILAND) Co., Ltd.	1,129,999	102,945	-	-	-	-	(7,587)	-	3,858	-	-	1,129,999	99.99	99,216	87.8	99,216	None
Kenmec Communication Holding (BVI) Co., Ltd.	16,852,121	<u>366,565</u>	11,234,747	<u>330,669</u>	-	<u>-</u>	<u>(49,519)</u>	<u>-</u>	<u>(30,584)</u>	<u>-</u>	<u>(56,114)</u>	28,086,868	100	<u>561,017</u>	19.97	<u>561,017</u>	None
		<u>\$ 1,961,019</u>		<u>\$ 377,879</u>		<u>(\$ 145,553)</u>	<u>(\$ 217,464)</u>	<u>(\$ 24)</u>	<u>(\$ 1,401)</u>	<u>\$ 1,514</u>	<u>\$ 33,017</u>			<u>\$ 2,008,987</u>		<u>\$ 2,466,132</u>	

Note 1: Increases during the year were primarily attributable to capital increases and organizational restructuring.
Note 2: Decreases during the year were primarily attributable to disposals of equity interests and the distribution of dividends.
Note 3: NTD 19,482 thousand of unrealized gain or loss on financial assets measured at fair value through other comprehensive income and NTD (13,535) thousand of changes in equity of subsidiaries
Note 4: The net equity value of ordinary shares of unlisted (OTC) companies is primarily calculated based on the shareholders' equity of the investee company and the Company's ownership percentage, less unrealized gains and losses between the parent company and subsidiaries.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Schedule of Changes in Right-of-Use Assets
2025

Statement 9

Unit: NTD thousand

Item	Balance – beginning of the period	Increase in the current period	Decrease in the current period	Balance – ending of the period
Building	\$401,535	\$ 18,871	(\$ 17,866)	\$402,540
Transport equipment	10,127	3,961	-	14,088
Land	<u>1,594</u>	<u>5,610</u>	(<u>1,594</u>)	<u>5,610</u>
Total	<u>\$413,256</u>	<u>\$ 28,442</u>	(<u>\$ 19,460</u>)	<u>\$422,238</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Schedule of Changes in Accumulated Depreciation of Right-of-Use Assets
2025

Statement 10

Unit: NTD thousand

Item	Balance – beginning of the period	Increase in the current period	Decrease in the current period	Balance – ending of the period
Building	\$ 83,093	\$ 27,219	(\$ 16,338)	\$ 93,974
Transport equipment	4,143	2,857	-	7,000
Land	<u>1,088</u>	<u>1,017</u>	(<u>1,595</u>)	<u>510</u>
Total	<u>\$ 88,324</u>	<u>\$ 31,093</u>	(<u>\$ 17,933</u>)	<u>\$101,484</u>

KENMEC MECHANICAL ENGINEERING CO., LTD.

Statement of Accounts Payable

December 31, 2025

Statement 11

Unit: NTD thousand

<u>Name of Customer</u>	<u>Summary</u>	<u>Amount</u>
Non-related party accounts:		
Company C	Payment for purchase	\$ 53,404
Company D	"	32,876
Company E	"	31,092
Others (Note)	"	<u>454,441</u>
		<u>571,813</u>
Related party accounts:		
KENMEC MECHA-TRONICS	Payment for purchase	4,168
(SUZHOU) CO., LTD.		
KENTEC INC.	"	<u>195</u>
		<u>4,363</u>
		<u>\$ 576,176</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Operating Revenue
2025

Statement 12 Unit: NTD thousand

Item	Quantity	Amount
Sales revenue	-	\$ 482
Project income	-	2,594,735
Service income	-	<u>85,919</u>
Total		<u><u>\$ 2,681,136</u></u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Operating Costs
2025

Statement 13

Unit: NTD thousand

Item	Amount
Project cost	
Construction inventory – beginning	\$ 373,837
Add: Purchase in current period	751,498
Return of residual material	2,429
Less: Cost to sell materials	(331)
Construction inventory – ending	(<u>335,104</u>)
Consumables in the current period	792,329
Contract work	1,086,741
Direct personnel	163,628
Manufacturing expense	<u>293,895</u>
Investment in the current period	2,336,593
Construction in progress – beginning	4,215,490
Add: Project income recognized under the percentage of completion method	2,515,523
Less: Advance construction payment receipts written off under the percentage of completion method	(1,683,272)
Transfer to construction repair cost	(68,966)
Transfer to Property, plant, and equipment	(225)
Idle capacity	(21,402)
Construction in progress – ending	(<u>5,336,012</u>)
	<u>1,957,729</u>
Other operating costs	
Cost to sell materials	331
Engineering and maintenance costs	68,966
Inventory devaluation loss	4,851
Revenue from sale of scraps	(3,944)
Idle capacity	<u>21,402</u>
	<u>91,606</u>
	<u><u>\$ 2,049,335</u></u>

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Operating Expenses
2025

Statement 14

Unit: NTD thousand

Item	Marketing expense	Administrativ e expense	R&D expense	Total
Salary expense	\$ 31,512	\$ 85,782	\$ 120,136	\$ 237,430
Bonus	9,643	10,382	33,873	53,898
Depreciation	21,802	53,268	3,441	78,511
Insurance premium	3,723	13,831	833	18,387
Postage and phone/Fax expense	5,876	1,565	135	7,576
Research and development consumables	-	-	24,300	24,300
Others	<u>22,015</u>	<u>61,500</u>	<u>23,884</u>	<u>107,399</u>
	<u>\$ 94,571</u>	<u>\$ 226,328</u>	<u>\$ 206,602</u>	<u>\$ 527,501</u>

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

KENMEC MECHANICAL ENGINEERING CO., LTD.
Statement of Current Employee Benefits, Depreciation and Amortization Expenses by Function
2025 and 2024

Schedule 15

Unit: NTD thousand

	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expense	\$ 208,761	\$ 278,638	\$ 487,399	\$ 161,072	\$ 322,742	\$ 483,814
Insurance expense	29,987	12,700	42,687	26,690	15,835	42,525
Remuneration to directors	-	3,991	3,991	-	3,505	3,505
Pension expense	7,550	12,680	20,230	4,605	16,113	20,718
Other employee benefit expenses	10,178	4,771	14,949	11,105	5,453	16,558
	<u>\$ 256,476</u>	<u>\$ 312,780</u>	<u>\$ 569,256</u>	<u>\$ 203,472</u>	<u>\$ 363,648</u>	<u>\$ 567,120</u>
Depreciation expenses	<u>\$ 27,477</u>	<u>\$ 78,511</u>	<u>\$ 105,988</u>	<u>\$ 35,127</u>	<u>\$ 72,961</u>	<u>\$ 108,088</u>
Amortization expenses	<u>\$ 1,946</u>	<u>\$ 4,514</u>	<u>\$ 6,460</u>	<u>\$ 2,037</u>	<u>\$ 4,007</u>	<u>\$ 6,044</u>

Notes:

- The number of employees in the year and in the previous year was 478 and 465, respectively, and the number of directors who were not employees was 4 and 3, respectively.
- A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - The average employee benefit expenses in the current year were NTD 1,193 thousand ("Total employee benefit expenses in the current year - total remuneration to directors" / "Number of employees in the current year - number of directors who were not employees").
The average employee benefit expenses in the previous year were NTD 1,220 thousand ("Total employee benefit expenses in the previous year - total remuneration to directors" / "Number of employees in the previous year - number of directors who were not employees").
 - The average employee salary expenses in the current year were NTD 1,028 thousand (Total salary expenses in the current year / "Number of employees in the current year - number of directors who were not employees").
The average employee salary expenses in the previous year were NTD 1,047 thousand (Total salary expenses in the previous year / "Number of employees in the previous year - number of directors who were not employees").
 - The average employee salary expenses changed by -1.81% ("Average employee salary expense in the current year - average employee salary expense in the previous year" / average employee salary expense in the previous year).
 - The remuneration of NTD 0 to supervisors in the year and the remuneration of NTD 0 to supervisors in the previous year. (The Company has established the Audit Committee.)

3. Remuneration policy:

Director remuneration policy

The Articles of Incorporation of the Company shall apply. The remuneration distribution of the Company's annual profit is determined with reference to the office term of the directors, the attendance of directors at board meetings, and their contribution to the Company (including, but not limited to, the number of the Company's shares held and endorsements/guarantees provided by the Company).

Employee and managerial officer remuneration policy:

To enhance the remuneration system applicable to the directors and managerial officers of the Company, the Remuneration Committee of the Company assesses the remuneration policy and system with regard to the directors and managerial officers of the Company from an objective and professional point of view. At least two meetings are held every year and extraordinary meetings can be held whenever necessary to assist the Board of Directors in assessing and monitoring the overall remuneration policy and to raise proposals as a reference for the Board of Directors to make decision.

The Remuneration Committee of the Company shall refer to the remuneration level of industry peers as well as the overall performance of the Company, personal performance of the employee, and the operating risks of the future. It shall not induce directors and managerial officers to be engaged in activities beyond the risk tolerance of the Company for the purpose of pursuing remuneration. While adhering to the principles that the proportion of short-term performance-based compensation for directors and managerial officers and the timing of certain variable compensation payments shall take into account industry characteristics and the business nature of the Company, the Remuneration Committee shall faithfully exercise the following duties with the due care of a good administrator and submit the suggestions to the Board of Directors for discussion:

- (1) Ensure the level of the remuneration meets the requirements of labor laws and regulations and is sufficient to attract the best talents.
- (2) Establish and periodically review the policy, system, standards, and structure with respect to the performance evaluation of directors and managerial officers and the level of remuneration.
- (3) Establish and periodically evaluate the performance of the directors and managerial officers and the remuneration to them.
- (4) The contents and amounts of the remuneration to the directors and managerial officers shall be reasonable. The remuneration to the directors and managerial officers shall not substantially deviate from the financial performance.

Employee and managerial officer remuneration policy:

In accordance with the Articles of Association, the Company allocates its pre-tax profits before deducting employee and director remuneration for the year at an amounts of 5-15% to be distributed as remuneration to employees and 1%-3% to be distributed as remuneration to directors. Pursuant to the amendment to the Securities and Exchange Act of August 2024, the Company resolved at the 2025 shareholders' meeting to amend its Articles of Incorporation to provide that no less than 1% of the total employee remuneration for the year be distributed to entry-level employees.