

TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024
WITH
REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") as of 31 December 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2025 and 2024, and its financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Loss allowance of accounts receivable

As of 31 December 2025, the Company's net accounts receivable amounted to NT\$4,074,317 thousand, constituting 18% of total assets, which was considered material in the parent company only financial statements. Since the Company's allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and the Company should determine the use of related assumptions in the measurement process, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore considered this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the process of internal control execution management established for receivables; evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts; analyzing the appropriateness of the grouping of accounts receivable to confirm whether customer groups that have significantly different loss patterns from one another are grouped appropriately; the Company was tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables and evaluate its recoverability; evaluating long-term trends of loss allowance and turnover rate of accounts receivable.

We also considered the appropriateness of disclosure of accounts receivable. Please refer to Notes 5 and 6 of the parent company only financial statements for more details.

Valuation for inventories

As of 31 December 2025, the Company's net inventories amounted to NT\$1,696,013 thousand, constituting 7% of total asset, which was considered material in the parent company only financial statements. Considering the market change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment. We considered this as a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the internal control management established for inventory, evaluating the appropriateness of management's provisioning policy of allowance; sampling net realizable value estimated by inventory, including related sales certificates and recalculating price loss; testing the accuracy of inventory aging time period by sampling related documents and recalculating the accuracy of inventory allowance.

We also considered the appropriateness of disclosure of inventories. Please refer to Notes 5 and 6 of the parent company only financial statements for more details.

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$1,486,240 thousand and NT\$1,256,884 thousand, representing 7% and 6% of total assets as of 31 December 2025 and 2024, respectively. The related shares of profits from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$221,806 thousand and NT\$231,321 thousand, representing 29% and 13% of the income before tax for the years ended 31 December 2025 and 2024, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$62,478 thousand and NT\$14,262 thousand, representing 24% and 11% of the comprehensive income (loss) for the years ended 31 December 2025 and 2024, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan
12 March 2026

Notice to Readers :

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ASSETS			31 Dec. 2025		31 Dec. 2024	
Code	Accounting items	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	\$721,293	3	\$796,703	4
1110	Current financial assets at fair value through profit or loss	IV	88	-	-	-
1150	Notes receivable, net	IV/VI.4	2,239	-	2,906	-
1170	Accounts receivable, net	IV/VI.3	1,016,001	5	1,048,959	5
1180	Accounts receivable-related parties, net	IV/VI.4	3,056,077	13	2,638,247	13
1200	Other receivables	IV/VI.4/7	170,494	1	311,925	2
130x	Inventories	IV/VII	1,696,013	7	1,592,889	8
1479	Other current assets - current	IV/VI.5	104,049	1	128,575	-
11xx	Total current assets		<u>6,766,254</u>	<u>30</u>	<u>6,520,204</u>	<u>32</u>
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	IV/VI.2	75,980	-	89,724	-
1600	Investments accounted for using equity method	IV/VI.6	7,140,995	32	5,135,101	25
1755	Property, plant and equipment	IV/VI.7/VII/VIII	7,156,395	31	6,368,284	32
1780	Right-of-use asset	IV/VI.15	96,452	-	511,346	3
1840	Intangible assets		51,156	-	43,451	-
1915	Deferred tax assets	IV/VI.19	201,225	1	247,378	1
1995	Prepayment for equipments		1,312,489	6	1,355,203	7
15xx	Other non-current assets		23,813	-	32,115	-
	Total non-current assets		<u>16,058,505</u>	<u>70</u>	<u>13,782,602</u>	<u>68</u>
1xxx	Total assets		<u>\$22,824,759</u>	<u>100</u>	<u>\$20,302,806</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY			31 Dec. 2025		31 Dec. 2024	
Code	Accounting items	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI.8	\$450,000	2	\$400,000	2
2111	Short-term bills payables	IV/VI.9	129,873	1	-	-
2120	Current financial liabilities at fair value through profit or loss	IV	3,075	-	7,598	-
2150	Notes payable	IV	301,402	1	304,421	2
2170	Accounts payable	IV	1,441,675	6	1,647,800	8
2180	Accounts payable-related parties	IV/VII	682,398	3	734,297	4
2200	Other payables	IV	509,884	2	611,406	3
2230	Current tax liabilities	IV/VI.19	11,809	-	98,475	-
2280	Lease liabilities, current	IV/VI.15	32,750	-	39,730	-
2322	Current portion of long-term liabilities	IV/VI.10	326,205	2	597,038	3
2399	Other current liabilities		407,666	2	396,803	2
21xx	Total current liabilities		<u>4,296,737</u>	<u>19</u>	<u>4,837,568</u>	<u>24</u>
	Non-current liabilities					
2540	Long-term borrowings	IV/VI.10	8,274,224	36	4,816,084	24
2570	Deferred tax liabilities	IV/VI.19	117,288	1	47,274	-
2580	Lease liabilities, non current	IV/VI.15	65,475	-	384,476	2
2640	Net defined benefit liabilities, non-current	IV/VI.11	15,716	-	53,799	-
2670	Guaranteed deposits		155	-	374	-
25xx	Total non-current liabilities		<u>8,472,858</u>	<u>37</u>	<u>5,302,007</u>	<u>26</u>
2xxx	Total liabilities		<u>12,769,595</u>	<u>56</u>	<u>10,139,575</u>	<u>50</u>
	Equity					
3100	Capital	IV/VI.12				
3110	Common stock		3,128,979	14	3,128,979	15
3120	Preferred stock		300,000	1	300,000	1
3200	Capital surplus	IV/VI.12	2,620,090	12	2,582,447	13
3300	Retained earnings	IV/VI.12				
3310	Legal reserve		1,186,997	5	1,030,881	5
3320	Special reserve		159,777	1	269,742	1
3350	Unappropriated earnings		2,589,854	11	3,016,955	15
3400	Other equity	IV/VI.18				
3410	Exchange differences resulting from translating the financial statements of foreign operations		195,935	1	(96,830)	-
3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(120,472)	(1)	(62,947)	-
3500	Treasury stock	IV/VI.12	(5,996)	-	(5,996)	-
3xxx	Total equity		<u>10,055,164</u>	<u>44</u>	<u>10,163,231</u>	<u>50</u>
	Total liabilities and equity		<u>\$22,824,759</u>	<u>100</u>	<u>\$20,302,806</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2025	2024
Operating revenues	IV/VI.13/VII	\$12,250,435	\$13,374,748
Operating costs	IV/VI.5.15.16/VII	(10,117,213)	(10,507,290)
Gross profit		2,133,222	2,867,458
Unrealized profit on sales		(737,835)	(850,693)
Realized profit on sales		850,984	870,549
Net gross profit		2,246,371	2,887,314
Operating expenses	IV/VI.14.15.16/VII		
Sales and marketing expenses		(444,077)	(458,747)
General and administrative expenses		(351,363)	(361,351)
Research and development expenses		(355,905)	(359,235)
Expected credit impairment gains (losses)		30	(17,620)
Subtotal		(1,151,315)	(1,196,953)
Operating income		1,095,056	1,690,361
Non-operating income and expenses			
Other income	VI.17	59,344	57,967
Other gains and losses	VI.17	(80,662)	249,236
Finance costs	VI.17	(140,617)	(100,782)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	IV/VI.6	(157,651)	(49,732)
Subtotal		(319,586)	156,689
Net income before income tax		775,470	1,847,050
Income tax expense	IV/VI.19	(177,692)	(302,964)
Net income		597,778	1,544,086
Other comprehensive income (loss)	IV/VI.18		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		30,699	22,662
Unrealized gains (losses) from valuation of equity instruments investments measured at fair value through other comprehensive income		(14,987)	(16,771)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method which will not be reclassified subsequently to profit or loss		(47,131)	(39,934)
Income tax related to items that will not be reclassified subsequently	IV/VI.19	(6,140)	(4,532)
Items that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		368,237	151,028
Share of other comprehensive income of associates and joint ventures accounted for using equity method which may be reclassified subsequently to profit or loss		(270)	55,979
Income tax related to items that may be reclassified subsequently	IV/VI.19	(75,202)	(41,401)
Total other comprehensive income (loss), net of tax		255,206	127,031
Total comprehensive income (loss)		\$852,984	\$1,671,117
Earnings per share (NTD)	IV/VI.20		
Earnings per share-basic		\$1.72	\$4.76
Earnings per share-diluted		\$1.72	\$4.74

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company									Total equity
	Capital			Retained Earnings			Other equity		Treasury stock	
	Common stock	Preferred stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance as of 1 January 2024	\$3,128,979	\$300,000	\$2,580,384	\$924,137	\$153,990	\$2,364,095	\$(262,436)	\$(7,306)	\$(5,996)	\$9,175,847
Appropriation and distribution of 2023 retained earnings										
Legal reserve	-	-	-	106,744	-	(106,744)	-	-	-	-
Special reserve	-	-	-	-	115,752	(115,752)	-	-	-	-
Cash dividends	-	-	-	-	-	(625,796)	-	-	-	(625,796)
Preferred share dividends	-	-	-	-	-	(60,000)	-	-	-	(60,000)
Net income for the year ended 31 December 2024	-	-	-	-	-	1,544,086	-	-	-	1,544,086
Other comprehensive income (loss) for the year ended 31 December 2024	-	-	-	-	-	20,282	165,606	(58,857)	-	127,031
Total comprehensive income (loss)	-	-	-	-	-	1,564,368	165,606	(58,857)	-	1,671,117
Adjustments for dividends subsidiaries received from parent company	-	-	1,880	-	-	-	-	-	-	1,880
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(3,216)	-	3,216	-	-
Others	-	-	183	-	-	-	-	-	-	183
Balance as of 31 December 2024	\$3,128,979	\$300,000	\$2,582,447	\$1,030,881	\$269,742	\$3,016,955	\$(96,830)	\$(62,947)	\$(5,996)	\$10,163,231
Balance as of 1 January 2025	\$3,128,979	\$300,000	\$2,582,447	\$1,030,881	\$269,742	\$3,016,955	\$(96,830)	\$(62,947)	\$(5,996)	\$10,163,231
Appropriation and distribution of 2024 retained earnings										
Legal reserve	-	-	-	156,116	-	(156,116)	-	-	-	-
Cash dividends	-	-	-	-	-	(938,694)	-	-	-	(938,694)
Preferred share dividends	-	-	-	-	-	(60,000)	-	-	-	(60,000)
Reversal of special reserve	-	-	-	-	(109,965)	109,965	-	-	-	-
Net income for the year ended 31 December 2025	-	-	-	-	-	597,778	-	-	-	597,778
Other comprehensive income (loss) for the year ended 31 December 2025	-	-	-	-	-	19,966	292,765	(57,525)	-	255,206
Total comprehensive income (loss)	-	-	-	-	-	617,744	292,765	(57,525)	-	852,984
Adjustments for dividends subsidiaries received from parent company	-	-	2,819	-	-	-	-	-	-	2,819
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	18,791	-	-	-	-	-	-	18,791
Changes in ownership interests in subsidiaries	-	-	15,800	-	-	-	-	-	-	15,800
Others	-	-	233	-	-	-	-	-	-	233
Balance as of 31 December 2025	\$3,128,979	\$300,000	\$2,620,090	\$1,186,997	\$159,777	\$2,589,854	\$195,935	\$(120,472)	\$(5,996)	\$10,055,164

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2025	2024	ITEMS	2025	2024
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$775,470	\$1,847,050	Acquisition of financial assets at fair value through other comprehensive income	(1,243)	-
Adjustments for:			Acquisition of investments accounted for using equity method	(1,765,510)	(706,983)
Income and expense adjustments:			Proceeds from disposal of investments accounted for using equity method	67,590	-
Depreciation	1,378,009	1,299,994	Proceeds from capital reduction of investments accounted for using equity method	-	79,825
Amortization	22,597	20,841	Acquisition of property, plant and equipment	(1,957,082)	(1,769,316)
Expected credit impairment losses (gains)	(30)	17,620	Proceeds from disposal of property, plant and equipment	2,194	3,787
Interest expense	140,617	100,782	Acquisition of intangible assets	(30,302)	(23,488)
Interest income	(15,291)	(24,847)	Increase in other non-current assets	(2,186)	-
Dividend income	(6,417)	(4,368)	Decrease in other non-current assets	-	622
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	157,651	49,732	Net cash generated from (used in) investing activities	<u>(3,686,539)</u>	<u>(2,415,553)</u>
(Gains) on disposal and scrap of property, plant and equipment	(894)	(2,641)			
Unrealized profit on sales	737,835	850,693	Cash flows from financing activities:		
Realized profit on sales	(850,984)	(870,549)	Increase in short-term borrowings	430,000	720,000
Others	(151)	(8)	Decrease in short-term borrowings	(380,000)	(970,000)
Changes in operating assets and liabilities:			Increase in short-term notes and bills payable	850,000	150,000
Financial assets madatorily measured at fair value through profit or loss	(88)	509	Decrease in short-term notes and bills payable	(720,127)	(150,000)
Notes receivable	670	438	Proceeds from long-term borrowings	4,287,897	2,276,198
Notes receivable-related parties	-	1,958	Repayment of long-term borrowings	(1,101,134)	(2,037,403)
Accounts receivable	33,007	(231,160)	Decrease in guarantee deposits	(219)	(108)
Accounts receivable-related parties	(417,852)	98,849	Cash payment for the principal portion of the lease liabilities	(43,708)	(34,301)
Other receivables	83,402	34,794	Cash dividends	(998,694)	(685,796)
Inventories	(103,124)	(139,656)	Collection of overdue dividends	233	183
Other current assets	25,070	79,593	Net cash generated from (used in) financing activities	<u>2,324,248</u>	<u>(731,227)</u>
Financial liabilities held for trading	(4,523)	7,598			
Notes payable	(3,019)	36,974	Net (decrease) in cash and cash equivalents	(75,410)	(342,129)
Accounts payable	(206,125)	70,161	Cash and cash equivalents at the beginning of the year	796,703	1,138,832
Accounts payable-related parties	(51,899)	29,493	Cash and cash equivalents at end of the year	<u>\$721,293</u>	<u>\$796,703</u>
Other payables	(104,922)	99,038			
Other current liabilities	10,863	(52,678)			
Net defined benefit liabilities	(7,384)	(33,327)			
Cash generated from operations	1,592,488	3,286,883			
Interest received	15,291	24,847			
Dividend received	70,233	65,804			
Interest paid	(161,598)	(119,645)			
Income tax paid	(229,533)	(453,238)			
Net cash provided by operating activities	<u>1,286,881</u>	<u>2,804,651</u>			

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

TYC BROTHER INDUSTRIAL CO., LTD. (the “Company”) was incorporated under the laws of the Republic of China on Taiwan (the “ROC”) on 9 September 1986. The Company’s registered office and the main business location is at No.72-2, Xinle Rd., Tainan City Taiwan (R.O.C). The Company's main profitable business projects are the manufacture, trading import and export of automobiles, motorcycles and other automobile parts and supplies. The Company became a listed company on the Taiwan Stock Exchange on 6 October 1997.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended 31 December 2025 and 2024 were authorized for issue in accordance with a resolution of the board of directors on 12 March 2026.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first-time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 17 “Insurance Contracts”	1 January 2023
2	“Classification and Measurement of Financial Instruments” (Amendments to IFRS 9 and IFRS 7)	1 January 2026

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
3	Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
4	“Contracts Referencing Nature-dependent Electricity” (Amendments to IFRS 9 and IFRS 7)	1 January 2026

The abovementioned amendments are applicable for annual periods beginning on or after 1 January 2026. The Company determined that the newly published standards and interpretations have no material impact on the Company.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027 (Note)
3	Disclosure Initiative – “Subsidiaries without Public Accountability” (IFRS 19)	1 January 2027
4	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

(Note) The FSC issued a press release on September 25, 2025 to declare that Taiwan will align with IFRS 18 since the fiscal year of 2028.

(1) IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” The primary changes are as follows:

- a) Increasing comparability of the income statements

Items in the statement of profit or loss will need to be classified into categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new, to improve the structure of income statements. The standard also requires entities to provide newly defined subtotals (including operating profit or loss). The standard improves the income statement’s structure and newly defined subtotals, which makes companies' financial performance easier to compare and provides a consistent starting point for investors' analysis
- b) Enhancing transparency of management performance measurement

Explanations on requiring entities to disclose specific indicators related to income

statements (management-defined performance measures (MPM)).

c) Useful summary of financial information

The standard sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. The standard also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date. The Company is assessing the potential impacts from new or amended standards or interpretations. The relevant impacts will be disclosed upon completion of the assessment. The other new or amended standards or interpretations have no significant impact on the Company.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Company's parent company only financial statements for the years ended 31 December 2025 and 2024 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRS, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars("NT\$") unless otherwise stated.

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Translation of financial statements in foreign currency

Each foreign operating of the Company determines its functional currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that results in a

loss of control, loss of significant influence or joint control but retain partial equity is considered as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

5. Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Company holds the asset primarily for the purpose of trading.
- (c) The Company expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle.
- (b) The Company holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Company does not have the right at the balance sheet date to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: recognition and measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company’s business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes and measures loss allowances by expected credit loss for financial assets at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- B. the time value of money
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have a low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the assets have expired.
- B. The Company has transferred the assets and substantially all the risks and rewards of the assets have been transferred.
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants are in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost using weighted-average method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

11. Investments accounted for using the equity method

The Company's investment in subsidiaries is presented based on Article 21 of the Securities Issuer's Financial Report Preparation Standards, expressed as "investments using the equity method" and made necessary evaluation adjustments to enable individual financial reporting of the current period's profit and loss and other comprehensive gains and losses. The current profit and loss and other comprehensive gains and losses in the financial report prepared on a consolidated basis are the same as the share of the owners of the parent company, and the owner's equity of the individual financial report is the same as the equity of the owners of the parent company in the financial report prepared on a consolidated basis. These adjustments are mainly due to the consideration of the treatment of the consolidated financial statements of the investment subsidiary in accordance with IFRS No. 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits to "investment account for under the equity method", "share of profits and losses of affiliates and joint ventures using the equity method" or "share of other comprehensive profits and losses of affiliates and joint ventures using the equity method".

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change

in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the "share of profit or loss of an associate" in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land and improvements	5~10 years
Buildings	3~35 years
Machinery and equipment	2~10 years
Molding equipment	2~ 7 years
Electrical installations	2~10 years
Transportation equipment	2~10 years
Miscellaneous equipment	3~10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use

or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate.

13. Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the

commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the lessee; and
- (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of

low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Patent, trademark rights and others

The cost of patent, trademark rights and others is amortized on a straight-line basis over the legal period (1~25 years).

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1~5 years).

15. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. Treasury shares

The Company's subsidiaries' equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

17. Revenue recognition

The Company's revenue arising from contracts with customers is primarily related to the sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are automobile lights and parts; the revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30–120-day terms. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after the transfer of goods to customers; therefore, there is no significant financing component to the contract.

18. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

19. Government subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all the conditions attached will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the assets and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

20. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

21. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. in respect of deductible temporary differences associated with investments in

subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In accordance with the mandatory temporary exception in “International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12,” deferred tax assets and liabilities arising from the Pillar Two model rules shall not be recognized, and the relevant information shall not be disclosed.

22. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured by cost less any accumulated impairment losses. Goodwill arising from a business combination is allocated to each cash-generating unit that is expected to benefit from the merger from the date of acquisition, regardless of whether other assets or liabilities of the acquiree are attributed to these cash-generating units. Each unit or group representative of the allocated goodwill is the lowest level of goodwill for internal management purposes, and is not greater than the operating department before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimation and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(2) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Cash on hand and petty cash	\$2,097	\$2,072
Saving account	719,196	729,161
Time deposits	-	65,470
Total	<u>\$721,293</u>	<u>\$796,703</u>

2. Financial assets at fair value through other comprehensive income

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Equity instrument investments measured at fair value through other comprehensive income – non-current		
Listed companies' stocks	\$18,586	\$32,330
Unlisted companies' stocks	57,394	57,394
Total	<u>\$75,980</u>	<u>\$89,724</u>

The Company's financial assets measured at fair value through other comprehensive income were not pledged as collateral.

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends in the amount of NT\$6,417 thousand and NT\$4,368 thousand for the years ended 31 December 2025 and 2024, which were fully related to investments held at the end of the reporting period.

3. Notes receivables

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Notes receivables	\$2,250	\$2,920
Less: allowance for doubtful accounts	(11)	(14)
Total	<u>\$2,239</u>	<u>\$2,906</u>

Notes receivables were not pledged as collateral.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6. (14) for more details on loss allowance and Note 12 for more details on credit risk.

4. Accounts receivables and accounts receivables-related parties

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Accounts receivables	\$1,065,396	\$1,221,757
Less: allowance for doubtful accounts	(49,395)	(172,798)
Subtotal	<u>1,016,001</u>	<u>1,048,959</u>
Accounts receivables - related parties	3,056,404	2,638,552
Less: allowance for doubtful accounts	(327)	(305)
Subtotal	<u>3,056,077</u>	<u>2,638,247</u>
Total	<u>\$4,072,078</u>	<u>\$3,687,206</u>

Accounts receivables were not pledged as collateral.

Accounts receivables are generally on 30–120-day terms. Please refer to Note 6. (14) for more details on impairment of trade receivables and Note 12 for credit risk.

5. Inventories

	31 Dec. 2025	31 Dec. 2024
Raw materials	\$797,519	\$752,587
Work in process	69,758	72,508
Finished goods	807,125	732,858
Merchandise	21,611	34,936
Net	<u>\$1,696,013</u>	<u>\$1,592,889</u>

The Company's cost of inventories recognized in expenses amounted to NT\$10,117,213 thousand and NT\$10,507,290 thousand for the years ended 31 December 2025 and 2024, respectively, including inventory valuation losses of NT\$48,116 thousand and NT\$16,449 thousand recognized for the years ended December 31, 2025 and 2024, respectively.

Inventories were not pledged as collateral.

6. Investments accounted for under the equity method

(1) Details are as follows:

Investee Company	31 Dec. 2025		31 Dec. 2024	
	Amount	Percentage of ownership	Amount	Percentage of ownership
<u>Investments in the subsidiaries:</u>				
TI YUAN INVESTMENT CO., LTD.	\$42,875	100.00%	\$40,318	100.00%
TI FU INVESTMENT CO., LTD.	107,457	100.00%	140,192	100.00%
CONTEK CO., LTD.	36,074	100.00%	36,324	100.00%
SUPRA-ATOMIC CO., LTD.	1,871,295	100.00%	1,575,640	100.00%
JUOKU TECHNOLOGY CO., LTD. (Note)	499,652	60.88%	442,617	72.10%
BESTE MOTOR CO., LTD.	2,968,965	100.00%	1,354,241	100.00%
INNOVA HOLDING CORP.	1,357,993	100.00%	1,255,179	100.00%
TYC VIETNAM INDUSTRIAL CO., LTD.	50,370	60.00%	73,804	60.00%
Subtotal	<u>6,934,681</u>		<u>4,918,315</u>	
<u>Investments in the associates</u>				

Investee Company	31 Dec. 2025		31 Dec. 2024	
	Amount	Percentage of ownership	Amount	Percentage of ownership
I YUAN PRECISION INDUSTRIAL CO., LTD.	206,314	15.66%	216,786	15.66%
Total	\$7,140,995		\$5,135,101	

(Note) As the Company sold 300 thousand shares of JUOKU TECHNOLOGY in September 2025, the percentage of ownership decreased from 72.10% to 71.32%. JUOKU TECHNOLOGY increased capital by issuing 5,000 thousand new shares on September 4, 2025. As the Company did not subscribe in accordance with percentage of ownership, the percentage of ownership decreased from 71.32% to 66.14%. As the Company sold 2,300 thousand shares of JUOKU TECHNOLOGY in October 2025, the percentage of ownership decreased from 66.14% to 60.88%.

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$221,806 thousand and NT\$231,321 thousand, for the years ended 31 December 2025 and 2024, respectively. And the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$62,478 thousand and NT\$14,262 thousand, for the years ended 31 December 2025 and 2024, respectively. The balance of investment in these subsidiaries, associates and joint ventures under equity method amounted to NT\$1,486,240 thousand and NT\$1,256,884 thousand as at 31 December 2025 and 2024, respectively.

(1) Investment in subsidiaries

The investment of subsidiaries in individual financial reports is expressed as “investment accounted for using the equity method” and adjusted using necessary evaluation method.

One of the Company’s subsidiaries, TI FU INVESTMENT CO., LTD. held 940 thousand shares of the Company’s stock as at 31 December 2025 and 2024, respectively.

(2) Investment in the associates

The Company's investments in the associates are not individually material. The aggregate financial information of the Company's investments in associates was as follows:

	<u>2025</u>	<u>2024</u>
Profit or loss from continuing operations	\$6,383	\$17,465
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$6,383</u>	<u>\$17,465</u>

The associates had no contingent liabilities or capital commitments as at 31 December 2025 and 2024.

8. Property, plant and equipment

Owner occupied property, plant and equipment

	Land	Land and improvement	Buildings	Machinery and equipment	Molding equipment	Electrical equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost:										
1 Jan. 2025	\$958,187	\$10,567	\$1,792,053	\$1,470,141	\$11,073,975	\$149,218	\$196,329	\$631,447	\$1,037	\$16,282,954
Addition	605,429	-	18,191	93,566	1,362,534	-	11,511	24,016	17,575	2,132,822
Disposal	-	-	(2,825)	(120,553)	(1,130,519)	(543)	(4,312)	(11,392)	-	(1,270,144)
Others	-	-	11,175	731	-	-	-	5,346	(17,252)	-
31 Dec. 2025	<u>\$1,563,616</u>	<u>\$10,567</u>	<u>\$1,818,594</u>	<u>\$1,443,885</u>	<u>\$11,305,990</u>	<u>\$148,675</u>	<u>\$203,528</u>	<u>\$649,417</u>	<u>\$1,360</u>	<u>\$17,145,632</u>
1 Jan. 2024	\$731,049	\$10,567	\$1,783,405	\$1,477,675	\$11,162,820	\$142,621	\$189,710	\$569,643	\$-	\$16,067,490
Addition	227,138	-	5,290	70,047	1,170,264	6,597	17,479	103,437	7,023	1,607,275
Disposal	-	-	(2,628)	(77,581)	(1,259,109)	-	(10,860)	(41,633)	-	(1,391,811)
Others	-	-	5,986	-	-	-	-	-	(5,986)	-
31 Dec. 2024	<u>\$958,187</u>	<u>\$10,567</u>	<u>\$1,792,053</u>	<u>\$1,470,141</u>	<u>\$11,073,975</u>	<u>\$149,218</u>	<u>\$196,329</u>	<u>\$631,447</u>	<u>\$1,037</u>	<u>\$16,282,954</u>
Depreciation and impairment										
1 Jan. 2025	\$-	\$6,970	\$939,305	\$1,181,798	\$7,139,014	\$139,005	\$123,917	\$384,661	\$-	\$9,914,670
Depreciation	-	806	45,176	68,089	1,165,615	2,390	15,156	46,163	-	1,343,395
Disposal	-	-	(2,589)	(120,263)	(1,130,318)	(543)	(3,723)	(11,392)	-	(1,268,828)
31 Dec. 2025	<u>\$-</u>	<u>\$7,776</u>	<u>\$981,892</u>	<u>\$1,129,624</u>	<u>\$7,174,311</u>	<u>\$140,852</u>	<u>\$135,350</u>	<u>\$419,432</u>	<u>\$-</u>	<u>\$9,989,237</u>
1 Jan. 2024	\$-	\$6,156	\$897,756	\$1,194,421	\$7,279,061	\$135,993	\$118,186	\$388,334	\$-	\$10,019,907
Depreciation	-	814	44,177	64,626	1,119,061	3,012	16,091	37,620	-	1,285,401
Disposal	-	-	(2,628)	(77,249)	(1,259,108)	-	(10,360)	(41,293)	-	(1,390,638)
31 Dec. 2024	<u>\$-</u>	<u>\$6,970</u>	<u>\$939,305</u>	<u>\$1,181,798</u>	<u>\$7,139,014</u>	<u>\$139,005</u>	<u>\$123,917</u>	<u>\$384,661</u>	<u>\$-</u>	<u>\$9,914,670</u>
Net carrying amount:										
31 Dec. 2025	<u>\$1,563,616</u>	<u>\$2,791</u>	<u>\$836,702</u>	<u>\$314,261</u>	<u>\$4,131,679</u>	<u>\$7,823</u>	<u>\$68,178</u>	<u>\$229,985</u>	<u>\$1,360</u>	<u>\$7,156,395</u>
31 Dec. 2024	<u>\$958,187</u>	<u>\$3,597</u>	<u>\$852,748</u>	<u>\$288,343</u>	<u>\$3,934,961</u>	<u>\$10,213</u>	<u>\$72,412</u>	<u>\$246,786</u>	<u>\$1,037</u>	<u>\$6,368,284</u>

The amount of capitalized interests and interest rates are as follows:

Items	2025	2024
Construction in progress and prepayment for equipment	\$24,381	\$20,609
The interest rate interval of borrowing cost capitalization	1.82%~2.09%	1.61%~2.01%

The material components of the Company's building that have different useful lives are the main buildings and factories, which are depreciated based on the useful lives of 60 years and 35 years, respectively.

The material components of the Company's equipment are mainly the processing equipment and are depreciated based on the useful lives of 10 years.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

8. Short-term borrowings

	31 Dec. 2025	31 Dec. 2024
Unsecured bank loans	\$450,000	\$400,000
Interest rate interval	1.83%~1.90%	1.83%~1.95%

9. Short-term bills payables

	31 Dec. 2025	31 Dec. 2024
Commercial paper payables	\$130,000	\$-
Less: discount on commercial paper payables	(127)	-
Total	\$129,873	\$-
Interest rate interval	1.96%~1.97%	-%

10. Long-term borrowings

(1) Details of long-term borrowings are as follows:

	31 Dec. 2025	31 Dec. 2024
Secured loans	\$1,000,000	\$1,000,000
Credit loans	6,506,084	4,413,122
Syndicated loans	1,100,000	-
Subtotal	8,606,084	5,413,122
Less: current portion	(326,205)	(597,038)
Less: unamortized issue cost	(5,655)	-
Total	\$8,274,224	\$4,816,084

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Loan period	2019.08.09~ 2030.10.03	2019.07.01~ 2029.08.15
Interest rate interval	<u>1.60%~2.32%</u>	<u>1.34%~1.97%</u>

- (2) In 2019, the Company financed with designated banks in accordance with the “Project Loan Guidelines to Welcoming Overseas Taiwanese Businesses Return to Invest in Taiwan”, and entered into contract terms and normative matters, and completed them in accordance with the approval letter.
- (3) Please refer to Note 8 for information on collaterals pledged for the aforementioned long-term borrowings.
- (4) The Company signed a syndicated loan contract, amounting to NT\$3,000,000 thousand, with 8 financial institutions including First Commercial Bank (the agency bank) on 11 Aug. 2025. The credit period is 5 years after the date of the first drawn down. As of 31 December 2025, the amount drawn down is NT\$1,100,000 thousand, and the amount not yet drawn down is NT\$1,900,000 thousand.

Significant agreements in the contracts are summarized as follows:

A. The drawdown methods of the loan case are as follows:

- ① Type A credit facility: Mid-term loan with amount of NT\$3,000,000 thousand. The borrower may revolvingly utilize in accordance with the contract.
- ② Type B credit facility: Guarantee for issuance of commercial paper with amount of NT\$1,500,000 thousand. The issue company may revolvingly utilize in accordance with the contract.

Total drawdown amount of Type A credit facility and Type B facility shall not exceed the total credit facility of the loan case.

B. Before the debts of the loan case are fully repaid in the duration, since the consolidated financial statements date of 2025, the financial ratios and agreements as follows shall be maintained and reviewed once per half year.

- ① Current ratio: shall not be lower than 100%
- ② Financial debt ratio: shall not be higher than 220%

- ③ Interest coverage ratio: shall not be lower than 5 times.

The aforementioned each financial ratio and agreement is calculated based on the annual consolidated financial statements of each year audited, and the semi-annual consolidated financial statements reviewed by the borrower's CPA agreed by the agency bank.

- C. If any non-conformity to any of above financial ratio occurs, the borrower shall improve during the improvement period, which is the date from the notice day by the agency bank to the next financial commitment verification date. During the improvement period, it is not regarded as breach of contract. However, since the starting date of the improvement period to the date the borrower completes the improvement of the conformity of all of the financial ratios and agreements, or the date a majority of the credit banks agrees to exemption, the borrower shall pay the compensation expenses to the agency bank at each interest payment date, which is calculated by the total credit facility balance of the loan case as of the consolidated financial statements date multiplied by annual rate of 0.20% and the actual days elapsed, and the agency bank transfers to each credit bank case in proportion to the credit risk.
- D. If the non-conformity is not improved during the period, that is, the borrower does not complete the improvement of conformity of all the financial ratios and agreements, it is regarded as breach of the contract. And since the next date after the improvement period to the date the borrower completes the improvement of the conformity of all of the financial ratios and agreements, or the date a majority of the credit banks agrees to exemption, compensation expenses shall still be accrued and paid.

11. Post-Employment Benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. under the Labor Pension Act. The Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

The Company's recognized expenses of the defined contribution plan for the years ended 31 December 2025 and 2024 were NT\$44,645 thousand and NT\$43,641 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 3% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company makes estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$9,022 thousand to its defined benefit plan during the 12 months beginning after 31 December 2025.

As at 31 December 2025 and 2024, the defined benefit obligations were expected to mature in 1 year.

Pension costs recognized in profit or loss are as follows:

	<u>2025</u>	<u>2024</u>
Current service cost	\$890	\$1,026
Net interest on the net defined benefit liabilities	748	1,197
Total	<u>\$1,638</u>	<u>\$2,223</u>

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets measured at fair value are as follows:

	31 Dec. 2025	31 Dec. 2024	1 Jan. 2024
Defined benefit obligation	\$368,444	\$383,362	\$390,454
Fair value of plan assets	(352,728)	(329,563)	(280,666)
Net defined benefit liabilities	<u>\$15,716</u>	<u>\$53,799</u>	<u>\$109,788</u>

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
1 January 2024	\$390,454	\$(280,666)	\$109,788
Pension costs recognized in profit or loss:			
Current service cost	1,026	-	1,026
Interest expense (income)	4,256	(3,059)	1,197
Subtotal	<u>5,282</u>	<u>(3,059)</u>	<u>2,223</u>
Remeasurements of the defined benefit liabilities/assets:			
Experience adjustments	2,276	-	2,276
Remeasurements of the defined benefit assets	-	(24,937)	(24,937)
Subtotal	<u>2,276</u>	<u>(24,937)</u>	<u>(22,661)</u>
Payment of benefit obligation	(14,650)	14,650	-
Contribution by employer	-	(35,551)	(35,551)
31 December 2024	<u>383,362</u>	<u>(329,563)</u>	<u>53,799</u>
Pension costs recognized in profit or loss:			
Current service cost	890	-	890
Interest expense (income)	5,329	(4,581)	748
Subtotal	<u>6,219</u>	<u>(4,581)</u>	<u>1,638</u>
Remeasurements of the defined benefit liabilities/assets:			
Experience adjustments	(7,615)	-	(7,615)
Remeasurements of the defined benefit assets	-	(23,084)	(23,084)
Subtotal	<u>(7,615)</u>	<u>(23,084)</u>	<u>(30,699)</u>
Payment of benefit obligation	(13,522)	13,522	-
Contribution by employer	-	(9,022)	(9,022)
31 December 2025	<u>\$368,444</u>	<u>\$(352,728)</u>	<u>\$15,716</u>

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 Dec. 2025	31 Dec. 2024
Discount rate	1.22%	1.39%
Expected rate of salary increase	1.00%	1.00%

A sensitivity analysis for significant assumption as at 31 December 2025 and 2024 is shown below:

	2025		2024	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount rate increased by 0.5%	\$-	\$-	\$-	\$-
Discount rate decreased by 0.5%	4	-	-	-
Rate of future salary increase by 0.5%	3	-	-	-
Rate of future salary decrease by 0.5%	-	-	-	-

The sensitivity analysis above was based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

12. Equity

(1) Common stock

As at 31 December 2025 and 2024, TYC BROTHER INDUSTRIAL CO., LTD.'s authorized and issued capital was both NT\$4,000,000 thousand with a par value of NT\$10 per share, accounting to 400,000 thousand common shares. Its ordinary share capital amounted to \$3,128,979 thousand with 312,898 thousand common shares. It also issued preferred share capital in the amount of \$300,000 thousand, divided into 30,000 thousand shares.

Preferred stock

On 25 March 2021, the Company's board of directors resolved to increase capital by issuing preference shares A, which was approved by the FSC under a letter dated 26 May 2021. The record date of capital increase was set as 5 August 2021. The Company was expected to issue 30,000 thousand shares with a par value of NT\$10 per share at the issue price of NT\$50 per share. The rights and obligations of this issue are as follows:

- A. Maturity date: No maturity date. The preferred shareholders have no rights to request the Company to buy back preferred share A. The Company has rights to buy back all or part of the preferred share A five years after the issue date. The preferred shares still outstanding will retain the aforementioned rights and obligations. If the Company pays out dividends in the year of buyback, the dividend amount will be prorated based on the outstanding days.
- B. Dividends: The dividend yield of the preferred share A is 4% (annual rate), (5-year interest rate swap (IRS) rate, 0.64275% + fixed rate, 3.35725%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day five years after the issue date and every five years thereafter. The record date of the reset is two business days of financial institutions in Taipei prior to the reset date. The five-year IRS rate is the arithmetic means of the offer prices of Reuter's TAFXIRS and COSMOS3 at 11 a.m. on the record date of the reset (business day of financial institutions in Taipei). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.
- C. Dividend payment: The dividends of preferred share A are fully distributed in cash every year. After the financial statements are adopted in an annual general meeting, the board of directors shall authorize the chairman to set the record date for paying the preferred share dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year.
- D. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate 10% as legal reserve pursuant to laws and regulations. Special reserve shall be set aside or reversed from net shareholders' equity reduction in current or accumulative in prior years in accordance with related regulations. The remaining earnings along with the accumulated unappropriated earnings in prior years as shareholders' bonus shall be appropriated as preferred share dividends in accordance with the Article 7-1, Articles of Incorporation.
- E. The Company has discretion over the distribution of preferred stock dividends. If the Company does not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred stockholders have no rights to object. The Board of Directors shall propose a surplus earnings distribution in accordance with Article 32-1, Articles of Incorporation to be adopted by the annual general meeting. After the surplus earnings distribution is

adopted, the distributable amount of preferred share and common shares shall be distributed to preferred shares first.

- F. The preferred shares A issued are non-cumulative. That is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.
- G. Participating privilege: The shareholders of preferred share A are not entitled to cash-settled or share dividends derived from earnings or capital reserve.
- H. Distribution of residual property: Shareholders of preferred stock A have a higher claim to the Company's residual properties than common stockholders. Different types of preferred shares issued by the Company grant holders the same rights to claims, and the shareholders of preferred share A stay subordinate to general creditors. The amount that the shareholders of preferred share A are entitled to is capped at the product of number of outstanding preferred shares at the time of distribution and issuance price.
- I. Voting rights: Shareholders of preferred stock A have neither voting nor election rights. However, they may be elected as directors. They have voting rights in preferred shareholders' meetings or with respect to agendas associated with the rights and obligations of preferred shareholders in shareholders' meetings.
- J. Conversion to ordinary shares: Preferred share A is non-convertible.
- K. Capital reserve issued at preferred share A premium shall not be used as capital during the issuance of the preferred share.
- L. For cash offering of new shares, the shareholders of preferred share A have the same preemptive rights as the common shareholders.

(2) Capital surplus

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Issuance of shares		
Common stock	\$1,023,509	\$1,023,509
Preferred stock	1,195,878	1,195,878
Subtotal	<u>2,219,387</u>	<u>2,219,387</u>
Treasury stock transactions	28,891	28,891
Bond conversion	239,469	239,469
Share of changes in net assets of associate and joint ventures accounted for using the equity method	73,530	73,530
Adjustments for dividends paid to subsidiaries from parent company	19,442	16,623
Difference between consideration and carrying amount of subsidiaries acquired or disposed	18,791	-
Changes in ownership interests in subsidiaries	15,800	-
Other	4,780	4,547
Total	<u>\$2,620,090</u>	<u>\$2,582,447</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserve related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

As at 31 December 2025 and 2024, the Company's shares held by the subsidiary, TI FU INVESTMENT CO., LTD., was both NT\$5,996 thousand, accounting to 940 thousand shares. These shares held by TI FU INVESTMENT CO., LTD. were acquired for the operation before the amendment of the Company Act on 12 November 2001.

(4) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, the current year's net income, after deducting payment of taxes and making up losses for preceding years, shall appropriate 10% as legal reserve, except for when accumulated legal reserve has reached the Company's paid-in capital, the rest shall be appropriated or reserved as special reserve as legally required. If there is still a remaining balance, together with the accumulated undistributed earnings, the Company shall distribute it according to the distribution plan of special dividends (not less than 50% of the available surplus for the current year, of which the cash dividend shall not be less than 10%). The board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution of distribution.

According to the Company Act, the Company needs to set aside the amount to legal reserve unless such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The appropriations of earnings for 2025 were proposed at the board of directors’ meeting on March 12, 2026. The appropriations of earnings for 2024 were resolved at the general shareholders’ meeting on June 19, 2025. The proposals were as follows:

P l e s e	Appropriation of earnings		Dividend per share (NT\$)	
	2025	2024	2025	2024
Legal reserve	\$61,774	\$156,116		
Special reserve	(159,777)	(109,965)		
Common stock -cash dividend	375,478	938,694	NT\$1.2 per share	NT\$3.0 per share
Preferred stock -cash dividend	60,000	60,000	NT\$2.0 per share	NT\$2.0 per share

refer to Note 6. (16) for relevant information on estimation basis and recognized amount of employees’ compensations and remunerations to directors and supervisors.

13. Operating revenue

	2025	2024
Revenue from contracts with customers		
Sale of goods	\$12,250,435	\$13,374,748
Time point of revenue recognition:		
At a point of time	\$12,250,435	\$13,374,748

14. Expected credit losses / (gains)

	2025	2024
Operating expense- expected credit (gains) losses		
Notes receivables	\$(3)	\$(13)
Accounts receivables	(27)	17,633
Total	\$(30)	\$17,620

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2025 and 2024 was as follows:

The Company considers trade receivables that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follows:

As at 31 December 2025

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-360 days	>=361 days	
Gross carrying amount	\$3,921,174	\$144,801	\$32,877	\$-	\$25,198	\$4,124,050
Loss ratio	0%~1%	1%~30%	30%	-	100%	
Lifetime expected credit losses	(4,364)	(10,660)	(9,511)	-	(25,198)	(49,733)
Carrying amount	\$3,916,810	\$134,141	\$23,366	\$-	\$-	\$4,074,317

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 Dec. 2025	31 Dec. 2024
Land	\$2,030	\$411,175
Buildings	94,422	100,171
Total	<u>\$96,452</u>	<u>\$511,346</u>

For the year ended 31 December 2025 and 2024, the Company's additions to right-of-use assets amounting to NT\$44,251 thousand and NT\$85,262 thousand, respectively.

(b) Lease liabilities

	31 Dec. 2025	31 Dec. 2024
Current	\$32,750	\$39,730
Non-current	65,475	384,476
Total	<u>\$98,225</u>	<u>\$424,206</u>

Please refer to Note 6.17(3) for the interest on lease liabilities recognized for the years ended 31 December 2025 and 2024 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2025 and 2024.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2025	2024
Land	\$544	\$560
Buildings	34,070	14,033
Total	<u>\$34,614</u>	<u>\$14,593</u>

C. Income and costs relating to leasing activities

	2025	2024
The expenses relating to short-term leases	\$1,367	\$13,231
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	927	830

D. Cash outflow relating to leasing activities

For the years ended 31 December 2025 and 2024, the Company's total cash outflows for leases amounted to NT\$50,729 thousand and NT\$54,767 thousand, respectively.

15. For the years ended 31 December 2025 and 2024, the Company's aggregate information on personnel, depreciation and amortization expenses were as follows:

Character \ Function	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense						
Salaries	\$621,574	\$368,194	\$989,768	\$636,562	\$418,280	\$1,054,842
Insurances	77,463	44,322	121,785	74,810	41,683	116,493
Pensions	27,110	19,173	46,283	27,283	18,581	45,864
Director's remuneration	-	8,000	8,000	-	24,000	24,000
Other personnel expenses	43,875	22,494	66,369	45,248	22,589	67,837
Depreciations	1,270,971	107,038	1,378,009	1,222,436	77,558	1,299,994
Amortization	10,317	12,280	22,597	10,042	10,799	20,841

- (1) The number of the Company's employees as at 31 December 2025 and 2024 was 1,644 and 1,653, respectively, including both 8 directors who were not concurrently employees.
- (2) Companies which have been listed on Taiwan Stock Exchange or Taiwan Over-the Counter Securities Exchange should disclose the following information:
- Average employee benefits of 2025 and 2024 were NT\$748 thousand and NT\$781 thousand, respectively.
 - Average salaries of 2025 and 2024 were NT\$605 thousand and NT\$641 thousand, respectively.
 - The Company's average salary expense adjustment by (6) %.
 - The salary and remuneration policy of the Company:

Director's remuneration established pursuant to Articles 32 of the Company's Articles of Incorporation is as follows:

The Company shall allocate no more than 3% of annual profit as director's remuneration; however, the Company's accumulated losses shall have been covered first.

The managers' remuneration and employee's compensation are determined based on the salary level of the position in the industry, the position's responsibilities and contribution to the Company's operation goals. In addition to the Company's overall operating performance, factors such as personal performance achievement and contribution to the corporate performance are also considered when determining remuneration to provide reasonable compensation to employees.

According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees' compensation, of which the proportion distributed to non-executive employees shall not be lower than 50%, and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level for the year ended December 31, 2025, the Company accrued NT\$12,000 thousand employees' compensation and NT\$8,000 thousand remunerations to directors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 12 March 2026 to distribute NT\$12,000 thousand and NT\$8,000 thousand in cash as employee's compensation and remuneration to directors, respectively.

There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2024 earnings and the estimated amount in the financial statements for the year ended 31 December 2024.

17. Non-operating income and expenses

(1) Other income

	<u>2025</u>	<u>2024</u>
Interest income	\$15,291	\$24,847
Rent income	11,118	8,713
Dividend income	6,417	4,368
Other income-other	26,518	20,039
Total	<u>\$59,344</u>	<u>\$57,967</u>

(2) Other gains and losses

	<u>2025</u>	<u>2024</u>
Gains on disposal of property, plant and equipment	\$894	\$2,641
Foreign exchange gains (losses), net	(49,626)	270,446
(Losses) on financial assets or liabilities at fair value through profit or loss	(28,953)	(20,171)
Other losses	(2,977)	(3,680)
Total	<u>\$(80,662)</u>	<u>\$249,236</u>

(3) Finance costs

	<u>2025</u>	<u>2024</u>
Interest on borrowings from bank	\$(135,890)	\$(94,377)
Interest on lease liabilities	(4,727)	(6,405)
Total	<u>\$(140,617)</u>	<u>\$(100,782)</u>

18. Components of other comprehensive income (loss)

Components of other comprehensive income for the year ended 31 December 2025 are as follows:

For the year ended 31 Dec. 2025	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	\$30,699	\$(6,140)	\$24,559
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(14,987)	-	(14,987)
Share of other comprehensive (losses) of subsidiaries, associates, and joint ventures accounted for using the equity method	(47,131)	-	(47,131)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	368,237	(73,647)	294,590
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(270)	(1,555)	(1,825)
Total other comprehensive income	<u>\$336,548</u>	<u>\$(81,342)</u>	<u>\$255,206</u>

Components of other comprehensive income for the year ended 31 December 2024 are as follows:

For the year ended 31 Dec. 2024	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	\$22,662	\$(4,532)	\$18,130
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(16,771)	-	(16,771)
Share of other comprehensive (losses) of subsidiaries, associates, and joint ventures accounted for using the equity method	(39,934)	-	(39,934)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	151,028	(30,205)	120,823
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	55,979	(11,196)	44,783
Total other comprehensive income	<u>\$172,964</u>	<u>\$(45,933)</u>	<u>\$127,031</u>

19. Income Tax

The major components of income tax expense (income) for the years ended 31 December 2025 and 2024 are as follows:

Income tax expense recognized in profit or loss

	<u>2025</u>	<u>2024</u>
Current income tax expense (benefit):		
Current income tax charge	\$149,194	\$255,240
Adjustments in respect of current income tax of prior periods	(6,327)	(13,038)
Deferred tax (income) expense:		
Deferred income tax expense (income) related to origination and reversal of temporary differences	34,825	60,762
Total Income tax expense	<u>\$177,692</u>	<u>\$302,964</u>

Income tax relating to components of other comprehensive income

	<u>2025</u>	<u>2024</u>
Deferred tax expense (income):		
Remeasurements of the defined benefit plan	\$6,140	\$4,532
Exchange differences on translation of foreign operations	73,647	30,205
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	1,555	11,196
Income tax relating to components of other comprehensive income	<u>\$81,342</u>	<u>\$45,933</u>

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	<u>2025</u>	<u>2024</u>
Net profit before tax from continuing operations	<u>\$775,470</u>	<u>\$1,847,050</u>
Tax at the domestic rates applicable to profits in the country concerned	\$155,094	\$369,410
Tax effect of revenues exempt from taxation	(25,714)	(92,072)
Tax effect of expenses not deductible for tax purposes	32	20
Tax effect of deferred tax assets/liabilities	72,669	56,053
Adjustments in respect of current income tax of prior periods	(6,327)	(13,038)
Others	<u>(18,062)</u>	<u>(17,409)</u>
Total income tax expenses recorded in profit or loss	<u><u>\$177,692</u></u>	<u><u>\$302,964</u></u>

Deferred tax assets (liabilities) related to the following:

For the year ended 31 December 2025

	<u>1 Jan. 2025</u>	<u>Recognized in income</u>	<u>Recognized in other comprehensive income</u>	<u>31 Dec. 2025</u>
Temporary differences				
Unrealized exchange losses (gains)	\$(8,557)	\$(17,669)	\$-	\$(26,226)
Allowance for doubtful debts over limit	9,140	(1,756)	-	7,384
Unrealized allowance for inventory valuation losses	16,457	9,623	-	26,080
Exchange differences on translation of foreign operations	22,857	-	(75,202)	(52,345)
Valuation of financial assets at fair value through profit or loss	1,520	(923)	-	597
Unrealized transactions with entities within the Company	170,591	(22,634)	-	147,957
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	8,108	433	-	8,541
Net defined benefit liabilities, non-current	10,759	(1,476)	(6,140)	3,143
Depreciation difference for tax purpose	1,933	(423)	-	1,510
Impairment on property, plant and equipment	6,013	-	-	6,013
Deferred income tax (expenses) benefit		<u><u>\$(34,825)</u></u>	<u><u>\$(81,342)</u></u>	
Net deferred tax assets and liabilities	<u><u>\$200,104</u></u>			<u><u>\$83,937</u></u>
As presented on the balance sheets:				
Deferred tax assets	<u><u>\$247,378</u></u>			<u><u>\$201,225</u></u>
Deferred tax liabilities	<u><u>\$(47,274)</u></u>			<u><u>\$(117,288)</u></u>

For the year ended 31 December 2024

	1 Jan. 2024	Recognized in income	Recognized in other comprehensive income	31 Dec. 2024
Temporary differences				
Unrealized exchange losses (gains)	\$25,797	\$(34,354)	\$-	\$(8,557)
Allowance for doubtful debts over limit	29,965	(20,825)	-	9,140
Unrealized allowance for inventory valuation losses	13,167	3,290	-	16,457
Exchange differences on translation of foreign operations	64,258	-	(41,401)	22,857
Valuation of financial assets at fair value through profit or loss	(102)	1,622	-	1,520
Unrealized transactions with entities within the Company	174,567	(3,976)	-	170,591
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	7,605	503	-	8,108
Net defined benefit liabilities, non-current	21,959	(6,668)	(4,532)	10,759
Depreciation difference for tax purpose	2,287	(354)	-	1,933
Impairment on property, plant and equipment	6,013	-	-	6,013
Deferred income tax (expenses) benefit		<u>\$(60,762)</u>	<u>\$(45,933)</u>	
Net deferred tax assets and liabilities	<u>\$306,799</u>			<u>\$200,104</u>
As presented on the balance sheets:				
Deferred tax assets	<u>\$345,618</u>			<u>\$247,378</u>
Deferred tax liabilities	<u>\$(38,819)</u>			<u>\$(47,274)</u>

The assessment of income tax returns

As at 31 December 2025, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	2023

20. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period .

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>2025</u>	<u>2024</u>
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$597,778	\$1,544,086
Dividends on preference shares (in thousand NT\$)	<u>(60,000)</u>	<u>(60,000)</u>
Profit used in computation of earnings per share (in thousand NT\$)	<u>\$537,778</u>	<u>\$1,484,086</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands of shares)	<u>311,958</u>	<u>311,958</u>
Basic earnings per share (NT\$)	<u>\$1.72</u>	<u>\$4.76</u>
	<u>2025</u>	<u>2024</u>
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$597,778	\$1,544,086
Dividends on preference shares (in thousand NT\$)	<u>(60,000)</u>	<u>(60,000)</u>
Profit used in computation of earnings per share (in thousand NT\$)	<u>\$537,778</u>	<u>\$1,484,086</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands of shares)	311,958	311,958
Effect of dilution:		
Employee bonus – stock (in thousands)	<u>1,130</u>	<u>858</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>313,088</u>	<u>312,816</u>
Diluted earnings per share (NT\$)	<u>\$1.72</u>	<u>\$4.74</u>

No other transactions that would significantly affect the outstanding common shares or potential ordinary shares incurred during the period after reporting date and up to the approval date the financial statements.

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that made transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationships of the related parties</u>
JUOKU TECHNOLOGY CO., LTD.	Subsidiary
TYC VIETNAM INDUSTRIAL CO., LTD.	Subsidiary
TYC EUROPE B.V.	Subsidiary
TYC CHANGZHOU PRECISION MOLD CO., LTD. (Note 1)	Subsidiary
TYC KUNSHAN AUTO PARTS CO., LTD. (Note 2)	Subsidiary
T.I.T. INTERNATIONAL CO., LTD.	Subsidiary
GENERA CORPORATION	Subsidiary
TYC CHANGZHOU AUTO PARTS CO., LTD.	(Note 3)
TYC VIETNAM INDUSTRIAL CO., LTD.	Subsidiary
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The Company is the corporate director
LSC ECOSYSTEM CORPORATION	Associate
I YUAN PRECISION INDUSTRIAL CO., LTD.	Associate
JNS AUTO PARTS LIMITED	Associate
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
DBM REFLEX ENTERPRISES INC.	Substantive related party
FORTOP INDUSTRIAL CO., LTD.	Substantive related party

(Note 1) CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD. has been renamed to TYC CHANGZHOU PRECISION MOLD CO., LTD. in June 2025.

(Note 2) KUN SHAN TYC HIGH PERFORMANCE CO., LTD. has been renamed to TYC KUNSHAN AUTO PARTS CO., LTD. in May 2025.

(Note 3) VARROC TYC AUTO LAMPS CO.,LTD. has been renamed to TYC CHANGZHOU AUTO PARTS CO., LTD. in May 2025. TYC CHANGZHOU AUTO PARTS CO., LTD. became subsidiary from joint venture of the Company since July 1, 2025.

Significant transactions with related parties

(1) Sales

	<u>2025</u>	<u>2024</u>
Subsidiaries		
GENERA CORPORATION	\$4,990,111	\$5,220,183
TYC EUROPE B.V.	2,401,421	2,579,378
Other	295,085	299,387
Subtotal	<u>7,686,617</u>	<u>8,098,948</u>
Other related parties	<u>67,656</u>	<u>66,134</u>
Total	<u>\$7,754,273</u>	<u>\$8,165,082</u>

The Company sold products to some related parties mainly based on the US OEM price \times 0.24 as the reference price. The payment term was T/T 135 days; some related parties who were single manufacturers, therefore the price could not be compared. The payment term was T/T 150 days; the sales price of some related parties was equivalent to that of non-related parties, and the terms of collection were every other month, payable between 1 to 3 months, which was equivalent to ordinary transactions.

(2) Purchases

	<u>2025</u>	<u>2024</u>
Subsidiaries		
JUOKU TECHNOLOGY CO., LTD.	\$414,718	\$429,159
T.I.T. INTERNATIONAL CO., LTD.	300,387	321,393
Other	72,086	73,976
Subtotal	<u>787,191</u>	<u>824,528</u>
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD.	262,111	331,248
Other	2,169	3,031
Subtotal	<u>264,280</u>	<u>334,279</u>
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	884,607	869,680
Other	172,487	203,462
Subtotal	<u>1,057,094</u>	<u>1,073,142</u>
Total	<u>\$2,108,565</u>	<u>\$2,231,949</u>

The Company purchases goods from related parties. Its bargaining method for purchase is the same as that of non-related parties. The payment terms are the next month of the purchase, and are payable between 1 to 3 months, which is equivalent to ordinary transactions.

(3) Accounts receivables - related parties

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Subsidiaries		
GENERA CORPORATION	\$2,433,357	\$1,908,165
TYC EUROPE B.V.	366,640	467,742
Other	234,166	242,565
Subtotal	<u>3,034,163</u>	<u>2,618,472</u>
Other related parties	22,241	20,080
Total	3,056,404	2,638,552
Less: allowance for doubtful accounts	(327)	(305)
Net	<u><u>\$3,056,077</u></u>	<u><u>\$2,638,247</u></u>

(4) Other receivables(non-financing)

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Subsidiaries	\$1,972	\$6,957
Other related parties	393	64
Total	<u>2,365</u>	<u>7,021</u>
Less: allowance for doubtful accounts	(2)	(668)
Net	<u><u>\$2,363</u></u>	<u><u>\$6,353</u></u>

(5) Accounts payables - related parties

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Subsidiaries		
JUOKU TECHNOLOGY CO., LTD.	\$176,604	\$161,374
TYC CHANGZHOU PRECISION MOLD CO., LTD.	54,305	49,142
Other	55,300	69,672
Subtotal	<u>286,209</u>	<u>280,188</u>
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD.	81,808	139,798
Other	462	186
Subtotal	<u>82,270</u>	<u>139,984</u>
Joint ventures	-	7
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	300,129	292,283
Other	13,790	21,835
Subtotal	<u>313,919</u>	<u>314,118</u>
Total	<u><u>\$682,398</u></u>	<u><u>\$734,297</u></u>

(6) Significant asset transactions

Acquisition of property, plant and equipment

	Purchase price	
	2025	2024
Subsidiaries		
TYC CHANGZHOU PRECISION MOLD CO., LTD.	\$245,481	\$268,832
JUOKU TECHNOLOGY CO., LTD.	171,685	57,514
DBM REFLEX OF TAIWAN CO., LTD.	57,890	60,045
Others	1,486	-
Subtotal	476,542	386,391
Other related parties		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	96,440	-
BUILDUP INTERNATIONAL TRADING CO., LTD.	96,449	-
Others	18,770	14,710
Subtotal	211,659	14,710
Total	\$688,201	\$401,101

(7) Financing

The Company's financing to other related parties is as follows:(other accounts receivables)

	31 Dec. 2025	31 Dec. 2024
Subsidiaries		
BESTE MOTOR CO., LTD.	\$-	\$3,274
TYC CHANGZHOU AUTO PARTS CO., LTD. (Note)	89,920	-
Joint ventures		
TYC CHANGZHOU AUTO PARTS CO., LTD. (Note)	-	133,590
Total	\$89,920	\$136,864

(9) Key management personnel compensation

	2025	2024
Short-term employee benefits	\$45,128	\$47,382
Post-employment benefits	647	642
Total	\$45,775	\$48,024

VIII. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Company pledged as collateral:

Item	Amount		Purpose of pledge
	2025	2024	
Property, plant and equipment- Land	\$161,590	\$161,590	Bank borrowings
Property, plant and equipment-Buildings	209,985	219,308	Bank borrowings
Refundable Deposits	-	10,488	Collateral for land lease
Total	<u>\$371,575</u>	<u>\$391,386</u>	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

As at 31 December 2025, the Company is involved in the following activities that are not shown in the financial statements:

1. In order to assist the subsidiary T.I.T. INTERNATIONAL CO., LTD. in obtaining loan credit line, the Company issued a Stand-by L/C USD 1,000 thousand as a guarantee as of 31 December 2025.
2. According to “the Regulations Governing the Establishment and Management of Bonded Warehouses,” the Company paid guarantee payable of bonded warehouse registration in the amount of NT\$ 8,500 thousand as of 31 December 2025.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. OTHER

1. Categories of financial instruments

Financial assets

	31 Dec. 2025	31 Dec. 2024
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$88	\$-
Financial assets at fair value through other comprehensive income	75,980	89,724

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	719,196	794,631
Notes receivables (related parties included)	2,239	2,906
Accounts receivables (related parties included)	4,072,078	3,687,206
Other receivables	170,494	311,925
Refundable deposits (recognized as other non-current assets)	4,478	14,995
Subtotal	<u>4,968,485</u>	<u>4,811,663</u>
Total	<u><u>\$5,044,553</u></u>	<u><u>\$4,901,387</u></u>

Financial Liabilities

	<u>31 Dec. 2025</u>	<u>31 Dec. 2024</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	<u>\$3,075</u>	<u>\$7,598</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings and short-term notes and bills payable	579,873	400,000
Payables	2,935,359	3,297,924
Long-term borrowings (current portion included)	8,600,429	5,413,122
Lease liabilities	98,225	424,206
Guarantee deposit (under the account of other non-current liabilities-others)	155	374
Subtotal	<u>12,214,041</u>	<u>9,535,626</u>
Total	<u><u>\$12,217,116</u></u>	<u><u>\$9,543,224</u></u>

2. Financial risk management objectives and policies

The Company's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependence between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly affected by USD and EUR. The information of the sensitivity analysis is as follows:

- (a) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2025 and 2024 decreases/increases by NT\$34,564 thousand and NT\$31,161 thousand, respectively.
- (b) When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2025 and 2024 decreases/increases by NT\$6,767 thousand and NT\$5,894 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investment at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2025 and 2024 to decrease/increase by NT\$8,461 thousand and NT\$5,019 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified as measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12. (9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As at 31 December 2025 and 2024, accounts receivables from the top ten customers represented 83% and 81% of the total accounts receivables of the Company, respectively.

The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by internal control procedures, which are banks and financial institutions, companies and government entities with good credit ratings and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 Dec. 2025					
Borrowings	\$779,344	\$7,324,191	\$1,292,698	\$-	\$9,396,233
Short-term bills payables	130,000				130,000
Payables	2,935,359	-	-	-	2,935,359
Lease liabilities (Note)	34,153	45,235	13,158	10,020	102,566
31 Dec. 2024					
Borrowings	\$1,014,745	\$4,781,542	\$180,283	\$-	\$5,976,570
Payables	3,297,924	-	-	-	3,297,924
Lease liabilities (Note)	45,712	86,474	72,242	257,800	462,228

Note: Information about the maturities of lease liabilities is provided in the table below:

	Maturities				Total
	Less than 5 years	5 to 10 years	10 to 15 years	Over 15 years	
2025.12.31	\$92,546	\$3,600	\$3,600	\$2,820	\$102,566
2024.12.31	204,428	250,660	3,600	3,540	462,228

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2025 and 2024:

	Long-term Borrowings					Total liabilities from financing activities
	Short-term borrowings	Short-term notes and bills payable	(Current portion included)	Guarantee deposit	Lease liabilities	
1 Jan. 2025	\$400,000	\$-	\$5,413,122	\$374	\$424,206	\$6,237,702
Cash flows	50,000	129,873	3,186,763	(219)	(43,708)	3,322,709
Non-cash changes	-	-	544	-	(282,273)	(281,729)
31 Dec. 2025	<u>\$450,000</u>	<u>\$129,873</u>	<u>\$8,600,429</u>	<u>\$155</u>	<u>\$98,225</u>	<u>\$9,278,682</u>
1 Jan. 2024	\$650,000	\$-	\$5,174,327	\$482	\$535,487	\$6,360,296
Cash flows	(250,000)	-	238,795	(108)	(34,301)	(45,614)
Non-cash changes	-	-	-	-	(76,980)	(76,980)
31 Dec. 2024	<u>\$400,000</u>	<u>\$-</u>	<u>\$5,413,122</u>	<u>\$374</u>	<u>\$424,206</u>	<u>\$6,237,702</u>

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, trade receivables, accounts payable, and other current liabilities approximate their fair value due to their short

maturities.

- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities)
- D. Fair value of debt instruments without market quotations, bank loans, short-term notes and bills payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (9) for fair value measurement hierarchy for financial instruments of the Company.

8. Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments is not qualified for hedge accounting and is not yet settled as at 31 December 2025 and 2024 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to transactions of forward currency contracts:

Item (by contract)	Notional Amount	Contract Period
As at 31 Dec. 2025		
Forward currency contracts	Sell foreign currency USD 9,000 thousand	From 3 Nov. 2025 to 2 Feb. 2026
As at 31 Dec. 2024		
Forward currency contracts	Sell foreign currency USD 13,000 thousand	From 17 Oct. 2024 to 11 Mar. 2025

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

9. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

31 Dec. 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$88	\$-	\$88
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	18,586	-	57,394	75,980
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	3,075	-	3,075

31 Dec. 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$32,330	\$-	\$57,394	\$89,724
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	7,598	-	7,598

Transfers between Level 1 and Level 2 during the period

For the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2025

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets: Financial assets at fair value through other comprehensive income-non-current					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's profit or loss by NT\$10,107 thousand

As at 31 December 2024

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets: Financial assets at fair value through other comprehensive income-non-current					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's profit or loss by NT\$7,227 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below (Amounts in thousands of Foreign Currencies):

	31 Dec. 2025		
	Foreign currency	Exchange	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$117,639	31.430	\$3,697,394
EUR	18,338	36.90	676,672
CNY	67,753	4.496	304,617
Non- monetary items:			
USD	198,356	31.430	6,234,329
VND	42,686,441	0.00118	50,370
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$7,668	31.430	\$241,005
	31 Dec. 2024		
	Foreign currency	Exchange	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$103,862	32.735	\$3,399,923
EUR	17,371	33.94	589,572
CNY	109,682	4.453	488,414
Non- monetary items:			
USD	128,740	32.79	4,221,385
VND	58,113,386	0.00127	73,804
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$8,644	32.835	\$283,826

The Company has various functional currencies. No information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2025 and 2024, the foreign exchange gains (losses) on monetary financial assets and financial liabilities were NT\$(49,626) thousand and NT\$270,446 thousand respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

11. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. ADDITIONAL DISCLOSURES

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:
 - (a) Financing provided to others for the year ended 31 December 2025: Please refer to Attachment 1.
 - (b) Endorsement/Guarantee provided to others for the year ended 31 December 2025: Please refer to Attachment 2.
 - (c) Significant securities held as at 31 December 2025 (excluding subsidiaries, associates and joint venture): None.
 - (d) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2025: Please refer to Attachment 3.
 - (e) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as at 31 December 2025: Please refer to Attachment 4.
 - (f) Names, locations and related information of investees as at 31 December 2025 (excluding investment in Mainland China): Please refer to Attachment 5.
 - (g) Derivative instruments transactions: Please refer to Note12(8).

(2) Investment in Mainland China:

- (a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income of investee company, percentage of ownership, investment income, carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6.
- (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1, Attachment 2, Attachment 3, Attachment 4, Attachment 5, and Attachment 6.

XIV. SEGMENT INFORMATION

In accordance with Article 22 of the Regulations, the Company is not required to prepare operating segment information for the parent company only financial statements. Please refer to the consolidated financial statements of TYC BROTHER INDUSTRIAL CO., LTD. and subsidiaries for operating segment information.

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 1

Financing provided to others

No. (Note 1)	Lender	Counterparty	Account	Related Party	Max. balance for the period (Note 9)	Ending balance	Actual usage amount	Interest rate interval	Nature of financing (Note 6)	Transaction amount (Note 7)	Reason for short-term financing (Note 8)	Loss allowance	Collateral		Limit of financing amount for individual counterparty	Limit of total financing amount	Note
													Item	Value			
0	The Company	TYC CHANGZHOU AUTO PARTS	Other receivables	Y	\$134,880 (CNY 30,000 thousand)	\$89,920 (CNY 20,000 thousand)	\$89,920 (CNY 20,000 thousand)	3.50%	2	\$-	Operating turnover	\$-	-	\$-	\$2,011,033 (Note 2)	\$4,022,066 (Note 3)	(Note 10)
1	SUPRA-ATOMIC	TYC KUNSHAN	Other receivables	Y	28,287 (USD 900 thousand)	28,287 (USD 900 thousand)	28,287 (USD 900 thousand)	5.00%	2	-	Operating turnover	-	-	-	2,223,797 (Note 2)	2,223,797 (Note 3)	(Note 10)
1	SUPRA-ATOMIC	BESTE	Other receivables	Y	20,430 (USD 650 thousand)	20,430 (USD 650 thousand)	20,430 (USD 650 thousand)	5.00%	2	-	Operating turnover	-	-	-	2,223,797 (Note 4)	2,223,797 (Note 5)	(Note 10)
2	TYC CHANGZHOU PRECISION	TYC KUNSHAN	Other receivables	Y	31,472 (CNY 7,000 thousand)	31,472 (CNY 7,000 thousand)	31,472 (CNY 7,000 thousand)	3.50%	2	-	Operating turnover	-	-	-	393,144 (CNY 87,443 thousand) (Note 4)	393,144 (CNY 87,443 thousand) (Note 5)	(Note 10)
2	TYC CHANGZHOU PRECISION	TYC CHANGZHOU AUTO PARTS	Other receivables	Y	67,440 (CNY 15,000 thousand)	44,960 (CNY 10,000 thousand)	44,960 (CNY 10,000 thousand)	3.50%	2	-	Operating turnover	-	-	-	393,144 (CNY 87,443 thousand) (Note 4)	393,144 (CNY 87,443 thousand) (Note 5)	(Note 10)
3	GENERA	W & W	Other receivables	Y	62,860 (USD 2,000 thousand)	62,860 (USD 2,000 thousand)	50,288 (USD 1,600 thousand)	5.75%	2	-	Operating turnover	-	-	-	1,604,219 (USD 51,041 thousand) (Note 4)	1,604,219 (USD 51,041 thousand) (Note 5)	(Note 10)

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 1 (Cont.)

Financing provided to others

No. (Note 1)	Lender	Counterparty	Account	Related Party	Max. balance for the period (Note 9)	Ending balance	Actual usage amount	Interest rate interval	Nature of financing (Note 6)	Transaction amount (Note 7)	Reason for short-term financing (Note 8)	Loss allowance	Collateral		Limit of financing amount for individual counterparty	Limit of total financing amount	Note
													Item	Value			
4	DBM	DBM REFLEX ENTERPRISE S INC.	Other receivables	Y	\$31,430 (USD 1,000 thousand)	\$31,430 (USD 1,000 thousand)	\$31,430 (USD 1,000 thousand)	5.00%	2	-	Operating turnover	-	-	-	\$38,731 (Note 4)	77,461 (Note 5)	
5	TYC CHANGZHOU AUTO PARTS	TYC CHONGQING	Other receivables	Y	539,520 (CNY 120,000 thousand)	539,520 (CNY 120,000 thousand)	505,892 (CNY 112,520 thousand)	3.00%	2	-	Operating turnover	-	-	-	2,539,395 (CNY 564,812 thousand) (Note 4)	2,539,395 (CNY 564,812 thousand) (Note 5)	

(Note 1) The financial information on the parent company and its subsidiaries coded is as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Limit of financing amount for the parent company:

- (1) For those having business relationship with the Company: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity and the amount of business transaction amount. The business transaction amount is the amount of business transaction in recent year between the lender and the counterparty.
- (2) For those in need of short-term financing: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity.

(Note 3) Limit of total financing amount shall not exceed 40% of the Company's net worth of equity.

(Note 4) Limit of financing amount for individual counterparty:

- (1) For those having business relationship with the Company: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity and the amount of business transaction amount. The business transaction amount is the amount of business transaction in recent year between the lender and the counterparty.
- (2) For those in need of short-term financing: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity.
- (3) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 20% of the lender's net worth of the period, but is limited to 100% of net worth of equity.

(Note 5) Limit of total financing amount of subsidiaries shall not exceed 40% of the subsidiary's net worth of equity.

- (1) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 40% of the lender's net worth of the period, but is limited to 100% of net worth of equity.

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 1 (Cont.)

Financing provided to others

(Note 6) The financing provided to others is coded as follows:

(1) For those have business relationship with the Company are coded "1."

(2) For those in need of short-term financing are coded "2".

(Note 7) If financing provided to others is coded "1" , the amount of business transactions should be filled in. The business transaction amount is the amount of business transaction in recent year between lender and the counterparty.

(Note 8) If financing provided to others is coded "2," the reasons for financing the loans and the use of the loans of the counterparty shall be specified, such as repayment, purchasing equipment, operating turnover, etc.

(Note 9) The maximum balance of financing provided to others in the current year.

(Note 10) The exchange rate of the USD to the NTD is 1 : 31.43.

The exchange rate of the CNY to the NTD is 1 : 4.496.

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 2

Endorsement/Guarantee provided to others

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Max. balance amount of guarantees and endorsements provided for others (Note 5)	Ending balance of guarantees and endorsements (Note 6)	Actual usage amount (Note 7)	Amount of property pledged for guarantee and endorsement	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorse ments/gu arantees to subsidiar y	Subsidiary endorseme nts/guarant ees to the parent company	Endorse ments/gu arantees provided to counterp arties in the Mainland China
		Company Name	Relationship (Note 2)										
0	The Company	TYC KUN SHAN	(1).(2)	\$2,011,033	\$502,880 (USD 16,000 thousand)	\$345,730 (USD 11,000 thousand)	\$282,870 (USD 9,000 thousand)	None	3%	\$4,022,066	Y	N	Y
0	The Company	GENERA	(1).(2)	2,011,033	942,900 (USD 30,000 thousand)	942,900 (USD 30,000 thousand)	848,610 (USD 27,000 thousand)	None	9%	4,022,066	Y	N	N
0	The Company	W & W	(1).(2)	2,011,033	234,105 (USD 7,448 thousand)	227,415 (USD 7,236 thousand)	227,415 (USD 7,236 thousand)	None	2%	4,022,066	Y	N	N
0	The Company	T.I.T	(1).(2)	2,011,033	471,450 (USD 15,000 thousand)	471,450 (USD 15,000 thousand)	310,070 (USD 4,000 thousand & THB 184,000 thousand)	None	5%	4,022,066	Y	N	N
1	TYC CHANGZH OU AUTO PARTS	TYC CHONGQING	(1).(2)	1,015,758 (CNY 225,925 thousand)	584,480 (CNY 130,000 thousand)	584,480 (CNY 130,000 thousand)	289,992 (CNY 64,500 thousand)	None	23%	1,015,758 (CNY 225,925 thousand)	N	N	Y

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 2 (Cont.)

Endorsement/Guarantee provided to others

(Note 1) The "No." column shall be filled as follows :

- (1). The issuer is 0.
- (2). The investees are sequentially numbered from 1.

(Note 2) There are 7 types of relationships between the endorser/guarantor and the endorsee/guarantee. Only numbers of types shall be indicated: :

- (1). Entities have business relations with the Company
- (2). The Company directly or indirectly holds more than 50% of voting shares of the entity.
- (3). Entity directly or indirectly owns more than 50% of voting shares of the Company.
- (4). The parent directly or indirectly through subsidiaries holds more than 50% of voting shares of the entity.
- (5). The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project
- (6). All capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7). Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

(Note 3) The endorsement provided for an individual enterprise shall not exceed 20% of the net worth.

(Note 4) The total endorsement provided shall not exceed 40% of the net worth.

(Note 5) The maximum balance amount of guarantees and endorsements provided for others in the current year.

(Note 6) The limitation/amount of guarantees and endorsements provided for others of the Company and subsidiaries approved by the board of directors.

(Note 7) Actual usage amount within the limitation on amount of guarantees and endorsements

(Note 8) The exchange rate of the USD to the NTD is 1 : 31.43.

The exchange rate of the THB to the NTD is 1 : 1.0019.

The exchange rate of the CNY to the NTD is 1 : 4.496.

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 3

Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock

Purchasing (selling) company	Counterparty	Relationship	Transaction				The circumstances and reasons why the transaction conditions are different from those of normal transactions		Notes receivable (paid) and accounts payable		Note
			Purchases (sales)	Amount	Percentage accounting for total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage accounting for total notes and accounts receivables (payables)	
The Company	GENERA	Subsidiary of the Company	Sales	\$4,990,111	41%	T/T 135 days	The price is determined according to the US OEM price×0.24 as the reference price	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivables \$2,433,357	59%	-
	TYC EUROPE	Subsidiary of the Company	Sales	2,401,421	20%	T/T 120 days	A single manufacturer and no other manufacturers to compare	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivables 366,640	9%	-
	T.I.T.	Subsidiary of the Company	Sales	206,557	2%	T/T 150 days	Comparable to general customers		Accounts receivables 22,618	1%	-
	JUOKU TECHNOLOGY	Subsidiary of the Company	Purchases	414,718	5%	Credit on 90 days	Comparable to general customers		Accounts payables 176,604	7%	-
	T.I.T.	Subsidiary of the Company	Purchases	300,387	4%	Credit on 60 days	Comparable to general customers		Accounts payables 22,832	1%	-
	FORTOP INDUSTRIAL CO., LTD.	Substantive related party of the Company	Purchases	884,607	11%	Credit on 90 days	Comparable to general customers		Accounts payables 300,129	12%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD	Investee accounted for using equity method	Purchases	262,111	3%	Credit on 90 days	Comparable to general customers		Accounts payables 81,808	3%	-
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party of the Company	Purchases	168,376	2%	Credit on 20 days	Comparable to general customers		Accounts payables 10,174	-%	-	

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 3 (Cont.)

Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock

Purchasing (selling) company	Counterparty	Relationship	Transaction				The circumstances and reasons why the transaction conditions are different from those of normal transactions		Notes receivable (paid) and accounts payable		Note
			Purchases (sales)	Amount	Percentage accounting for total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage accounting for total notes and accounts receivables (payables)	
JUOKU TECHNOLOGY	The Company	Parent company of the holding company	Sales	\$517,778	25%	T/T 90 days	None		Accounts receivables \$187,211	37%	-
T.I.T.	The Company	Joint venture of the holding company	Sales	287,498	37%	T/T 90 days	None		Accounts receivables 26,431	14%	-
T.I.T.	The Company	Parent company of the holding company	Purchases	223,828	62%	T/T 90 days	None		Accounts payables 16,054	10%	-
GENERA	The Company	Parent company of the holding company	Purchases	3,750,649	80%	T/T 135 days after inspection and acceptance	None		Accounts payables 2,346,634	84%	-
TYC EUROPE	The Company	Parent company of the holding company	Purchases	1,913,165	78%	T/T 120 days after inspection and acceptance	None		Accounts payables 338,731	100%	-
TYC CHANGZHOU PRECISION	The Company	Parent company of the holding company	Sales	165,495	62%	T/T 90 days after inspection and acceptance	None		Accounts receivables 210,480	89%	-

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 4

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

Company with receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Receivables from related parties collected in subsequent period	Provision of loss allowance
					Amount	Treatment		
The Company	GENERA	Subsidiary of the Company	\$2,433,357	2.30	\$894,041	Collection has been strengthened.	\$527,160	\$-
	TYC EUROPE	Subsidiary of the Company	366,460	5.76	-	-	88,950	-
	TYC KUN SHAN	Subsidiary of the Company	210,139	0.32	182,548	Collection has been strengthened.	4,298	-

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 5

Information on names, locations, etc. of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main business	Initial Investment amount		Ending balance			Profit or loss of investees in the current period	Gains or losses on investments recognized in the current period (Note 2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount (Note1)			
The Company	JUOKU TECHNOLOGY	Taiwan	Manufacturing, and sale of automobile parts	\$317,902	\$313,730	26,623,891	60.88%	\$499,652	\$106,551	\$70,165	Subsidiary
	TI YUAN INVESTMENT	Taiwan	Marketable securities trading business	10,943	10,943	3,820	100.00%	42,875	2,557	2,557	Subsidiary
	TI FU INVESTMENT	Taiwan	Marketable securities trading business	50,076	40,076	8,550	100.00%	107,460	34,048	31,229	Subsidiary (Note 3)
	SUPRA-ATOMIC	British Virgin Islands	Reinvestment holding activities	3,596,429	3,483,005	63,275,967	100.00%	1,871,295	107,951	107,951	Subsidiary
	BESTE	British Virgin Islands	Reinvestment holding activities	2,063,892	641,449	65,072,000	100.00%	2,968,965	(173,304)	(173,304)	Subsidiary
	CONTEK	British Virgin Islands	Reinvestment holding activities	73,690	73,690	2,436,000	100.00%	36,074	(284)	(284)	Subsidiary
	I YUAN PRECISION INDUSTRIAL CO., LTD	Taiwan	Manufacturing, processing and sale of automobile parts	126,986	126,986	5,617,854	15.66%	206,315	34,236	6,221	Investee accounted for using equity method (Note 4)
	INNOVA	Delaware, U.S.A.	Reinvestment holding activities	1,225,326	981,456	7,049	100.00%	1,357,993	(196,496)	(196,496)	Subsidiary
	TYCVN	Vietnam	Manufacture and sale automobile lights	88,740	88,740	-	60.00%	50,370	(27,827)	(16,696)	Subsidiary

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 5 (Cont.)

Information on names, locations, etc. of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main business	Initial Investment amount		Ending balance			Profit or loss of investees in the current period	Gains or losses on investments recognized in the current period (Note 2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount (Note1)			
JUOKU TECHNOLOGY	TSM	British Virgin Islands	Reinvestment holding activities	\$10,122	\$10,122	300,000	100.00%	\$5,594	\$2	\$2	Sub-subsidiary
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	332,346	67,919	33,960	Joint venture
TI YUAN	I YUAN PRECISION INDUSTRIAL CO., LTD.	Taiwan	Manufacturing, and sale of automobile parts	38,152	38,152	900,914	2.51%	38,152	34,196	-	Investee accounted for using equity method (Note 4)
TI FU	DBM	Taiwan	Manufacture tooling mold and international trading business	25,500	25,500	3,000,000	50.00%	96,827	56,026	28,013	Sub-subsidiary
SUPRA-ATOMIC	EUROPILOT	British Virgin Islands	Reinvestment holding activities	451,335 (USD 14,360 thousand)	451,335 (USD 14,360 thousand)	14,359,821	100.00%	1,220,824	192,212	192,212	Sub-subsidiary
	MOTOR-CURIO	British Virgin Islands	Reinvestment holding activities	158,124 (USD 5,031 thousand)	125,500 (USD 3,993 thousand)	5,031,400	100.00%	278,677	30,394	30,394	Sub-subsidiary
	SPARKING	British Virgin Islands	Reinvestment holding activities	1,537,430 (USD 48,916 thousand)	1,537,430 (USD 48,916 thousand)	30,915,717	100.00%	66,878	(116,511)	(116,511)	Sub-subsidiary
	EUROLITE	British Virgin Islands	Reinvestment holding activities	652,424 (USD 20,758 thousand)	652,424 (USD 20,758 thousand)	10,053,000	100.00%	194,342	(14,913)	(14,913)	Sub-subsidiary
	UNIMOTOR	British Virgin Islands	Reinvestment holding activities	216,458 (USD 6,887 thousand)	216,458 (USD 6,887 thousand)	6,887,000	100.00%	394,177	16,023	16,023	Sub-subsidiary
EUROPILOT	TYC EUROPE	Holland	Sale automobile lights	451,335 (USD 14,360 thousand)	475,075 (USD 14,360 thousand)	120,000	100.00%	1,220,785	192,221	192,221	Sub-subsidiary

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 5 (Cont.)

Information on names, locations, etc. of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main business	Initial Investment amount		Ending balance			Profit or loss of investees in the current period	Gains or losses on investments recognized in the current period (Note 2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount (Note1)			
EUROLITE	T.I.T.	Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	\$652,424 (USD 20,758 thousand)	\$652,424 (USD 20,758 thousand)	3,394,920	99.98%	\$194,273	\$(14,914)	\$(14,911)	Sub-sub-sidiary
BESTE	TYC CZ CORPORATION	British Virgin Islands	Reinvestment holding activities	884,566 (USD 28,144 thousand)	442,283 (USD 14,072 thousand)	28,144,000	100.00%	3,019,172	(113,603)	(113,603)	Sub-subsidiary
CONTEK	ATECH INTERNATIONAL CO., LTD.	Cayman Islands	Reinvestment holding activities	78,575 (USD 2,500 thousand)	78,575 (USD 2,500 thousand)	2,500,000	25.00%	37,427	(677)	(169)	Investee accounted for using equity method
MOTOR-CURIO	JNS AUTOTECH CO., LTD. (THAI)	Thailand	Manufacture of automobile components	98,627 (USD 3,138 thousand)	50,917 (USD 1,620 thousand)	-	30.00%	103,705	(10,686)	(3,206)	Investee accounted for using equity method
INNOVA	GENERA	State of California, U.S.A.	Sale of automobile lights and parts	389,386 (USD 12,389 thousand)	389,386 (USD 12,389 thousand)	12,388,505	100.00%	1,604,219 (USD 51,041 thousand)	(77,664) (USD(2,471) thousand)	(77,664) (USD(2,471) thousand)	Sub-subsidiary
	W&W	State of California, U.S.A.	Sale of and rental of real estate	31,430 (USD 1,000 thousand)	31,430 (USD 1,000 thousand)	1,000,000	100.00%	136,186 (USD 4,333 thousand)	10,938 (USD 348 thousand)	10,938 (USD 348 thousand)	Sub-subsidiary
	TYC AMERICAS AUTO PARTS COMPANY LLC	Delaware, U.S.A	Manufacture, processing, and trading of automobile components	471,450 (USD 15,000 thousand)	229,439 (USD 7,300 thousand)	-	100.00%	248,046 (USD 7,892 thousand)	(130,969) (USD(4,167) thousand)	(130,969) (USD(4,167) thousand)	Sub-subsidiary

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(Note 1) The carrying amount of the investment using the equity method is the net amount after deducting the unrealized gains and losses of downstream transactions.

(Note 2) The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

(Note 3) The company treats shares of the Company held by the subsidiaries as treasury stocks. Therefore, carrying amount of the investment using the equity method is the net amount after deducting the treasury stocks.

(Note 4) To coordinate with the parent company, 1 YUAN invested by TI YUAN is included under investee companies accounted for using equity method from financial assets at fair value through other comprehensive income. The parent company recognized gains or losses on investments by 18.17%.

(Note 5) The exchange rate of the USD to the NTD is 1 : 31.43.

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 6

Investment in Mainland China

Investee company	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investments remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investee	Percentage of direct or indirect ownership of investment	Gains (losses) on investment (Note 2)	Ending carrying amount of investment	Gains on investment remitted back as of the end of the period
					Outflow	Inflow						
TYC CHANGZHOU AUTO PARTS CO., LTD.	Manufacture automobile lights	\$848,610 (USD 27,000 thousand)	(1)TYC CZ ORPORATION	\$400,104 (USD 12,730 thousand)	\$1,351,490 (USD 43,000 thousand)	\$-	\$1,751,594 (USD 55,730 thousand)	\$(23,237)	100%	\$121,756 (Note 4)	\$2,530,470	\$548,770 (USD16,764 thousand)
TYC CHANGZHOU PRECISION MOLD CO., LTD.	Manufacture and sale of precision molds	203,258 (USD 6,467 thousand)	(1)UNIMOTOR	203,258 (USD 6,467 thousand)	-	-	203,258 (USD 6,467 thousand)	16,057	100%	16,057	393,144	60,003 (USD1,833 thousand)
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,408 (CNY 1,870 thousand)	(1)SPARKING	5,217 (USD 166 thousand)	-	-	5,217 (USD 166 thousand)	(14,755)	30%	(4,426)	4,304	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	512,309 (USD 16,300 thousand)	(1)MOTOR-CURIO	62,860 (USD 2,000 thousand)	-	-	62,860 (USD 2,000 thousand)	160,848	20%	32,170	174,358	99,187 (USD3,030 thousand)
TYC KUNSHAN AUTO PARTS CO., LTD.	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	942,900 (USD 30,000 thousand)	(1)SPARKING	1,508,640 (USD 48,000 thousand)	-	-	1,508,640 (USD 48,000 thousand)	(112,085)	100%	(112,085)	62,539	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	Design and manufacture high-efficiency energy-saving lamps	14,144 (USD 450 thousand)	(2) TYC CHANGZHOU PRECISION MOLD	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Manufacture automobile parts	220,010 (USD 7,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	55,003 (USD 1,750 thousand)	-	-	55,003 (USD 1,750 thousand)	(2,137) (USD (68) thousand)	25%	(534) (USD (17) thousand)	(4,180) (USD (133) thousand)	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	188,580 (USD 6,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	23,573 (USD 750 thousand)	-	-	23,573 (USD 750 thousand)	1,949 (USD 62 thousand)	25%	503 (USD 16 thousand)	22,724 (USD 723 thousand)	-

TYC BROTHER INDUSTRIAL CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 7 (Cont.)

Investment in Mainland China

Accumulated outward remittance for investment in Mainland China as of end of the period	Investment amount authorized by investment commission, MOEA	Upper limit on the amount of investment stipulated by investment commission, MOEA
\$3,982,810 (USD 126,720 thousand)	\$3,231,130 (USD 102,804 thousand)	(Note 3)

(Note 1) There are three methods of investment:

- (1) Indirectly investment in Mainland China through companies registered in a third region
- (2) Reinvest with Mainland China company's own funds
- (3) Others

(Note 2) Excluding the elimination of unrealized gains or losses among companies.

(Note 3) According to 97.8.22 "Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and the amendment to "Review Principles of Investment or Technical Cooperation in Mainland China", the cumulative amount of investors' investment in Mainland China according to the upper limit set for other enterprises: 60% of its net value or the consolidated net value, whichever is higher. However, enterprises for which the Industrial Development Bureau of the Ministry of Economic Affairs issued the certificate of compliance or the Taiwan subsidiaries of international enterprises shall not be subject to the restriction. The Company qualifies as business headquarters therefore the upper limit does not apply.

(Note 4) Percentage of ownership to TYC CHANGZHOU AUTO PARTS CO., LTD. by the Group increased from 50% to 100% since July 1, 2025. Therefore, gains or losses on investments were recognized by 50% from January to June, and by 100% from July to December.

(Note 5) The exchange rate of the USD to the NTD is 1 : 31.43.

The exchange rate of the CNY to the NTD is 1 : 4.496.

TYC BROTHER INDUSTRIAL CO., LTD.
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31 December 2025

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TYC BROTHER INDUSTRIAL CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

31 December 2025

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Item	Description	Amount	Note
Cash and Petty cash		\$2,097	
Bank Deposits			
Saving account		153,824	
Foreign currency deposit			
	USD 10,481,595	329,437	The exchange rate of the USD to the NTD is 1:31.43
	EUR 5,964,198	220,079	The exchange rate of the EUR to the NTD is 1:36.9
	SGD 428,699	10,482	The exchange rate of the SGD to the NTD is 1:24.45
	RMB 942,760	4,239	The exchange rate of the RMB to the NTD is 1:4.496
	GBP 19,166	811	The exchange rate of the GBP to the NTD is 1:42.33
	JPY 1,615,452	324	The exchange rate of the JPY to the NTD is 1:0.2008
Subtotal		719,196	
Total		\$721,293	

TYC BROTHER INDUSTRIAL CO., LTD.

2.STATEMENT OF ACCONUTS RECEIVABLE

31 December 2025

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
Client A	USD 3,927,313	\$123,435	1. The exchange rate of the USD to the NTD is 1:31.43. The exchange rate of the EUR to the NTD is 1:36.9.
Client B	USD 3,019,024	94,888	
Client C	EUR 2,353,550	86,846	
Others		760,227	2. The amount of individual client in others does not exceed 5% of the account balance.
Subtotal		1,065,396	
Less: Allowance for doubtful debts		(49,395)	
Net amount		\$1,016,001	

TYC BROTHER INDUSTRIAL CO., LTD.

3.STATEMENT OF ACCOUNTS RECEIVABLES-RELATED PARTIES

31 December 2025

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
GENERA CORPORATION	USD 77,421,477	\$2,433,357	1.The exchange rate of the USD to the NTD is 1:31.43.
TYC EUROPE B.V.	EUR 9,380,111	346,126	The exchange rate of the EUR to the NTD is 1:36.9.
	USD 652,682	20,514	
TYC KUNSHAN AUTO PARTS CO., LTD.	RMB 46,739,132	210,139	The exchange rate of the RMB to the NTD is 1:4.496.
Others		46,268	2.The amount of individual client in others does not exceed 5%.
Subtotal		<u>3,056,404</u>	
Less:Allowance for doubtful debts		<u>(327)</u>	
Net		<u><u>\$3,056,077</u></u>	

TYC BROTHER INDUSTRIAL CO., LTD.

4.STATEMENT OF INVENTORIES

31 December 2025

In Thousands of New Taiwan Dollars

Item	Description	Amount		Note
		Cost	Net Realizable	
Raw materials		\$859,171	\$859,171	1. Inventories were not pledged.
Work in process		69,758	69,758	
Finished goods		875,586	983,924	2. Inventories are valued at lower of cost and net realizable value item by item.
Merchandise		21,897	23,639	
Subtotal		1,826,412	\$1,936,492	
Less: Allowance for inventory valuation losses		(130,399)		
Total		<u>\$1,696,013</u>		

TYC BROTHER INDUSTRIAL CO., LTD.

5.STATEMENT OF OTHER CURRENT ASSETS - OTHERS

31 December 2025

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Prepayment of purchases		\$48,443	The amount of individual title in others does not exceed 5% of the account balance.
Prepaid expense	Prepaid expense for repair, maintenance and insurance.	24,990	
Payment on behalf	Payment on behalf for mold repair and vender complaint.	25,453	
Others		5,163	
Total		<u>\$104,049</u>	

TYC BROTHER INDUSTRIAL CO., LTD.
6.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
31 December 2025

In Thousands of New Taiwan Dollars

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance			Fair value/Net assets value		Information on Guarantees or Pledges	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price (NTD)	Total Amount		
JUOKU TECHNOLOGY CO., LTD.	27,923,401	\$442,617	1,300,000 (Note 9)	\$84,545 (Note 1) 49,603 (Note 9)		\$(13,962) (Note 3) (8,041) (Note 2) (5,911) (Note 5) (400) (Note 6) □ 2,599,510 (Note 11) (48,799) (Note 11)	26,623,891	60.88%	\$499,652	30.78	\$498,944	None	
TI YUAN INVESTMENT CO., LTD.	3,820	40,318		2,557 (Note 1)			3,820	100.00%	42,875	11,223.93	42,875	None	
TI FU INVESTMENT CO., LTD.	7,550	140,192		28,666 (Note 1) 1,318 (Note 5) 2,819 (Note 7) 1,000 (Note 9) 10,000 (Note 9)		(33,000) (Note 3) (42,538) (Note 4)	8,550	100.00%	107,457	23,001.19	196,660	None	
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	216,786		6,382 (Note 1)		(16,854) (Note 3)	5,617,854	15.66%	206,314	46.80	262,916	None	
CONTEK CO., LTD.	2,436,000	36,324		34 (Note 2)		(284) (Note 1)	2,436,000	100.00%	36,074	11.40	36,324	None	
INNOVA HOLDING CORP.	6,279	1,255,179	770 (Note 9)	243,870 (Note 9) 136,345 (Note 6)		(192,954) (Note 1) (84,447) (Note 2)	7,049	100.00%	1,357,993	USD 7,240.91	USD 51,041	None	
SUPRA-ATOMIC CO., LTD.	59,786,060	1,575,640		105,236 (Note 1) 100,064 (Note 2) 3,501,907 (Note 9) 113,424 (Note 9)		(23,069) (Note 6)	63,287,967	100.00%	1,871,295	31.36	1,984,475	None	
BESTE MOTOR CO., LTD.	22,072,000	1,354,241		365,586 (Note 2) 43,000,000 (Note 9) 1,422,442 (Note 9)		(173,304) (Note 1)	65,072,000	100.00%	2,968,965	46.20	3,006,059	None	
TYC VIETNAM INDUSTRIAL CO., LTD.	-	73,804		290 (Note 6)		(18,495) (Note 1) (5,229) (Note 2)	-	60.00%	50,370	-	-	None	
Total		\$5,135,101		\$2,673,181		\$(667,287)			\$7,140,995				

Note1: Net investment income or loss accounted for using equity method. (Included elimination of unrealized gain or loss on the upstream transaction between companies.)

Note2: Exchange differences resulting from translating the financial statement of foreign operations.

Note3: Cash dividends paid.

Note4: Share of unrealized gains or losses on valuation of financial assets at fair value through other comprehensive income of subsidiaries.

Note5: Share of remeasurements of the defined benefit plans of subsidiaries.

Note6: Downstream transactions are written off.

Note7: Adjustments for dividends subsidiaries paid by parent company.

Note8: Refund of capital reduction from subsidiaries.

Note9: Cash capital increase.

Note10: Capital reduction to offset accumulated deficits.

Note 11: Sales of shares.

TYC BROTHER INDUSTRIAL CO., LTD.

7.STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPERCIATION

FOR THE YEAR ENDED 31 December 2025

In Thousands of New Taiwan Dollars

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Land	\$411,405	\$0	\$(408,601)	\$2,804	
Buildings	142,328	44,251	(20,142)	166,437	
Total	<u>\$553,733</u>	<u>\$44,251</u>	<u>\$(428,743)</u>	<u>\$169,241</u>	
Accumulated depreciation					
Land	\$230	\$544	\$-	\$774	
Buildings	42,157	34,070	(4,212)	72,015	
Total	<u>\$42,387</u>	<u>\$34,614</u>	<u>\$(4,212)</u>	<u>\$72,789</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

8.STATEMENT OF SHORT-TERM BORROWINGS

31 December 2025

In Thousands of New Taiwan Dollars

Type	Description	Balance, End of Year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Note
Unsecured borrowings	Chang Hwa Commercial Bank, Yanping Branch	\$100,000	2025/10/17~2026/03/17	1.83%	None	
Unsecured borrowings	The Shanghai Commercial & Savings Bank, Tainan Branch	100,000	2025/11/06~2026/01/06	1.89%	None	
Unsecured borrowings	United Overseas Bank, Taipei Branch	150,000	2025/12/26~2026/01/26	1.88%	None	
Unsecured borrowings	Land Bank of Taiwan, Tainan Branch	100,000	2025/12/03~2026/01/02	1.90%	None	
Total		<u>\$450,000</u>				

TYC BROTHER INDUSTRIAL CO., LTD.

9.STATEMENT OF NOTES PAYABLE

31 December 2025

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		\$107,482	The amount of individual client in others does not exceed 5% of the account balance.
Client B		86,597	
Client C		39,997	
Client D		22,382	
Client E		18,595	
Others		26,349	
Total		<u>\$301,402</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

10.STATEMENT OF ACCOUNTS PAYABLE

31 December 2025

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		\$82,926	The amount of individual client in others does not exceed 5% of the account balance.
Others		1,358,749	
Total		<u>\$1,441,675</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

11.STATEMENT OF ACCOUNTS PAYABLE-RELATED PPARTIES

31 December 2025

In Thousands of New Taiwan Dollars
(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
FORTOP INDUSTRIAL CO., LTD.		\$300,129	1.The exchange rate of the USD
JUOKU TECHNOLOGY CO., LTD.		176,604	to the NTD is 1:31.43.
I YUAN PRECISION INDUSTRIAL CO., LTD.	USD 2,555,811	80,329	2.The amount of individual client
		1,479	in others does not exceed 5%
TYC CHANGZHOU PRECISION MOLD CO., LTD.	USD 1,727,813	54,305	of the account balance.
Others		69,552	
Total		<u>\$682,398</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

12.STATEMENT OF OTHER PAYABLES

31 December 2025

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other payables			The amount of individual account title
Salaries payable and bonuses		\$182,601	in others does not exceed 5% of the
Accrued expenses	Engineering payment	97,656	account balance.
Employee's compensation		86,101	
Others	Deposit for mold	112,420	
Other payables-related par	Deposit for mold	31,106	
Total		<u>\$509,884</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

13.STATEMENT OF OTHER CURRENT LIABILITIES

31 December 2025

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other unearned revenue	Advance mold receipts	\$231,658	The amount of individual account title in others does not exceed 5% of the account balance.
Contract liabilities	Advance sales receipts	149,420	
Other	Freight collected on behalf of others	26,588	
Total		<u>\$407,666</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

14.STATEMENT OF LONG-TERM BORROWINGS

31 December 2025

In Thousands of New Taiwan Dollars

Creditors	Description	Amount due within one year	Amount due in one year	Contract Period	Interest rates applied	Commitments or C	Repayment
First Bank	Unsecured Borrowing	\$150,000	-	2019/07/01-2026/09/15	1.83%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank	Unsecured Borrowing	-	750,000	2025/7/29-2027/7/28	1.96%	None	Interests are repaid monthly and bullet repayment on expiry date.
First Bank	Secured Borrowing	-	100,000	2025/7/29-2027/7/28	1.96%	None	Interests are repaid monthly and bullet repayment on expiry date.
First Bank	Syndicated Borrowing	-	1,100,000	2025/10/3-2030/10/3	2.32%	None	Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	Unsecured Borrowing	101,205	269,879	2019/08/09-2029/08/15	1.88%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Chang Hwa Bank	Unsecured Borrowing	-	200,000	2025/6/30-2027/6/30	1.96%	None	Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	Secured Borrowing	-	900,000	2025/6/30-2027/6/30	1.88%	None	Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	Unsecured Borrowing	-	300,000	2025/07/15-2027/07/15	1.94%	None	Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	Unsecured Borrowing	75,000	-	2021/07/06-2026/06/15	1.60%	None	The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	-	770,000	2025/5/2-2027/5/2	1.98%	None	After applying for each drawdown within the credit line, interests payables and principals of each drawdown shall be repaid in full on expiry date.
Yuanta Bank	Unsecured Borrowing	-	700,000	2025/8/29-2027/8/28	1.95%	None	Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	Unsecured Borrowing	-	100,000	2025/2/7-2027/2/7	1.96%	None	Interests are repaid monthly and bullet repayment on expiry date.
Mizuho Bank	Unsecured Borrowing	-	1,090,000	2025/11/20-2027/11/20	1.92%	None	Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank	Unsecured Borrowing	-	400,000	2025/5/7-2027/5/6	1.93%	None	Interests are repaid monthly and bullet repayment on expiry date.
Cathay Bank	Unsecured Borrowing	-	500,000	2025/5/31-2027/5/31	1.92%	None	Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	Unsecured Borrowing	-	200,000	2025/3/6-2027/3/6	2.05%	None	Interests are repaid monthly and bullet repayment on expiry date.
Taishin Bank	Unsecured Borrowing	-	200,000	2025/6/30-2027/12/31	2.05%	None	Interests are repaid monthly and bullet repayment on expiry date.
CTBC Bank	Unsecured Borrowing	-	350,000	2025/5/31-2027/5/31	1.93%	None	Interests are repaid monthly and bullet repayment on expiry date.
Fubon Bank	Unsecured Borrowing	-	350,000	2025/8/11-2027/8/23	1.96%	None	Interests are repaid monthly and bullet repayment on expiry date.
Subtotal		326,205	8,279,879				
Unamortized issue cost		-	(5,655)				
Total		\$326,205	\$8,274,224				

TYC BROTHER INDUSTRIAL CO., LTD.

15.STATEMENT OF LEASE LIABILITIES

31 December 2025

In Thousands of New Taiwan Dollars

Item	Description	Contract Periods	Discount rates applies	Amount	Note
Land		5~20 years	1.42%-1.63%	\$2,053	
Buildings		3~20 years	1.42%-1.76%	96,172	
Subtotal				98,225	
(Less):Current portion				(32,750)	
Lease liabilities, non current				\$65,475	

TYC BROTHER INDUSTRIAL CO., LTD.

16.STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED 31 December 2025

In Thousands of New Taiwan Dollars

Item	Amount	Note
Automobile lights	\$10,358,906	The amount of individual account title in others does not exceed 5% of the account balance.
Automobile light parts	311,859	
Others	1,579,670	
Total	<hr/> \$12,250,435 <hr/>	Sells for water pump, fan and equipment.

TYC BROTHER INDUSTRIAL CO., LTD.
17.STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED 31 December 2025

In Thousands of New Taiwan Dollars

Item	Amount	Note
Cost of Goods Sold of Self-made Product		
Direct material		
Beginning of year	\$792,511	
Add: Raw material purchased	4,096,462	
Gains on physical inventories	460	
Less: Raw material, end of year	(859,171)	
Scrapped	(19,346)	
Sell	(299,942)	
Transfer to other account title	(95,316)	
Supplies and parts used	3,615,658	
Direct labor	470,812	
Factory overheads	2,115,388	
Manufacturing cost	6,201,858	
Add: Work in process, beginning of year	72,508	
Less: Work in process, end of year	(69,758)	
Transfer to other account title	(32,924)	
Cost of finished goods	6,171,684	
Add: Finished goods, beginning of year	775,056	
Finished goods purchased	2,214,532	
Transfer from other account title	51	
Less: Finished goods, end of year	(875,586)	
Losses on physical inventories	(28)	
Scrapped	(4,368)	
Transfer to other account title	(3,125)	
Cost of Goods Sold of Self-made Product	8,278,216	
Cost of Goods sold of Merchandise		
Merchandise: Beginning of year	35,096	
Add: Merchandise purchased	1,475,508	
Transfer from other account title	26	
Less: Merchandise, end of year	(21,897)	
Losses on physical inventories	(6)	
Scrapped	(1)	
Transfer to other account title	(3)	
Cost of Goods sold of Merchandise	1,488,723	
Other operating costs		
Sell raw materials	299,942	
Losses on scrap of inventories	23,715	
Net gains (losses) on physical inventories	(426)	
Losses on inventory market price decline	48,116	
Others	(21,073)	
Total Operating Costs	<u>\$10,117,213</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

18.STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED 31 December 2025

In Thousands of New Taiwan Dollars

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected credit impairment losses (gains)	Total
Payroll expenses	\$93,832	\$131,628	\$150,734	\$-	\$376,194
Freight	40,722	205	1,643	-	42,570
Expected credit impairment losses (gains)	-	-	-	(30)	(30)
Insurance expense	17,718	17,691	17,958	-	53,367
Depreciation	44,560	56,916	5,562	-	107,038
Research expense	-	-	89,034	-	89,034
Commission expense	31,368	-	-	-	31,368
Export and import expense	79,425	12	-	-	79,437
Professional service fee	20,431	23,006	572	-	44,009
Certification fee	35,588	-	90	-	35,678
Software usage fee	227	11,694	19,950	-	31,871
Other expense	80,206	110,211	70,362	-	260,779
Total	<u>\$444,077</u>	<u>\$351,363</u>	<u>\$355,905</u>	<u>\$(30)</u>	<u>\$1,151,315</u>

Note : The amount of individual account title in others does not exceed 5% of the of the account balance.