

**AMAX HOLDING CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024**

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of AMAX Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of AMAX Holding Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Please refer to Note 4(12) for the accounting policies of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(4) for the details of inventories.

The balances of the Group's inventories and allowance for valuation loss as of December 31, 2025 were NT\$1,165,166 thousand and NT\$18,979 thousand, respectively.

The Group is primarily engaged in providing cloud, data center and high performance computing server solutions. Due to the technology innovation, the iteration and update speed of electronic raw materials have accelerated, inventories may become obsolete within a short period. Additionally, the prices of the key raw materials are affected by the overall economic environment. Given that the amount and items of the inventories are significant and numerous, and the processes of valuation of inventories are subject to the management's judgement, we considered the valuation of inventories as one of the

key audit matters.

How our audit addressed the matter

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

1. Understood the policies related to the provision for inventory valuation and verified whether the policies were adopted consistently in all periods.
2. Obtained the reports of the net realisable value of inventories, reviewed the calculation logic and sampled and tested relevant parameters, including verifying supporting documents of selling prices and purchase prices, and recalculated and assessed the reasonableness of the provisions.
3. Obtained the inventory aging reports, performed the inventory aging tests, selected the inventory item numbers and matched with the record of inventory movement to validate the accuracy of the inventory aging, evaluated the reasonableness of the provisions of obsolete and slow-moving inventories assessed by the management according to the inventory aging, the clearance of the inventories and reviewed the supporting documents.

Existence of sales revenue

Description

Refer to Note 4(26) for the accounting policies on revenue recognition and Note 6(16) for the details of revenue.

The Group generates revenue from providing cloud, data center and high performance computing sever solutions and receives orders on project and customised bases. Given that the operating revenue of the industry which the Group is engaged in was affected by the factors such as the supply and demand conditions of the market and the changes in the top ten customers of the Group's operating revenue, we considered the existence of sales revenue of the top ten customers as one of the key audit matters.

How our audit addressed the matter

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

1. Understood and assessed the internal control procedures of sales revenue recognition and tested the effectiveness of internal controls relating to sales revenue.
2. Reviewed the relevant background information of the top ten customers and searched relevant information for verification.
3. Sampled the sales revenue transactions of the top ten customers and verified with relevant vouchers to validate the occurrence of the sales revenue transactions.
4. Reviewed whether there were any unusual or significant sales returns and discounts incurred after the balance sheet date.
5. Sent confirmation letters for the significant accounts receivable.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

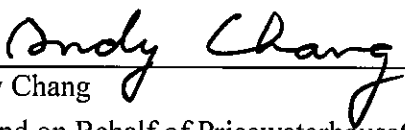
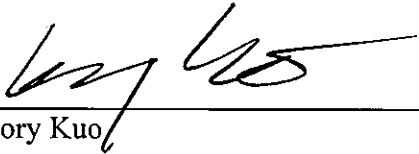
internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

 _____ Andy Chang	 _____ Gregory Kuo
For and on Behalf of PricewaterhouseCoopers, Taiwan	
March 11, 2026	

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

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

AMAX HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Assets		Notes	December 31, 2025 AMOUNT	December 31, 2024 AMOUNT
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 863,697	\$ 1,607,441
1136	Financial assets at amortised cost - current	6(2)	1,709	69,028
1150	Notes receivable, net	6(3)	132,243	4,060
1170	Accounts receivable, net	6(3)	998,436	1,170,175
1220	Current tax assets	6(21)	38,345	48,728
130X	Inventories	6(4)	1,146,187	884,394
1410	Prepayments	6(5)	397,388	44,919
1470	Other current assets		60,683	12,933
11XX	Current assets		<u>3,638,688</u>	<u>3,841,678</u>
Non-current assets				
1600	Property, plant and equipment	6(6)	113,191	73,761
1755	Right-of-use assets	6(7)	156,062	197,584
1840	Deferred tax assets	6(21)	80,621	116,176
1900	Other non-current assets		6,393	6,351
15XX	Non-current assets		<u>356,267</u>	<u>393,872</u>
1XXX	Total assets		<u>\$ 3,994,955</u>	<u>\$ 4,235,550</u>

(Continued)

AMAX HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Liabilities and Equity		Notes	December 31, 2025 AMOUNT	December 31, 2024 AMOUNT
Current liabilities				
2100	Short-term borrowings	6(8)	\$ 470,314	\$ 8,983
2130	Contract liabilities - current	6(16)	100,651	1,189,102
2170	Accounts payable	6(9)	628,550	420,700
2180	Accounts payable to related parties	7	1,549	4,008
2200	Other payables	6(10)	233,109	108,244
2230	Current tax liabilities	6(21)	7,930	12,816
2250	Provisions - current		24,677	21,802
2280	Lease liabilities - current	6(7)	63,196	58,553
2300	Other current liabilities		805	-
21XX	Current liabilities		<u>1,530,781</u>	<u>1,824,208</u>
Non-current liabilities				
2550	Provisions - non-current		15,412	12,871
2570	Deferred tax liabilities	6(21)	46,688	56,303
2580	Lease liabilities - non-current	6(7)	110,846	155,982
25XX	Non-current liabilities		<u>172,946</u>	<u>225,156</u>
2XXX	Total liabilities		<u>1,703,727</u>	<u>2,049,364</u>
Equity				
Equity attributable to owners of parent				
Share capital				
3110	Common stock	6(13)	423,638	419,873
Capital surplus				
3200	Capital surplus	6(14)	1,393,074	1,373,018
Retained earnings				
3310	Legal reserve	6(15)	41,739	25,348
3320	Special reserve	6(15)	-	54,669
3350	Unappropriated retained earnings	6(15)	440,317	273,328
Other equity interest				
3400	Other equity interest		(7,540)	39,950
3XXX	Total equity		<u>2,291,228</u>	<u>2,186,186</u>
Significant contingent liabilities and unrecognised contract commitments				
Significant events after the balance sheet date				
3X2X	Total liabilities and equity		<u>\$ 3,994,955</u>	<u>\$ 4,235,550</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMAX HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

	Items	Notes	Year ended December 31	
			2025 AMOUNT	2024 AMOUNT
4000	Operating revenue	6(16)	\$ 6,986,785	\$ 5,492,388
5000	Operating costs	6(4)(19)	(6,114,605)	(4,752,492)
5900	Gross profit		872,180	739,896
	Operating expenses	6(19)(20) and 7		
6100	Selling expenses		(252,347)	(266,944)
6200	Administrative expenses		(220,647)	(209,373)
6300	Research and development expenses		(156,803)	(130,160)
6000	Total operating expenses		(629,797)	(606,477)
6900	Operating profit		242,383	133,419
	Non-operating income and expenses			
7100	Interest income		24,433	42,881
7010	Other income		20,100	27,923
7020	Other gains and losses	6(17)	2,398	(2,215)
7050	Finance costs	6(18)	(18,346)	(22,039)
7000	Total non-operating income and expenses		28,585	46,550
7900	Profit before income tax		270,968	179,969
7950	Income tax expense	6(21)	(57,971)	(16,063)
8200	Profit for the year		\$ 212,997	\$ 163,906
	Other comprehensive (loss) income			
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8341	Exchange differences on translation		(\$ 92,664)	\$ 134,438
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		38,310	(24,437)
8399	Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(21)	(9,635)	6,069
8300	Other comprehensive (loss) income		(\$ 63,989)	\$ 116,070
8500	Total comprehensive income for the year		\$ 149,008	\$ 279,976
	Profit, attributable to:			
8610	Owners of parent		\$ 212,997	\$ 163,906
	Comprehensive income attributable to:			
8710	Owners of parent		\$ 149,008	\$ 279,976
	Basic earnings per share (in dollars)	6(22)		
9750	Basic earnings per share		\$ 5.04	\$ 3.94
	Diluted earnings per share (in dollars)	6(22)		
9850	Diluted earnings per share		\$ 4.91	\$ 3.77

The accompanying notes are an integral part of these consolidated financial statements.

AMAX HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent						Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	
							Financial statements translation differences of foreign operations	
							Unearned compensation	
<u>2024</u>								
Balance at January 1, 2024		\$ 404,458	\$ 1,268,513	\$ -	\$ -	\$ 313,370	(\$ 54,669)	\$ 1,931,672
Profit for the year		-	-	-	-	163,906	-	163,906
Other comprehensive income for the year		-	-	-	-	-	116,070	116,070
Total comprehensive income		-	-	-	-	163,906	116,070	279,976
Appropriations of 2023 earnings:	6(15)							
Legal reserve		-	-	25,348	-	(25,348)	-	-
Special reserve		-	-	-	54,669	(54,669)	-	-
Cash dividends		-	-	-	-	(123,931)	-	(123,931)
Compensation cost recognized for share-based payment	6(12)(14)	-	8,307	-	-	-	693	9,000
Employee stock option exercised	6(12)(13)(14)	14,565	74,904	-	-	-	-	89,469
Issuance of restricted stocks	6(13)(14)	850	21,294	-	-	-	(22,144)	-
Balance at December 31, 2024		<u>\$ 419,873</u>	<u>\$ 1,373,018</u>	<u>\$ 25,348</u>	<u>\$ 54,669</u>	<u>\$ 273,328</u>	<u>(\$ 61,401)</u>	<u>\$ 2,186,186</u>
<u>2025</u>								
Balance at January 1, 2025		\$ 419,873	\$ 1,373,018	\$ 25,348	\$ 54,669	\$ 273,328	(\$ 61,401)	\$ 2,186,186
Profit for the year		-	-	-	-	212,997	-	212,997
Other comprehensive income (loss) for the year		-	-	-	-	-	(63,989)	(63,989)
Total comprehensive income		-	-	-	-	212,997	(63,989)	149,008
Appropriations of 2024 earnings:	6(15)							
Legal reserve		-	-	16,391	-	(16,391)	-	-
Reversal of special reserve		-	-	-	(54,669)	54,669	-	-
Cash dividends		-	-	-	-	(84,286)	-	(84,286)
Compensation cost recognized for share-based payment	6(12)(14)	-	4,024	-	-	-	13,373	17,397
Employee stock option exercised	6(12)(13)(14)	3,885	19,038	-	-	-	-	22,923
Cancellation of restricted stocks	6(13)(14)	(120)	(3,006)	-	-	-	3,126	-
Balance at December 31, 2025		<u>\$ 423,638</u>	<u>\$ 1,393,074</u>	<u>\$ 41,739</u>	<u>\$ -</u>	<u>\$ 440,317</u>	<u>(\$ 2,588)</u>	<u>\$ 2,291,228</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMAX HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 270,968	\$ 179,969
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(19)	79,076	79,764
Gain on reversal of expected credit impairment loss	(	7,583)	(6,273)
Losses on disposal of property, plant and equipment	6(6)(17)	120	200
Gains on lease modification	6(7)(17)	-	(501)
Compensation cost recognized for share-based payment	6(12)(20)	17,397	9,000
Interest income	(	24,433)	(42,881)
Interest expense	6(18)	18,346	22,039
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net	(	127,676)	4,142
Accounts receivable, net		179,390	(328,906)
Inventories	(	262,847)	351,396
Prepayments	(	352,469)	10,387
Other current assets	(	39,954)	139,689
Changes in operating liabilities			
Contract liabilities - current	(	1,088,451)	942,381
Accounts payable		207,850	(158,111)
Accounts payable to related parties	(	2,459)	419
Other payables		124,553	(100,107)
Provisions - current		2,875	(10,226)
Provisions - non-current		2,541	4,662
Other current liabilities		805	-
Cash (outflow) inflow generated from operations	(	1,001,951)	1,097,043
Income taxes paid	(	39,275)	(57,686)
Interest received		24,433	42,881
Interest paid	6(18)	(986)	-
Net cash flows (used in) from operating activities	(	1,017,779)	1,082,238
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Aquisition of property, plant and equipment	6(6)(23)	(58,671)	(22,307)
Proceeds from disposal of property, plant and equipment		718	362
Acquisition of financial assets at amortised cost	(	155,923)	(253,256)
Proceeds from disposal of financial assets at amortised cost		219,862	246,638
Increase in refundable deposits	(	228)	(293)
Net cash flows from (used in) investing activities		5,758	(28,856)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(24)	938,389	291,945
Repayments from short-term borrowings	6(24)	(477,033)	(574,908)
Repayments of principal of lease liabilities	6(7)(24)	(59,322)	(54,901)
Interest paid	(	17,087)	(22,311)
Cash dividends paid	6(15)	(84,286)	(123,931)
Employee stock option exercised	6(14)	22,923	89,469
Net cash flows from (used in) financing activities		323,584	(394,637)
Effects due to changes in exchange rate	(	55,307)	118,889
Net (decrease) increase in cash and cash equivalents	(	743,744)	777,634
Cash and cash equivalents at beginning of year		1,607,441	829,807
Cash and cash equivalents at end of year		\$ 863,697	\$ 1,607,441

The accompanying notes are an integral part of these consolidated financial statements.

AMAX HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

AMAX Holding Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on January 4, 2022, as a holding company for the purpose of reorganization of the Company and its subsidiaries (collectively referred herein as the “Group”) for the application for the list of stocks on the market of the Taiwan Stock Exchange. The Company was reorganized and issued new shares to acquire 100% equity interest in AMAX Engineering Corporation which located in the US and became the holding company of all the consolidated entities on July 31, 2022. The Group is primarily engaged in the research, development, manufacture and sales of the cloud and data center as well as the high performance computing (HPC) sever and its peripheral equipment and providing extensible custom cluster as well as relevant system solution and customised service.

The Board of Directors of Taiwan Stock Exchange approved the stock listing application of the Company on July 18, 2023 and the Company’s stocks have been listed on the Taiwan Stock Exchange since November 8, 2023.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

- A. The consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2025	December 31, 2024
The Company	AMAX Engineering Corporation	Manufacture and sales of server, network system and cloud computing and peripheral equipment	100	100
AMAX Engineering Corporation	AMAX Information Technologies Limited	Manufacture and sales of server, network system and cloud computing and peripheral equipment	100	100
"	Amax Information Technology (Shanghai) Co., Ltd.	Sales of server and peripheral equipment	100	100
"	AMAX Information Technologies (Suzhou) Co., Ltd.	Research, development and design of computer software and manufacture and sales of server and cloud computing and peripheral equipment	75	75
"	AMAX Information Technologies Co., Ltd.	Manufacture and sales of server and peripheral equipment and customer service	100	100
Amax Information Technology (Shanghai) Co., Ltd.	AMAX Information Technologies (Suzhou) Co., Ltd.	Research, development and design of computer software and manufacture and sales of server and cloud computing and peripheral equipment	25	25
AMAX Information Technologies (Suzhou) Co., Ltd.	AMAX Information Technologies (Shenzhen) Co., Ltd.	Sales of server and peripheral equipment	100	100
AMAX Information Technologies (Shenzhen) Co., Ltd.	XIN Max International Trading (Hong Kong) Limited	International trade	100	100

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's functional currency is USD; however, the consolidated financial statements are presented in NTD under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the interest income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful

lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

- D. Property, plant and equipment apply cost model and, except for land, which is not depreciated, are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. Leasehold improvements are amortised using the average method at the shorter of the lease term or the estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3 ~ 8	years
Computer equipment	3 ~ 8	years
Transportation equipment	5 ~ 8	years
Office equipment	5	years

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

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

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) 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.

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

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the

carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

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

(17) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. Liabilities for purchases of raw materials, goods or services through supplier finance arrangements will be recorded as accounts payable if their nature and function similar to accounts payable have not been substantially changed.
- C. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Provisions

Provisions (including warranties liabilities) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the

obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Employee share-based payment

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

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) Before meeting the vesting conditions, the restricted stocks issued by the Group do not entitle the rights to participate in the distribution of stocks and dividends, subscribe shares from the capital increase, increase capital by capitalisation of capital surplus and participate in the distribution of cash dividends from additional paid-in capital.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Group will redeem at no consideration and retire those stocks.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Group's subsidiary in Taiwan and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

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

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

- A. The Group manufactures and sells customised electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer or picked up by the buyer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue is recognised to the extent that it can be estimated reliably. Revenue is measured at the fair value of the consideration received or receivable taking into account of rebates and discounts, business tax and other sales tax for the sale of goods.
- C. Service revenue is recognised based on the actual service hours provided and the agreed rate when there is reasonable assurance that it is recoverable.
- D. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- E. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(27) Government grants

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

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates

concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. The evaluation of inventories as the evaluation is subject to management's judgement. Therefore, there might be material changes to the evaluation.

As of December 31, 2025, the carrying amount of inventories was \$1,146,187.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 94	\$ 93
Checking accounts and demand deposits	734,146	1,181,143
Time deposits	129,457	426,205
	<u>\$ 863,697</u>	<u>\$ 1,607,441</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's certain cash pledged to others as collateral are provided in Note 8.

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets at amortised cost		
Time deposits with maturity over three months	<u>\$ 1,709</u>	<u>\$ 69,028</u>

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

	<u>2025</u>	<u>2024</u>
Interest income	<u>\$ 4,643</u>	<u>\$ 5,980</u>

B. The Group has not pledged any financial assets that are measured at amortized cost as collateral.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable - net

	December 31, 2025	December 31, 2024
Notes receivable	\$ 132,750	\$ 4,060
Less: Allowance for uncollectible accounts	(507)	-
	<u>\$ 132,243</u>	<u>\$ 4,060</u>
	December 31, 2025	December 31, 2024
Accounts receivable	\$ 1,012,670	\$ 1,193,074
Less: Allowance for uncollectible accounts	(14,234)	(22,899)
	<u>\$ 998,436</u>	<u>\$ 1,170,175</u>

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2025		
	Notes receivable	Accounts receivable	Total
Not past due	\$ 132,750	\$ 917,788	\$ 1,050,538
Up to 30 days	-	76,991	76,991
31 to 90 days	-	3,953	3,953
91 to 180 days	-	5,567	5,567
Over 180 days	-	8,371	8,371
	<u>\$ 132,750</u>	<u>\$ 1,012,670</u>	<u>\$ 1,145,420</u>
	December 31, 2024		
	Notes receivable	Accounts receivable	Total
Not past due	\$ 4,060	\$ 1,035,583	\$ 1,039,643
Up to 30 days	-	103,330	103,330
31 to 90 days	-	16,496	16,496
91 to 180 days	-	27,382	27,382
Over 180 days	-	10,283	10,283
	<u>\$ 4,060</u>	<u>\$ 1,193,074</u>	<u>\$ 1,197,134</u>

The above aging analysis was based on past due date.

- B. As of December 31, 2025, December 31, 2024 and January 1, 2024, the balances of accounts receivable (including notes receivable) from contracts with customers amounted to \$1,145,420, \$1,197,134, and \$872,369, respectively.
- C. Details of the Group's certain accounts receivable pledged to others as collateral are provided in Notes 8.
- D. The Group assesses that for certain notes receivable discounted with banks (bank-accepted bills), it bears a repayment obligation if the acceptor (accepting bank) defaults on payment at maturity. However, given the high credit rating of the acceptor the Group does not anticipate that the acceptor will default on payment under normal circumstances. Consequently, these notes meet the criteria for derecognition of financial assets. As of December 31, 2025, the Group had

derecognized notes receivable (bank-accepted bills) that had been discounted with banks and endorsed over, and were not yet matured, amounting to \$118,922. The Group recognized liabilities of \$106,200 arising from the discounting of notes receivable, which are reported under other payables. Furthermore, as of December 31, 2024, the Group had no derecognized notes receivable discounted with banks that were not yet matured, nor any liabilities arising from the discounting of notes receivable.

E. As at December 31, 2025 and December 31, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$1,130,679 and \$1,174,235, respectively.

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

(4) Inventories

December 31, 2025			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 614,529	(\$ 18,979)	\$ 595,550
Work in progress	321,657	-	321,657
Finished goods	228,980	-	228,980
	<u>\$ 1,165,166</u>	<u>(\$ 18,979)</u>	<u>\$ 1,146,187</u>

December 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 680,582	(\$ 29,884)	\$ 650,698
Work in progress	173,638	-	173,638
Finished goods	60,058	-	60,058
	<u>\$ 914,278</u>	<u>(\$ 29,884)</u>	<u>\$ 884,394</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2025	2024
Cost of goods sold	\$ 6,119,696	\$ 4,776,927
Gain on reversal of decline in market value	(10,905)	(16,388)
Others	5,814	(8,047)
	<u>\$ 6,114,605</u>	<u>\$ 4,752,492</u>

A. The Group reversed from a previous inventory write-down because the clearance of certain inventories which were previously provided with allowance.

B. Details of the Group's certain inventories pledged to others as collateral are provided in Note 8.

(5) Prepayments

	December 31, 2025	December 31, 2024
Prepayment for purchases	\$ 362,862	\$ 27,548
Overpaid VAT	19,866	12,835
Input VAT	5,016	-
Other prepayments	9,644	4,536
	<u>\$ 397,388</u>	<u>\$ 44,919</u>

(6) Property, plant and equipment

2025						
	Machinery and equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$ 52,264	\$ 49,031	\$ 97,668	\$ 54,695	\$ 63	\$ 253,721
Accumulated depreciation	(39,309)	(46,222)	(54,922)	(39,507)	-	(179,960)
	<u>\$ 12,955</u>	<u>\$ 2,809</u>	<u>\$ 42,746</u>	<u>\$ 15,188</u>	<u>\$ 63</u>	<u>\$ 73,761</u>
Opening net book amount as at January 1	\$ 12,955	\$ 2,809	\$ 42,746	\$ 15,188	\$ 63	\$ 73,761
Additions	464	338	1,828	2,203	53,878	58,711
Disposals	(570)	(4)	-	(264)	-	(838)
Transfer (Note)	983	-	15,573	1,026	(16,529)	1,053
Depreciation charge	(3,906)	(912)	(8,084)	(5,135)	-	(18,037)
Effect of exchange rate changes	(127)	33	(1,323)	(323)	280	(1,459)
Closing net book amount as at December 31	<u>\$ 9,799</u>	<u>\$ 2,264</u>	<u>\$ 50,740</u>	<u>\$ 12,695</u>	<u>\$ 37,692</u>	<u>\$ 113,191</u>
At December 31						
Cost	\$ 26,842	\$ 48,536	\$ 115,556	\$ 52,060	\$ 37,692	\$ 280,686
Accumulated depreciation	(17,043)	(46,272)	(64,816)	(39,365)	-	(167,495)
	<u>\$ 9,799</u>	<u>\$ 2,264</u>	<u>\$ 50,740</u>	<u>\$ 12,695</u>	<u>\$ 37,692</u>	<u>\$ 113,191</u>

	Machinery and equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment under acceptance	Total
At January 1						
Cost	\$ 46,003	\$ 46,406	\$ 85,008	\$ 48,392	\$ 1,559	\$ 227,368
Accumulated depreciation	(33,289)	(42,963)	(44,184)	(38,446)	-	(158,882)
	<u>\$ 12,714</u>	<u>\$ 3,443</u>	<u>\$ 40,824</u>	<u>\$ 9,946</u>	<u>\$ 1,559</u>	<u>\$ 68,486</u>
Opening net book amount as at January 1	\$ 12,714	\$ 3,443	\$ 40,824	\$ 9,946	\$ 1,559	\$ 68,486
Additions	1,909	402	830	8,992	7,697	19,830
Disposals	- (54)	- (54)	- (508)	- (508)	- (562)	- (562)
Transfers (Note)	1,785	26	8,499	303	(9,193)	1,420
Depreciation charge	(3,846)	(1,113)	(9,560)	(4,237)	-	(18,756)
Effect of exchange rate changes	393	105	2,153	692	-	3,343
Closing net book amount as at December 31	<u>\$ 12,955</u>	<u>\$ 2,809</u>	<u>\$ 42,746</u>	<u>\$ 15,188</u>	<u>\$ 63</u>	<u>\$ 73,761</u>
At December 31						
Cost	\$ 52,264	\$ 49,031	\$ 97,668	\$ 54,695	\$ 63	\$ 253,721
Accumulated depreciation	(39,309)	(46,222)	(54,922)	(39,507)	-	(179,960)
	<u>\$ 12,955</u>	<u>\$ 2,809</u>	<u>\$ 42,746</u>	<u>\$ 15,188</u>	<u>\$ 63</u>	<u>\$ 73,761</u>

Note: The transfers were from inventories and construction in progress to machinery and equipment, office equipment, leasehold improvements and other equipment.

Details of the Group's certain property, plant and equipment pledged to others as collateral are provided in Note 8.

(7) Leasing arrangements - Lessee

A. The Group leases various assets including buildings and office equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

The carrying amount of right-of-use assets:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 155,721	\$ 197,331
Office equipment	341	253
	<u>\$ 156,062</u>	<u>\$ 197,584</u>

The depreciation charge of right-of-use assets:

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 60,909	\$ 60,871
Office equipment	130	137
	<u>\$ 61,039</u>	<u>\$ 61,008</u>

C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$20,400 and \$2,923, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 12,204	\$ 15,768
Expense on short-term lease contracts	7,019	7,065
Expense on leases of low-value assets	79	84
Gains on lease modification	- (	501)

E. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$78,624 and \$77,818, respectively.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 470,314</u>	2.11%~2.29%	None
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 8,983</u>	2.70%	None

Interest expense on short-term borrowings that the Group recognised for the years ended December 31, 2025 and 2024 was \$5,156 and \$6,271, respectively.

(9) Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	<u>\$ 628,550</u>	<u>\$ 420,700</u>

A. The Group's US subsidiary, AMAX Engineering Corporation, participates in the Intel Partner Financing program and entered into a supplier finance arrangement with De Lage Landen

Financial Services (“DLL”). Under the arrangement, DLL commits to pay the amount owed by the Group to its suppliers, and the Group agrees to pay such amount to DLL based on the terms and conditions determined under mutual agreement on or after the maturity date of the payable.

- B. The Group compared its terms and conditions on the supplier finance arrangement with the payment terms of the accounts payable that the Group directly negotiated with the suppliers. Since the payment term is extended from 30 to 45 days without requiring additional interest payments, the payment will be continually recognised as accounts payable.
- C. Information relating to supplier finance arrangements signed by the Group is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payables under supplier finance arrangements		
Accounts payable	<u>\$ 185,966</u>	<u>\$ 30,362</u>
Payments received by the supplier from the finance provider		
Accounts payable	<u>\$ 184,326</u>	<u>\$ 30,362</u>
Range of payment due dates		
Supplier finance arrangements	45 days after invoice date	45 days after invoice date
Non-supplier finance arrangements	30 days after invoice date	30 days after invoice date

- D. For the years ended December 31, 2025 and 2024, there were no material business combinations, foreign exchange differences, or non-cash transfers from accounts payable to short-term borrowings that would affect the liabilities under the supplier finance arrangement.

(10) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liabilities arising from discounted notes receivable	\$ 106,200	\$ -
Wages, salaries and bonuses payable	96,737	80,975
Professional service fees payable	10,876	10,669
VAT payable	4,305	7,760
Other accrued expenses	<u>14,991</u>	<u>8,840</u>
	<u>\$ 233,109</u>	<u>\$ 108,244</u>

(11) Pensions

- A. AMAX Engineering Corporation, the Group’s subsidiary in the US, provides its employees 401(k) retirement savings plan according to subsection 401(k) of the US Internal Revenue Code. Under the plan, the employees contribute monthly an amount based on a certain percentage of their salaries and wages to their individual pension accounts during their employment period. The Group could additionally contribute a certain amount as employee reward according to its

policies.

- B. The Group's Mainland China subsidiaries, AMAX Information Technologies (Suzhou) Co., Ltd., AMAX Information Technologies (Shenzhen) Co., Ltd. and AMAX Information Technology (Shanghai) Co., Ltd., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentages for the year ended December 31, 2025 and 2024, both were 23%~25%. Other than the monthly contributions, the Group has no further obligations.
- C. The Group's subsidiary in Taiwan, AMAX Information Technologies Co., Ltd., has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the subsidiary contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- D. Refer to Note 6(20) for the pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024.

(12) Share-based payment

A. As of December 31, 2025, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Description
Employee stock options	July 1, 2018	1,647,333	10 years	Vested one third of options every year after one year of service	Notes 1 and 2
"	April 1, 2021	1,216,333	10 years	"	"
"	October 1, 2021	593,333	10 years	"	"
"	April 15, 2023	674,332	10 years	Vested half of options after two years of service and one fourth of options every year thereafter	
"	May 15, 2023	60,000	10 years	"	
Cash capital increase reserved for employee preemption	November 6, 2023	26,000	Not applicable	Vested immediately	
Restricted stocks	November 12, 2024	85,000	2 years	For the employees who are still working in the Company and achieved the individual target performance within the schedule since the grant of restricted stocks, will acquire new shares according to the following schedule and rates: the employees would vest half of the shares every year after one year of service.	Notes 3

Note 1: In 2022, the Group decided the Company to be the future listing entity. Therefore, the Company issued options to the employees in July 2022 to replace the employee stock options of the Company's subsidiary, AMAX Engineering Corporation.

Note 2: The Company conducted a 3:1 reverse split of ordinary shares on November 30, 2022. All the quantity granted were also adjusted according to the reverse split ratio. The Company had assessed that there was no incremental compensation cost according to the new and old conditions of the employee stock options.

Note 3: Before meeting the vesting conditions, the restricted stocks issued by the Group do not entitle the rights to participate in the distribution of stocks and dividends, subscribe shares from the capital increase, increase capital by capitalisation of capital surplus and participate in the distribution of cash dividends from additional paid-in capital. If employees resign during the vesting period, the Group will redeem at no consideration and retire those stocks.

B. Details of the share-based payment arrangements are as follows:

	2025		2024	
	No. of options	Weighted-average exercise price (in US dollars)	No. of options	Weighted-average exercise price (in US dollars)
Options outstanding at January 1	1,821,238	\$ 1.90	3,322,268	\$ 1.92
Options expired	(26,221)	1.89	(66,666)	1.92
Options exercised	(388,456)	1.89	(1,456,586)	1.92
Other	-	-	22,222	1.92
Options outstanding at December 31	<u>1,406,561</u>	1.88	<u>1,821,238</u>	1.90
Options exercisable at December 31	<u>1,098,786</u>	1.88	<u>1,165,240</u>	1.90

C. As of December 31, 2025 and 2024, the exercise prices of stock options outstanding were US\$1.88 and US\$1.90 (in dollars) per share, respectively; the weighted-average remaining contractual periods were 4.97 years and 6.14 years, respectively.

D. The fair value of share-based payment granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in US dollars)	Exercise price (in US dollars)	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit (in US dollars)
Employee stock options	July 1, 2018	\$ 0.54	\$ 0.64	40%	6 years	1.58%	\$ 0.19
"	May 1, 2019 - December 1, 2019	0.45	0.64	55%	6 years	1.58%	0.17
"	April 1, 2020	0.48	0.64	55%	6 years	0.13%	0.20
"	April 1, 2021 - October 1, 2021	0.48	0.64	52%	6 years	1.01%	0.20
"	April 15, 2023 - May 15, 2023	1.88	1.92	45%	6 years	3.64%	0.93
Cash capital increase reserved for employee preemption	November 6, 2023	NT\$147	NT\$96	0%	0 years	0%	NT\$96
Restricted stocks	November 12, 2024	NT\$260.5	NT\$0	0%	0 years	0%	NT\$260.5

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

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

	Year ended December 31	
	2025	2024
Equity-settled	\$ 17,397	\$ 9,000

(13) Share capital

A. As of December 31, 2025, the Company's authorised capital was \$1,000,000 and the paid-in capital was \$423,638, consisting of 42,364 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2025	2024
At January 1	41,987,344	40,445,758
Employee stock options exercised	388,456	1,456,586
Issuance of restricted stocks	-	85,000
Cancellation and redemption of restricted stocks ()	12,000	-
At December 31	42,363,800	41,987,344

B. On June 20, 2024, the shareholders of the Company resolved to issue the 2024 first-time restricted stocks of 100 thousand shares with a par value of \$0 per share (in dollars) (granted

without consideration), and on November 12, 2024, the Board of Directors resolved to issue restricted stocks of 85 thousand shares.

- C. As of December 31, 2025, the Company had cancelled restricted stocks of 12 thousand shares due to employee resignations. In January 2026, the Company had 2,000 shares due for cancellation due to employee resignations. As of March 11, 2026, these shares are still pending cancellation.
- D. On June 3, 2025, the shareholders resolved to issue restricted stocks of 150 thousand shares with a par value of \$0 per share (granted without consideration). As of December 31, 2025, the Company had not yet issued any restricted stocks. On February 3, 2026, the Board of Directors resolved to issue restricted stocks of 15 thousand shares with a par value of \$0 per share (granted without consideration).
- E. On March 11, 2026, the Board of Directors resolved to approve the issuance of 100 thousand shares of restricted stocks at a price of \$0 per share (granted without consideration). As of March 11, 2026, the proposal has not yet received approval at the shareholders' meeting.
- F. To augment working capital and repay bank borrowings, the shareholders, on June 3, 2025, resolved to approve a capital increase plan. This plan authorized the issuance of common shares, through either a public offering or private placement, to be carried out in one or more tranches (either individually or in combination), at an appropriate time, subject to market conditions and the Company's capital requirements. The total issuance was not to exceed an aggregate amount of 10,000 thousand shares. However, as of December 31, 2025, the Company had not proceeded with any capital increase under this resolution. Subsequently, the Board of Directors resolved to terminate this capital increase plan on March 11, 2026.
- G. On March 11, 2026, for the purposes of augmenting working capital and repaying bank borrowings, the Board of Directors resolved to approve the issuance of common shares or overseas/domestic convertible bonds, either through a public offering or private placement, up to an aggregate amount of 10,000 thousand shares. However, as of March 11, 2026, the proposal has not yet been approved by the shareholders.

(14) Capital surplus

- A. Unless otherwise provided in the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, neither the statutory reserve nor the capital reserve shall be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset is insufficient to offset such losses.

	2025				
	Premium from share swap	Additional paid-in capital	Employee stock options	Restricted stocks	Total
At January 1	\$ 667,574	\$ 647,599	\$ 36,551	\$ 21,294	\$ 1,373,018
Recognition of share-based payments	-	-	4,024	-	4,024
Employee stock options exercised	-	27,899	(8,861)	-	19,038
Redemption of restricted stocks	-	-	-	(3,006)	(3,006)
At December 31	<u>\$ 667,574</u>	<u>\$ 675,498</u>	<u>\$ 31,714</u>	<u>\$ 18,288</u>	<u>\$ 1,393,074</u>
	2024				
	Premium from share swap	Additional paid-in capital	Employee stock options	Restricted stocks	Total
At January 1	\$ 667,574	\$ 546,055	\$ 54,884	\$ -	\$ 1,268,513
Recognition of share-based payments	-	-	8,307	-	8,307
Employee stock options exercised	-	101,544	(26,640)	-	74,904
Restricted stocks	-	-	-	21,294	21,294
At December 31	<u>\$ 667,574</u>	<u>\$ 647,599</u>	<u>\$ 36,551</u>	<u>\$ 21,294</u>	<u>\$ 1,373,018</u>

B. Pursuant to the Company's Articles of Incorporation, during the listing period, subject to the Companies Law of the Cayman Islands, where the Company incurs no loss, it may, by a special resolution, distribute its statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its shareholders.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, during the listing period, subject to the Companies Law of the Cayman Islands, listed companies' regulations, and the Company's Articles of Incorporation, and except as otherwise provided by the rights attaching to any shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the statutory reserve of the remaining profits in accordance with the listed companies' regulations (provided that the setting aside of the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's paid-in capital), and setting aside the special reserve (if any), the Company may distribute not less

than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an ordinary resolution passed at an annual general meeting of the Company duly convened and held in accordance with the Company's Articles to the shareholders as dividends/bonuses in proportion to the number of shares held by them respectively pursuant to the Company's Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to shareholders.

- B. As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wish to distribute.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balances in other equity items at the balance sheet date before distributing earnings. When debit balances in other equity items are reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On June 3, 2025, the shareholders resolved the appropriations of 2024 earnings as follows:

	Year ended December 31, 2024	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 16,391	
Reverse special reserve	(54,669)	
Cash dividends	84,286	\$ 2.00

- F. On March 11, 2026, the Board of Directors proposed the appropriations of 2025 earnings as follows:

	Year ended December 31, 2025	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 21,300	
Special reserve	7,540	
Cash dividends (note)	105,838	\$ 2.50

Note: As of March 11, 2026, the outstanding shares of participating stock were 42,335,300 shares.

The proposed appropriations for 2025 earnings has not yet been approved by the shareholders' meeting as of the date of this report.

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

		Year ended December 31, 2025		
		<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue from external customer contracts		<u>\$ 6,952,283</u>	<u>\$ 34,502</u>	<u>\$ 6,986,785</u>
Timing of revenue recognition				
At a point in time		<u>\$ 6,952,283</u>	<u>\$ 34,502</u>	<u>\$ 6,986,785</u>
		Year ended December 31, 2024		
		<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue from external customer contracts		<u>\$ 5,422,477</u>	<u>\$ 69,911</u>	<u>\$ 5,492,388</u>
Timing of revenue recognition				
At a point in time		<u>\$ 5,422,477</u>	<u>\$ 69,911</u>	<u>\$ 5,492,388</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities	<u>\$ 100,651</u>	<u>\$ 1,189,102</u>	<u>\$ 246,721</u>

Revenue recognised that was included in the contract liability balance at the beginning of the year:

		Year ended December 31	
		<u>2025</u>	<u>2024</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		<u>\$ 1,131,126</u>	<u>\$ 248,530</u>

(17) Other gains and losses

	Year ended December 31	
	2025	2024
Foreign exchange gains (losses)	\$ 2,594	(\$ 2,900)
Gains on financial assets at fair value through profit or loss	539	539
Losses on disposal of property, plant and equipment	(120)	(200)
Gains on lease modifications	-	501
Other losses	(615)	(155)
	<u>\$ 2,398</u>	<u>(\$ 2,215)</u>

(18) Finance costs

	Year ended December 31	
	2025	2024
Interest expense:		
Interest expense from lease liability	\$ 12,204	\$ 15,768
Bank borrowings	5,156	6,271
Others	986	-
	<u>\$ 18,346</u>	<u>\$ 22,039</u>

(19) Expenses by nature

	Year ended December 31	
	2025	2024
Change in inventory	\$ 5,625,566	\$ 4,240,961
Employee benefit expense	848,440	835,688
Depreciation charge	79,076	79,764
Technical service expense	49,045	64,768
Other expenses	142,275	137,788
	<u>\$ 6,744,402</u>	<u>\$ 5,358,969</u>

(20) Employee benefit expense

	Year ended December 31	
	2025	2024
Wages and salaries	\$ 718,165	\$ 712,874
Labour and health insurance fees	55,339	55,193
Pension costs	41,602	40,417
Employee stock options expenses	17,397	9,000
Other personnel expenses	15,937	18,204
	<u>\$ 848,440</u>	<u>\$ 835,688</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit

of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be at 2%~8% for employees' compensation and shall not be higher than 2% for directors' remuneration.

- B. For the years ended December 31, 2025 and 2024, employees' compensation were accrued at \$5,530 and \$3,673, respectively, based on 2% of the Company's profit. The aforementioned amounts were recognised in salary expenses. The directors' remuneration was not accrued as it was not expected to be paid. On March 11, 2026, the employees' compensation resolved by the Board of Directors was \$5,530. The aforementioned distributed amount was in agreement with those amounts recognised in the 2025 financial statements, which will be distributed in the form of cash.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 40,663	\$ 14,332
Tax on undistributed surplus earnings	1,973	-
Prior year income tax underestimation	782	2,938
Total current tax	<u>\$ 43,418</u>	<u>\$ 17,270</u>
Deferred tax:		
Origination and reversal of temporary differences	14,553	(1,207)
Total deferred tax	<u>14,553</u>	<u>(1,207)</u>
Income tax expense	<u>\$ 57,971</u>	<u>\$ 16,063</u>

- (b) The income tax expense relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2025	2024
Currency translation differences	<u>\$ 9,635</u>	<u>(\$ 6,069)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 73,222	\$ 40,078
Expenses disallowed by tax regulation	3,869	3,237
Tax exempt income by tax regulation	(11,914)	(34,309)
Temporary differences not recognised as deferred tax assets	(201)	-
Change in assessment of realisation of deferred tax assets	(3,247)	525
Prior year income tax underestimation	782	2,938
Effect from research and development tax credits	(12,910)	(11,347)
Tax on undistributed surplus earnings	1,973	-
Effect from GILTI tax	17,263	14,593
Others	(10,866)	348
Income tax expense	<u>\$ 57,971</u>	<u>\$ 16,063</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

		2025			
		Recognised in other			
	January 1	Recognised in profit or loss	comprehensive income	Exchange difference	December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for bad debts	\$ 5,452	(\$ 1,185)	\$ -	(\$ 127)	\$ 4,140
Allowance for inventory valuation losses	7,884	(3,048)	-	(253)	4,583
Accrued unrealised compensation for employees' annual leave	6,050	(2,196)	-	(267)	3,587
Unrealised compensation for employees' stock options	-	871	-	5	876
Book-tax difference on fixed assets	-	276	-	(12)	264
Book-tax difference on intangible assets	-	1,590	-	13	1,603
Lease liabilities	54,840	(14,594)	-	(2,148)	38,098
Warranty liabilities	5,190	896	-	(2)	6,084
Operating loss deduction	15,060	(4,796)	-	(267)	9,997
Unrealised exchange gain or loss	1,708	213	-	7	1,928
Others	19,992	9	(9,635)	(905)	9,461
Total	<u>\$ 116,176</u>	<u>(\$ 21,964)</u>	<u>(\$ 9,635)</u>	<u>(\$ 3,956)</u>	<u>\$ 80,621</u>
-Deferred tax liabilities:					
Deferred income tax -State	(1,803)	31	-	75	(1,697)
Book-tax difference on fixed assets	(4,366)	(7,553)	-	131	(11,788)
Right-of-use assets	(50,134)	14,933	-	1,998	(33,203)
Total	<u>(\$ 56,303)</u>	<u>\$ 7,411</u>	<u>\$ -</u>	<u>\$ 2,204</u>	<u>(\$ 46,688)</u>

2024					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for bad debts	\$ 5,272	(\$ 94)	\$ -	\$ 274	\$ 5,452
Allowance for inventory valuation losses	12,065	(4,836)	-	655	7,884
Accrued unrealised compensation for employees' annual leave	9,703	(4,221)	-	568	6,050
Book-tax difference on intangible assets	3,777	(3,950)	-	173	-
Lease liabilities	61,474	(10,396)	-	3,762	54,840
Warranty liabilities	8,040	(3,208)	-	358	5,190
Operating loss deduction	3,021	11,854	-	185	15,060
Unrealised exchange gain or loss	-	1,706		2	1,708
Others	12,863	101	6,069	959	19,992
Total	<u>\$ 116,215</u>	<u>(\$ 13,044)</u>	<u>\$ 6,069</u>	<u>\$ 6,936</u>	<u>\$ 116,176</u>
-Deferred tax liabilities:					
Deferred income tax -State	(2,211)	546	-	(138)	(1,803)
Book-tax difference on fixed assets	(5,517)	1,504	-	(353)	(4,366)
Right-of-use assets	(58,821)	12,201	-	(3,514)	(50,134)
Total	<u>(\$ 66,549)</u>	<u>\$ 14,251</u>	<u>\$ -</u>	<u>(\$ 4,005)</u>	<u>(\$ 56,303)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company's US subsidiary, AMAX Engineering Corporation, are as follows:

December 31, 2025					
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2024	\$ 41,826	\$ 41,826	\$ -	No expiration	

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company's Mainland China subsidiary, AMAX Information Technologies (Suzhou) Co., Ltd., are as follows:

December 31, 2025				
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2024	\$ 84,389	\$ 47,433	\$ -	2034
December 31, 2024				
Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	\$ 41,091	\$ 15,310	\$ -	2032
2024	84,389	84,389	-	2034

F. As of December 31, 2025, the income tax returns of the Company's Taiwan subsidiary, AMAX Information Technologies Co., Ltd., through 2023 have been assessed and approved by the Tax Authority.

(22) Earnings per share

Year ended December 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 212,997	42,232	\$ 5.04
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	212,997	42,232	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	1,117	
Employees' compensation	-	37	
Restricted stocks to employees	-	36	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 212,997	\$ 43,422	\$ 4.91

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 163,906	\$ 41,580	\$ 3.94
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	163,906	41,580	
Assumed conversion of all dilutive potential ordinary shares	-	1,846	
Employee stock options	-	18	
Employees' compensation	-	4	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 163,906	\$ 43,448	\$ 3.77

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ 58,711	\$ 19,830
Add: Opening balance of payable on equipment	-	2,477
Less: Ending balance of payable on equipment	(40)	-
Cash paid during the year	\$ 58,671	\$ 22,307

(24) Changes in liabilities from financing activities

	2025		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 8,983	\$ 214,535	\$ 223,518
Changes in cash flow from financing activities	461,356	(59,322)	402,034
Additions for the year	-	20,400	20,400
Impact of changes in foreign exchange rate	(25)	(1,571)	(1,596)
At December 31	<u>\$ 470,314</u>	<u>\$ 174,042</u>	<u>\$ 644,356</u>

	2024		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 281,217	\$ 256,927	\$ 538,144
Changes in cash flow from financing activities	(282,963)	(54,901)	(337,864)
Additions for the year	-	2,923	2,923
Impact of changes in foreign exchange rate	10,729	14,655	25,384
Others (note)	-	(5,069)	(5,069)
At December 31	<u>\$ 8,983</u>	<u>\$ 214,535</u>	<u>\$ 223,518</u>

Note: It includes effects of lease termination and modification.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Huaguan Technology Co., Ltd.	The Chair of the Company is the director of the related party
AMAX Global Services, Inc.	"
Animated LLC	"
Ingrasy Technology USA Inc.	The group which the entity belonged to is an equity investor of the Group
Foxconn Technology Co., Ltd.	"

(2) Significant related party transactions

A. Purchases:

	Year ended December 31	
	2025	2024
Other related parties	<u>\$ 296</u>	<u>\$ 282</u>

The transaction prices and payment terms of the Group's transactions with related parties were available for third parties.

B. Technical service expense:

	Year ended December 31	
	2025	2024
AMAX Global Services, Inc.	\$ 34,332	\$ 45,812

The Group's technical service fees with related parties were mainly related to providing the software development and consulting services by the related parties and were paid in accordance with the contractual remuneration and payment terms.

C. Payables to related parties

	December 31, 2025	December 31, 2024
AMAX Global Services, Inc.	\$ 1,549	\$ 4,008

The payables to related parties arise mainly from technical services which would be expired within one month after the date of purchase and providing services. The payables bear no interest.

D. Lease transactions — lessee

(a) The Group leases buildings from Animated LLC for the periods from May 2013 to May 2028, and the rentals were paid at the beginning of each month.

(b) Right-of-use assets:

	Year ended December 31	
	2025	2024
Animated LLC	\$ 106,233	\$ 156,666

(c) Lease liabilities:

i. Outstanding balance:

	December 31, 2025	December 31, 2024
Animated LLC	\$ 123,335	\$ 172,804

ii. Interest expense

	Year ended December 31, 2025	Year ended December 31, 2024
Animated LLC	\$ 10,549	\$ 13,829

Rentals of the lease contracts between the Group and its related parties were based on market conditions and were paid in accordance with normal terms.

(3) Key management compensation

	Year ended December 31	
	2025	2024
Short-term employee benefits	\$ 76,589	\$ 75,960
Share-based payments	308	695
	<u>\$ 76,897</u>	<u>\$ 76,655</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value	Book value	Purpose
	December 31, 2025	December 31, 2024	
Cash	\$ 515,750	\$ 1,190,678	Note 1
Accounts receivable	607,825	647,538	Note 2
Other receivables	178,915	206,520	Note 1
Inventories	255,662	471,489	Note 2
Prepayments	17,846	4,403	Note 1
Property, plant and equipment	82,626	43,711	Note 2
Refundable deposits	4,459	4,538	Note 1
	<u>\$ 1,663,083</u>	<u>\$ 2,568,877</u>	

Note 1: In accordance with the agreement, AMAX Engineering Corporation agreed to pledge all its assets as security for DLL's obligations, and DLL might execute the security interests over the assets and inventories of AMAX Engineering Corporation, to obtain possession of the collateral or to obtain a refund of the auction price of the collateral only if an event of default occurs under agreement with AMAX Engineering Corporation, and DLL might be repaid only up to the amount of its obligation to AMAX Engineering Corporation.

Note 2: It was used for pledged as collateral for short-term borrowings and supply chain financing as previously stated in Note 1.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On February 3, 2026, the Board of Directors resolved to issue restricted stocks of 15 thousand shares with a par value of \$0 per share (granted without consideration). Please refer to Note 6 (13) for details.

(2) On March 11, 2026, the Board of Directors resolved to approve the appropriations of 2025 earnings. Please refer to Note 6 (15) for details.

- (3) On March 11, 2026, the Board of Directors resolved to approve the cancellation of 2 thousand shares of restricted stocks. Please refer to Note 6 (13) for details.
- (4) On March 11, 2026, the Board of Directors resolved to approve the issuance of 100 thousand shares of restricted stocks. Please refer to Note 6 (13) for details.
- (5) On March 11, 2026, for the purposes of augmenting working capital and repaying bank borrowings, the Board of Directors resolved to approve the issuance of common shares or overseas/domestic convertible bonds, either through a public offering or private placement, up to an aggregate amount of 10,000 thousand shares. However, as of March 11, 2026, the proposal has not yet been approved by the shareholders. Please refer to Note 6 (13) for details.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 863,697	\$ 1,607,441
Financial assets at amortised cost	1,709	69,028
Notes receivable	132,243	4,060
Accounts receivable	998,436	1,170,175
Other receivables (shown as "other current assets")	19,645	11,644
Refundable deposits (shown as "other current assets" and "other non-current assets")	33,428	7,640
	<u>\$ 2,049,158</u>	<u>\$ 2,869,988</u>

	December 31, 2025	December 31, 2024
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 470,314	\$ 8,983
Accounts payable	630,099	424,707
Other payables	233,109	108,244
	<u>\$ 1,333,522</u>	<u>\$ 541,934</u>
Lease liabilities	<u>\$ 174,042</u>	<u>\$ 214,535</u>

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: foreign exchange risk credit risk and liquidity risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, NTD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: USD; other subsidiaries' functional currency: USD, RMB, NTD and EUR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025					
			Sensitivity analysis		
Foreign currency amount (In thousands)	Exchange rate	(In thousands of New Taiwan dollars)	Degree of variation	Effect on profit or loss	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
GBP: USD	\$ 521	1.3467	21,943	5%	\$ 1,097
USD: RMB	780	7.0169	24,394	5%	1,220
USD: EUR	1,210	0.8513	37,842	5%	1,892
USD: NTD	1,687	31.2745	52,760	5%	2,638
NTD: USD	1,401	0.0320	1,401	5%	70
Financial liabilities					
Monetary items					
USD: RMB	\$ 181	7.0169	5,661	5%	\$ 283

December 31, 2024							
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	(In thousands of New Taiwan dollars)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss		
<u>Financial assets</u>							
<u>Monetary items</u>							
GBP: USD	\$	521	1.2521	21,360	5%	\$	1,068
USD: RMB		402	7.2994	13,163	5%		658
USD: EUR		827	0.9661	27,079	5%		1,354
USD: NTD		5,932	32.7433	194,233	5%		9,712
NTD: USD		1,229	0.0305	1,229	5%		61
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD: RMB	\$	179	7.2994	5,861	5%	\$	293

iii. For the years ended December 31, 2025 and 2024, the Group's monetary items have recognised exchange gain (loss) (including realised and unrealised) amounted to \$2,594 and (\$2,900), respectively, due to the significant effect from the fluctuations of exchange rate.

(b) Credit risk

- i Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The default occurs if the contract payments were past due over 180 days based on the terms.
- iii. The Group assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments; and
 - (iv) Adverse changes in national or regional economic conditions that are expected to

cause a default.

- v. The Group estimates expected credit losses individually for individually significant accounts receivable which the default occurs. For the remaining customers, the Group classifies customers' accounts receivable in accordance with geographic area. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and notes receivable. On December 31, 2025 and 2024, the loss allowance for accounts receivable and notes receivable is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	61~180 days past due	Total
<u>December 31, 2025</u>						
Expected loss rate	0.52%	0.92%	0.99%	2.73%	100.00%	
Total book value	\$ 1,050,538	\$ 76,991	\$ 3,953	\$ 5,567	\$ 8,371	\$1,145,420
Loss allowance	\$ 5,473	\$ 706	\$ 39	\$ 152	\$ 8,371	\$ 14,741
<u>December 31, 2024</u>						
Expected loss rate	0.59%	1.11%	1.61%	19.06%	100.00%	
Total book value	\$ 1,039,643	\$ 103,330	\$ 16,496	\$ 27,382	\$ 10,283	\$1,197,134
Loss allowance	\$ 6,083	\$ 1,147	\$ 265	\$ 5,219	\$ 10,283	\$ 22,997

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Accounts and notes receivable	Accounts and notes receivable
At January 1	\$ 22,899	\$ 27,881
Reversal of impairment	(7,583)	(6,273)
Effect of exchange rate changes	(575)	1,291
At December 31	<u>\$ 14,741</u>	<u>\$ 22,899</u>

- ix. For financial assets at amortised cost, the credit rating levels are presented below:

	<u>December 31, 2025</u>			
	<u>Lifetime</u>			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 1,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709</u>

	December 31, 2024			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 69,028	\$ -	\$ -	\$ 69,028

The financial assets at amortised cost held by the Group pertained to the time deposits with maturity over three months and the credit risk is well-managed without issues noted.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. The Group has the following undrawn borrowing facilities:

	December 31, 2025	December 31, 2024
Unsecured bank overdraft facilities		
Drawn amount	\$ 470,314	\$ 8,983
Undrawn amount	828,650	1,270,129
	<u>\$ 1,298,964</u>	<u>\$ 1,279,112</u>

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 477,153	\$ -	\$ -	\$ -	\$ 477,153
Accounts payable	628,550	-	-	-	628,550
Accounts payables-related parties	1,549	-	-	-	1,549
Other payables	233,109	-	-	-	233,109
Lease liability	73,074	71,446	45,113	-	189,633
Other current liabilities	805	-	-	-	805
	<u>\$ 1,414,240</u>	<u>\$ 71,446</u>	<u>\$ 45,113</u>	<u>\$ -</u>	<u>\$ 1,530,799</u>
December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 9,155	\$ -	\$ -	\$ -	\$ 9,155
Accounts payable	420,700	-	-	-	420,700
Accounts payables-related parties	4,008	-	-	-	4,008
Other payables	108,244	-	-	-	108,244
Lease liability	71,908	69,250	100,441	-	241,599
	<u>\$ 614,015</u>	<u>\$ 69,250</u>	<u>\$ 100,441</u>	<u>\$ -</u>	<u>\$ 783,706</u>

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investments in non-principal-protected floating income financial instruments falls under this level.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, refundable deposits, short-term borrowings, accounts payable, account payables-related parties, other payables and lease liabilities are

approximate to their fair values.

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

(a) At December 31, 2025 and 2024, the Group had no financial and non-financial instruments measured at fair value.

(b) The methods and assumptions the Group used to measure fair value are as follows:

The estimated fair values of the financial instruments acquired are all in Level 2 and are valued based on the percent yield.

D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

F. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

(1) General information

The Group's core business is research and development, manufacturing and sales of cloud and data centre and high performance computing (HPC) servers and peripherals, as well as providing scalable customised clusters, related system solutions and customised services. The Group's Board of Directors allocates resources and assesses performance of the Group as a whole, has identified

that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group's operating segment's accounting policies are in agreement with the significant accounting policy summarized in Notes of the consolidated financial statements. Segment profit (loss) is measured with the post-tax profit (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

(3) Information about segment profit or loss, assets and liabilities

The Group has only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements.

(4) Reconciliation for segment income (loss)

The segment operating net losses reported to the chief operating decision-maker are measured in a manner consistent with revenues and expenses in the statement of comprehensive income, and therefore the adjustments to net operating loss are the same as those in the statement of comprehensive income.

(5) Information on products and services

Details of revenue are as follows:

	Year ended December 31	
	2025	2024
Sales revenue	\$ 6,952,283	\$ 5,422,477
Service revenue	34,502	69,911
	<u>\$ 6,986,785</u>	<u>\$ 5,492,388</u>

(6) Geographical information

Revenues from the Group's geographical segments are categorised based on the geographical location of customers and non-current assets are categorised based on the geographical location of the assets. Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 5,085,032	\$ 58,649	\$ 3,463,579	\$ 70,057
United States	1,876,623	193,708	1,937,882	205,219
Europe	25,130	23,289	90,927	2,420
	<u>\$ 6,986,785</u>	<u>\$ 275,646</u>	<u>\$ 5,492,388</u>	<u>\$ 277,696</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31	
	2025	2024
	Revenue	Revenue
H Company	\$ 1,846,260	\$ 1,237,292
E Company	1,187,198	247,485

AMAX Holding Co., Ltd. and subsidiaries
Loans to others
Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025	Balance as at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	AMAX Holding Co., Ltd.	AMAX Information Technologies Co., Ltd.	Other receivables	Yes	\$ 78,575 (USD 2,500,000)	\$ -	\$ -	5.00%	2	\$ -	Operations	\$ -	-	\$ -	\$ 916,491	\$ 916,491	Note 2
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Other receivables	Yes	188,580 (USD 6,000,000)	-	-	5.00%	2	-	Operations	-	-	-	1,075,777	1,075,777	Note 3
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Other receivables	Yes	314,300 (USD 10,000,000)	314,300 (USD 10,000,000)	94,290 (USD 3,000,000)	5.00%	2	-	Operations	-	-	-	1,075,777	1,075,777	Note 3

Note 1: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing':

(1) Fill in 1 for business transactions

(2) Fill in 2 for short-term financing

Note 2: Limit on loans: In accordance with the loaning funds to others of the lending companies, for short-term financing, limit on loans granted for a single party and limit on total loans is 40% of the net assets of the lending companies.

Note 3: Limit on loans: In accordance with the policy of loaning funds to others of the lending companies, for the foreign companies whose voting rights are 100% owned directly and indirectly by the lending companies, of which the loans are arising from the needs of short-term financing for both parties, limit on loans granted for a single party and limit on total loans is the lower of 50% of the net assets of the lending companies or 50% of the ultimate parent company's net assets stated in the latest financial statements.

AMAX Holding Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Party being endorsed/guaranteed	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Outstanding endorsement/ guarantee amount as of December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
1	AMAX Engineering Corporation	AMAX Holding Co., Ltd.	2		\$ 2,151,554	\$ 94,290 (USD 3,000,000)	\$ -	\$ -	\$ -	-	\$ 2,151,554	N	Y	N	Note 3
1	AMAX Engineering Corporation	AMAX Holding Co., Ltd.	2		2,151,554	94,290 (USD 3,000,000)	94,290	-	-	4.38%	2,151,554	N	Y	N	Note 3
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	1		2,151,554	150,000	150,000			6.97%	2,151,554	Y	N	N	Note 3
2	AMAX Information Technologies (Suzhou) Co., Ltd.	XIN Max International Trading (Hong Kong) Limited	1		736,001	134,376 (CNY 30,000,000)	134,376	-	-	18.26%	736,001	N	N	N	Note 4

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

(1) The Company is '0'.

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

Note 2: The associates is 1, and the parent company is 2.

Note 3: In accordance with AMAX Engineering Corporation's "Procedures for Provision of Endorsements and Guarantees", the limit between companies in which the parent company directly and indirectly owns 100% of the voting shares is the lower of 100% of the net worth of the endorsement/guarantee company's most recent financial statements which was audited or reviewed by the independent accountants or 100% of the net worth of the ultimate parent company's most recent financial statements which was audited or reviewed by the independent accountants.

Note 4: In accordance with AMAX Information Technology (Suzhou) Co., Ltd.'s "Procedures for Provision of Endorsements and Guarantees", the limit between companies in which the parent company directly and indirectly owns more than 50% of the shares is restricted to 100% of the net worth of the endorsement/ guarantee company's most recent financial statements audited or reviewed by the independent accountants.

AMAX Holding Co., Ltd. and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Associate	Sales	\$ 457,543	12.71%	Note 1	Note 1	Note 1	\$ 255,574	42.05%	
AMAX Information Technologies (Suzhou) Co., Ltd.	Amax Information Technology (Shanghai) Co., Ltd.	Associate	"	300,390	8.94%	"	"	"	35,926	6.44%	
AMAX Information Technologies (Suzhou) Co., Ltd.	AMAX Information Technologies (Shenzhen) Co., Ltd.	Associate	"	411,940	12.25%	"	"	"	-	-	
AMAX Information Technologies (Suzhou) Co., Ltd.	AMAX Information Technologies Co., Ltd.	Associate	"	124,247	3.70%	"	"	"	44,482	7.97%	

Note 1: The terms and sales prices were negotiated by both parties after taking into consideration products, market competition and other conditions. The collection period is 30~120 days from the end of the month of sales. The aforementioned related party transaction has been written off in the consolidated financial statements.

AMAX Holding Co., Ltd. and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the coun terparty	Balance as at December 31,2025	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Subsidiary	\$ 255,574	1.22	\$ 179,835	Persistent payment collection	\$ -	\$ -
AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Subsidiary	171,106	-	-	Persistent payment collection	-	-

(Shown as other receivables)

AMAX Holding Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Note 2	Sale	\$ 457,543	Note 3	6.55%
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	"	Accounts receivable	255,574	"	6.40%
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	"	Other receivable	171,106	"	4.28%
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	"	Service revenue	45,714	"	0.65%
1	AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	"	Royalty income	61,790	"	0.88%
2	AMAX Information Technologies Limited	AMAX Engineering Corporation	"	Service revenue	32,054	"	0.46%
2	AMAX Information Technologies Limited	AMAX Engineering Corporation	"	Other receivable	14,361	"	0.36%
3	AMAX Information Technologies (Suzhou) Co., Ltd.	Amax Information Technology (Shanghai) Co., Ltd.	"	Sale	300,390	"	4.30%
3	AMAX Information Technologies (Suzhou) Co., Ltd.	AMAX Information Technologies (Shenzhen) Co., Ltd.	"	Sale	411,940	"	5.90%
3	AMAX Information Technologies (Suzhou) Co., Ltd.	AMAX Information Technologies Co., Ltd.	"	Sale	124,247	"	1.78%
3	AMAX Information Technologies (Suzhou) Co., Ltd.	AMAX Information Technologies Co., Ltd.	"	Accounts receivable	44,482	"	1.11%
3	AMAX Information Technologies (Suzhou) Co., Ltd.	XIN Max International Trading (Hong Kong) Limited	"	Prepayments	18,189	"	0.46%
3	AMAX Information Technologies (Suzhou) Co., Ltd.	Amax Information Technology (Shanghai) Co., Ltd.	"	Accounts receivable	35,926	"	0.90%
4	AMAX Information Technologies Co., Ltd.	AMAX Engineering Corporation	"	Sale	28,479	"	0.41%

Note 1: The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is subsidiary to subsidiary.

Note 3: The terms and sales prices were negotiated by both parties after taking into consideration products, market competition and other conditions. The collection period is 30~120 days from the end of the month of sales.

Note 4: The percentage of consolidated total assets is computed with the consolidated total assets divided by period-end balance of balance sheet accounts while the consolidated total operating revenues is computed with consolidated total operating revenues divided by accumulated amount of income statement accounts for the year. The aforementioned related party transaction has been written off in the consolidated financial statements.

AMAX Holding Co., Ltd. and subsidiaries
Information on investees
Year ended December 31, 2025

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
AMAX Holding Co., Ltd.,	AMAX Engineering Corporation	USA	Manufacturing and sales of servers, network systems and cloud computing peripherals	\$ 1,477,340 (USD 48,899,134)	\$ 1,477,340 (USD 48,899,134)	111,438	100%	\$2,151,206	\$ 218,440	\$ 218,440	Investees accounted for using equity method
AMAX Engineering Corporation	AMAX Information Technologies Limited	Ireland	Manufacturing and sales of servers, network systems and cloud computing peripherals	3,308 (EUR 100,000)	3,308 (EUR 100,000)	100	100%	62,025	775	775	"
AMAX Engineering Corporation	AMAX Information Technologies Co., Ltd.	Taiwan	Manufacturing and sales of servers, network systems and cloud computing peripherals and customer service	20,000	20,000	2,000	100%	111,998	42,729	42,729	"
AMAX Information Technologies (Shenzhen) Co., Ltd.	XIN Max International Trading (Hong Kong) Limited	Hong Kong	International trading business	39 (HK 10,000)	39 (HK 10,000)	10	100%	4,937	3,993	3,993	"

AMAX Holding Co., Ltd. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net Income of Investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2)	Book value of investments in back to as of 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AMAX Information Technologies (Suzhou) Co., Ltd.	Research and development of computer software and manufacturing and sales of servers and cloud computing peripherals	\$ 49,507 (CNY 10,000,000)	1	\$ -	\$ -	\$ -	\$ -	\$ 94,908	100%	\$ 94,908	\$ 736,001	\$ -	Investees accounted for using equity method
AMAX Information Technology (Shanghai) Co., Ltd.	Sales of servers and peripherals	38,450 (USD 1,150,000)	1	-	-	-	-	28,556	100%	28,556	225,581	-	"
AMAX Information Technologies (Shenzhen) Co., Ltd.	Sales of servers and peripherals	13,723 (CNY 3,000,000)	1	-	-	-	-	7,935	100%	7,935	50,074	-	"

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: The financial information has been audited by the independent accountants of the Company.