

INERGY TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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

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Representation Letter

The entities that are required to be included in the combined financial statements of inergy Technology Inc. as of and for the year ended December 31, 2025 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, inergy Technology Inc. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: inergy Technology Inc.
Chairman: Ming-Chang Lin
Date: March 4, 2026.



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of inergy Technology Inc.:

Opinion

We have audited the consolidated financial statements of inergy Technology Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and 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 of 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 of 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

- The accuracy of the timing of revenue recognition

Please refer to note 4(n) “Revenue” for accounting policy and note 6(p) “Revenue from contracts with customers” for further information.

Description of the key audit matter:

The sales of products from the Group are subject to the terms and conditions agreed upon in sales contracts with customers, wherein it will affect the timing of revenue recognition and transfer of control to the buyer to be in compliance with the accounting standards. If the revenue is recognized prior to the customer having obtained the goods, it will result in an inappropriate timing of revenue recognition the period surrounding the reporting date. Therefore, the accuracy of the timing of revenue recognition has been identified as our key audit matter.

How the matter was addressed in our audit:

- Understanding the main types of revenues, contract contents, and transaction terms to assess the accuracy of the timing of revenue recognition.
- Conducting the variance analysis on the revenue from major customer.
- Testing the internal controls related to shipping operations and revenue recognition processes.
- Determining samples from sales transactions for a period before and after the balance sheet date to ensure the accuracy of the document related to revenue recognition.

Other Matter

Inergy Technology Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 and 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.

The engagement partners on the audit resulting in this independent auditors' report are Yang, Yun-Chu and Chen, Ya-Ling.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2026

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INERGY TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2025</u>		<u>December 31, 2024</u>				<u>December 31, 2025</u>		<u>December 31, 2024</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 466,545	28	759,618	42	2100	Short-term borrowings (notes 6(i) and (v))	\$ 45,000	3	74,516	4
1172	Notes and accounts receivable, net (note 6(c))	278,726	16	205,892	11	2130	Contract liabilities-current (note 6(p))	913	-	697	-
1137	Current financial assets at amortised cost (note 6(b))	10,000	1	-	-	2170	Notes and accounts payable	247,817	15	198,354	11
1200	Other receivables	172	-	1,904	-	2200	Other payables (note 6(q))	53,918	3	46,198	3
130x	Inventories (note 6(d))	345,009	20	280,991	16	2230	Current tax liabilities	7,771	-	15,188	1
1476	Other current financial assets (notes 6(h) and 9)	630	-	124,208	7	2280	Lease liabilities-current (notes 6(j) and (v))	3,794	-	3,025	-
1479	Other current assets (note 6(h))	12,729	1	14,291	1	2320	Long term liabilities, current portion (notes 6(i) and 8)	15,079	1	14,780	1
	Total current assets	<u>1,113,811</u>	<u>66</u>	<u>1,386,904</u>	<u>77</u>	2399	Other current liabilities (notes 6(i) and 9)	<u>35,978</u>	<u>2</u>	<u>36,298</u>	<u>2</u>
15xx	Non-current assets:						Total current liabilities	<u>410,270</u>	<u>24</u>	<u>389,056</u>	<u>22</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	32,445	2	36,405	2	25xx	Non-current liabilities:				
1600	Property, plant and equipment (notes 6(e), 8 and 9)	326,430	20	320,740	18	2540	Long-term borrowings (notes 6(i) and 8)	150,603	9	165,682	9
1755	Right-of-use assets (note 6(f))	5,794	-	6,972	-	2550	Non-current provisions (notes 6(k) and 9)	42,696	3	-	-
1780	Intangible assets (note 6(g))	7,293	-	7,706	-	2570	Deferred tax liabilities (note 6(m))	1,045	-	3,652	-
1840	Deferred tax assets (note 6(m))	23,937	1	15,212	1	2580	Lease liabilities-non-current (notes 6(j) and (v))	2,206	-	4,134	-
1920	Guarantee deposits paid (notes 8 and 9)	137,915	9	12,684	1	2645	Guarantee deposits received (note 9)	-	-	35,000	2
1980	Other non-current financial assets (notes 6(h) and 8)	14,823	1	15,424	1		Total non-current liabilities	<u>196,550</u>	<u>12</u>	<u>208,468</u>	<u>11</u>
1995	Other non-current assets (note 6(h))	14,879	1	3,907	-	2xxx	Total liabilities	<u>606,820</u>	<u>36</u>	<u>597,524</u>	<u>33</u>
	Total non-current asset	<u>563,516</u>	<u>34</u>	<u>419,050</u>	<u>23</u>	31xx	Equity (notes 6(b) and (n)):				
						3110	Ordinary shares	457,200	27	457,200	25
						3200	Capital surplus	570,003	34	570,003	32
						3300	Retained earnings	89,884	5	185,320	10
						3400	Other equity	(7,685)	-	(4,093)	-
						3500	Treasury shares	(38,895)	(2)	-	-
						3xxx	Total equity	<u>1,070,507</u>	<u>64</u>	<u>1,208,430</u>	<u>67</u>
1xxx	Total assets	<u>\$ 1,677,327</u>	<u>100</u>	<u>1,805,954</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 1,677,327</u>	<u>100</u>	<u>1,805,954</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INERGY TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2025</u>		<u>2024</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (note 6(p))	\$ 1,413,767	100	1,094,185	100
5000	Operating costs (notes 6(d), (e), (f), (l), (q) and 12)	<u>1,043,833</u>	<u>74</u>	<u>759,826</u>	<u>69</u>
5900	Gross profit from operations	<u>369,934</u>	<u>26</u>	<u>334,359</u>	<u>31</u>
6000	Operating expenses (notes 6(e), (f), (g), (j), (l), (q), 7 and 12):				
6100	Selling expenses	47,746	3	42,468	4
6200	Administrative expenses	142,778	10	73,955	7
6300	Research and development expenses	<u>114,949</u>	<u>8</u>	<u>97,102</u>	<u>9</u>
	Total operating expenses	<u>305,473</u>	<u>21</u>	<u>213,525</u>	<u>20</u>
6900	Net operating income	<u>64,461</u>	<u>5</u>	<u>120,834</u>	<u>11</u>
7000	Non-operating income and expenses (notes 6(b), (j), (k) and (r)):				
7100	Interest income	7,706	-	21,061	2
7010	Other income	1,435	-	1,506	-
7020	Other gains and losses	(76,198)	(5)	51,975	5
7050	Finance costs	<u>(5,006)</u>	<u>-</u>	<u>(4,736)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>(72,063)</u>	<u>(5)</u>	<u>69,806</u>	<u>6</u>
7900	Income (loss) before tax	(7,602)	-	190,640	17
7950	Less: Income tax (benefits) expenses (note 6(m))	<u>(3,606)</u>	<u>-</u>	<u>38,223</u>	<u>3</u>
8000	Net (loss) income	<u>(3,996)</u>	<u>-</u>	<u>152,417</u>	<u>14</u>
8300	Other comprehensive income (notes 6(b) and (n)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3,960)	-	3,474	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(3,960)</u>	<u>-</u>	<u>3,474</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	368	-	(551)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>368</u>	<u>-</u>	<u>(551)</u>	<u>-</u>
8300	Other comprehensive income	<u>(3,592)</u>	<u>-</u>	<u>2,923</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ (7,588)</u>	<u>-</u>	<u>155,340</u>	<u>14</u>
	Profit (loss) attributable to:				
8610	Owners of parent	<u>\$ (3,996)</u>	<u>-</u>	<u>152,417</u>	<u>14</u>
	Comprehensive income attributable to:				
8710	Owners of parent	<u>\$ (7,588)</u>	<u>-</u>	<u>155,340</u>	<u>14</u>
	Earnings per share (expressed in New Taiwan dollars) (note 6(o))				
9750	Basic earnings per share	<u>\$ (0.09)</u>		<u>3.33</u>	
9850	Diluted earnings per share	<u>\$ (0.09)</u>		<u>3.33</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INERGY TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interests	Treasury shares	
Balance at January 1, 2024	\$ 457,200	594,692	23,867	6,027	24,040	53,934	553	(7,569)	(7,016)	-	1,098,810
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	1,631	-	(1,631)	-	-	-	-	-	-
Special reserve	-	-	-	989	(989)	-	-	-	-	-	-
Cash dividends	-	(24,689)	-	-	(21,031)	(21,031)	-	-	-	-	(45,720)
Net income	-	-	-	-	152,417	152,417	-	-	-	-	152,417
Other comprehensive income	-	-	-	-	-	-	(551)	3,474	2,923	-	2,923
Total comprehensive income	-	-	-	-	152,417	152,417	(551)	3,474	2,923	-	155,340
Balance on December 31, 2024	457,200	570,003	25,498	7,016	152,806	185,320	2	(4,095)	(4,093)	-	1,208,430
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	15,241	-	(15,241)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(2,923)	2,923	-	-	-	-	-	-
Cash dividends	-	-	-	-	(91,440)	(91,440)	-	-	-	-	(91,440)
Net loss	-	-	-	-	(3,996)	(3,996)	-	-	-	-	(3,996)
Other comprehensive income	-	-	-	-	-	-	368	(3,960)	(3,592)	-	(3,592)
Total comprehensive income	-	-	-	-	(3,996)	(3,996)	368	(3,960)	(3,592)	-	(7,588)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(38,895)	(38,895)
Balance at December 31, 2025	\$ 457,200	570,003	40,739	4,093	45,052	89,884	370	(8,055)	(7,685)	(38,895)	1,070,507

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INERGY TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
(Loss) income before tax	\$ (7,602)	190,640
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	34,667	33,696
Amortization expense	2,404	3,288
Finance costs	5,006	4,736
Interest income	(7,706)	(21,061)
Dividend income	(900)	(450)
Gain on disposal of property, plant and equipment	-	(202)
Others	42,195	(44)
Total adjustments to reconcile profit (loss)	<u>75,666</u>	<u>19,963</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(72,655)	(73,769)
Other receivables	765	(767)
Inventories	(63,819)	(79,141)
Other current assets	1,562	10,235
Total changes in operating assets	<u>(134,147)</u>	<u>(143,442)</u>
Changes in operating liabilities:		
Contract liabilities	234	316
Notes and accounts payable	49,463	109,731
Other payables	9,245	19,117
Other current liabilities	196	190
Total changes in operating liabilities	<u>59,138</u>	<u>129,354</u>
Total changes in operating assets and liabilities	<u>(75,009)</u>	<u>(14,088)</u>
Total adjustments	<u>657</u>	<u>5,875</u>
Cash (outflow) inflow generated from operations	(6,945)	196,515
Income taxes paid	(15,142)	(24,056)
Net cash flows (used in) from operating activities	<u>(22,087)</u>	<u>172,459</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(10,000)	-
Acquisition of property, plant and equipment	(50,795)	(33,398)
Proceeds from disposal of property, plant and equipment	-	216
(Increase) decrease in refundable deposits	(1,653)	73,050
Acquisition of intangible assets	(377)	(347)
Decrease (increase) in other financial assets	601	(944)
Interest received	8,673	20,970
Dividends received	900	450
Net cash flows (used in) from investing activities	<u>(52,651)</u>	<u>59,997</u>
Cash flows from (used in) financing activities:		
Proceeds from short-term borrowings	-	75,000
Repayment of short-term borrowings	(30,000)	-
Repayment of long-term borrowings	(14,780)	(14,522)
Decrease in guarantee deposits received	(35,000)	(25,000)
Payment of lease liabilities	(3,574)	(3,579)
Cash dividends paid	(91,440)	(45,720)
Payments to acquire treasury shares	(38,895)	-
Interest paid	(4,598)	(4,632)
Net cash flows used in financing activities	<u>(218,287)</u>	<u>(18,453)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(48)</u>	<u>(1,126)</u>
Net (decrease) increase in cash and cash equivalents	(293,073)	212,877
Cash and cash equivalents at beginning of period	<u>759,618</u>	<u>546,741</u>
Cash and cash equivalents at ending of period	<u>\$ 466,545</u>	<u>759,618</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Inergy Technology Inc. (the “Company”) was incorporated on November 1, 2007 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 8F-3 , No.8 Taiyuan 2nd St., Jhubei City., Hsinchu County, Taiwan. Inergy Technology Inc. and its subsidiaries (“the Group”) major operating activities are product designing, and wholesale and retail sale of electrical appliance, and wholesale and retail sale of electronic materials, and international trade.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the financial assets at fair value through other comprehensive income are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Financial reports of subsidiaries had been adjusted properly and the accounting policies used in subsidiaries are same to the Group’s accounting policies.

Changes in the Group’s ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2025	December 31, 2024	
The Company	Guanghong Power drive (Shenzhen) electronic technology co., LTD.	Selling of electronic products	100 %	100 %	Note

Note: The aforementioned subsidiary was recognized based on the audited financial statements by the certified public accountant.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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ENERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(f) Cash and cash equivalents

Cash comprises cash on hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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ENERGY TECHNOLOGY INC. AND SUBSIDIARIES
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2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Group's right to receive payment is established, which is normally the ex-dividend date.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and guarantee deposit paid, etc. Loss allowances for financial assets are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

The loss allowance for notes and accounts receivable is measured based on the expected credit losses over the assets' lifetime. For other financial assets measured at amortized cost, the allowance for impairment is determined by considering reasonable and supportable information that is available without undue cost or effort, including both qualitative and quantitative factors, as well as analyses based on the Group's historical experience, credit assessments, and forward-looking information. For financial assets for which credit risk has not increased significantly since initial recognition, the loss allowance is measured at the 12-month expected credit losses. If credit risk has increased significantly since initial recognition, the loss allowance is measured at lifetime expected credit losses.

At each reporting date, the Group assesses whether financial assets measured at amortized cost are credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence of credit impairment includes events such as default, significant delinquency or past-due status exceeding one year, or situations in which bankruptcy or other financial restructuring is highly probable.

When the Group no longer reasonably expects to recover all, or part of a financial asset, the gross carrying amount of the financial asset is reduced directly. This typically occurs when the Group determines that the debtor's assets or sources of income are insufficient to generate adequate cash flows to repay the amount written off, which may still be subject to enforcement actions to recover amounts due.

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ENERGY TECHNOLOGY INC. AND SUBSIDIARIES
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4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

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

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings and structures	
	Main buildings	50 years
	Others	8~10 years
2)	Machinery and equipment	1~5 years
3)	Transportation equipment	5 years
4)	Other equipment	3~5 years
5)	Office equipment	3~5 years
6)	Lease improvement	3~5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lease

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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ENERGY TECHNOLOGY INC. AND SUBSIDIARIES
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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substantively fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the assessment on whether it will have the option to exercise a purchase, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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ENERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income over the lease term as part of 'rent income'.

(k) Intangible assets

(i) Recognition and measurement

Intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The Group's intangible assets is computer software, the estimated useful lives for current and comparative periods was 3 to 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or the cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group periodically assesses the obligation of all litigation and claims and relative legal costs. Provision is recognized when it is probable that the present obligation as a result of a past event, will result in an outflow of resources and the amount can be reasonably estimated.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the government grants; they are then recognized as other income on a systematic basis over the useful life of the assets. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

The Group calculates the fair value of its loans from financial institutions with government assistance in the form of a guarantee based on the market interest rates, and recognizes the difference between the fair value of the loans and the amount paid as other income.

(p) Employee benefits

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reduction are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainly related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

There is no information about critical judgments in the consolidated financial statements.

Information about assumptions and estimation uncertainties that do not have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The accounting policy and disclosure of the Group include that measuring financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to note 6(s) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 203	242
Demand and checking deposits	329,940	487,096
Time deposits	136,402	108,355
Cash equivalents (investments in bonds sold under repurchase agreement)	-	163,925
	<u>\$ 466,545</u>	<u>759,618</u>

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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Please refer to note 6(s) for the currency risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets

(i) Financial assets at fair value through other comprehensive income

	December 31, 2025	December 31, 2024
Domestic listed companies	\$ <u>32,445</u>	<u>36,405</u>

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

During the years ended December 31, 2025 and 2024, the company received dividends income \$900 and \$450, respectively, of the equity investments designated at fair value through other comprehensive income.

There were no disposals of equity securities as at fair value through other comprehensive income and transfers of any cumulative gain or loss within equity relating to these investments as of 2025 and 2024.

(ii) Financial assets measured at amountized cost

	December 31, 2025	December 31, 2024
Time deposits with maturities over three months	\$ <u>10,000</u>	<u>-</u>

The Group assessed that it intends to hold these assets to maturity in order to collect the contractual cash flows, and that the cash flows represent solely payments of principal and interest on the outstanding principal amount. Accordingly, these assets are classified as financial assets measured at amortized cost.

The Group holds domestic time deposits, which bore a weighted-average interest rate of 1.69% for the year 2025, and will mature in September 2026.

(iii) For credit and market risk, please refer to note 6(s).

(iv) The aforementioned financial assets were not pledged.

(c) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 147	4,302
Accounts receivable	278,579	201,590
Less: loss allowance	-	-
	\$ <u>278,726</u>	<u>205,892</u>

(Continued)

INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision was determined as follows:

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 250,343	-	-
Overdue within 90 days	12,668	-	-
Overdue 91~180 days	1,991	-	-
Overdue more than 180 days	13,724	-	-
	\$ 278,726		-
	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 186,087	-	-
Overdue within 90 days	19,805	-	-
	\$ 205,892		-

There were no provisions or reversals of expected credit losses for the years ended December 31, 2025 and 2024.

The Group's notes and accounts receivable were not discounted and pledged. For further credit risk information, please refer to note 6(s).

(d) Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 19,929	8,499
Work in process	233,982	218,968
Merchandise and finished goods	91,098	53,524
	\$ 345,009	280,991

(Continued)

INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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Except for cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2025	2024
Losses (gains) on valuation of inventories	\$ 2,228	(44,390)

(i) The aforementioned gains on valuation of inventories were due to inventories, which had been recognized loss on valuation, had been sold or used.

(ii) The Group's inventories were not pledged.

(e) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2025 and 2024, were as follows :

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Office equipment	Lease improvement	Total
Cost:								
Balance at January 1, 2025	\$ 73,697	195,627	116,607	1,297	1,234	10,848	802	400,112
Additions	-	2,288	14,669	-	156	1,092	-	18,205
Disposals	-	-	(14,197)	-	(97)	(5,118)	-	(19,412)
Reclassification (Note)	-	660	17,891	-	-	-	-	18,551
Effect of exchange rate changes	-	-	(2)	-	-	(6)	-	(8)
Balance at December 31, 2025	\$ 73,697	198,575	134,968	1,297	1,293	6,816	802	417,448
Balance at January 1, 2024	\$ 73,697	195,360	102,965	1,211	1,125	9,467	593	384,418
Additions	-	267	11,554	1,288	109	2,087	208	15,513
Disposals	-	-	(14,387)	(1,211)	-	(714)	-	(16,312)
Reclassification (Note)	-	-	16,457	-	-	-	-	16,457
Effect of exchange rate changes	-	-	18	9	-	8	1	36
Balance at December 31, 2024	\$ 73,697	195,627	116,607	1,297	1,234	10,848	802	400,112
Accumulated depreciation:								
Balance at January 1, 2025	\$ -	21,945	49,599	162	602	6,779	285	79,372
Depreciation	-	6,216	22,165	208	208	2,089	172	31,058
Disposals	-	-	(14,197)	-	(97)	(5,118)	-	(19,412)
Effect of exchange rate changes	-	-	(8)	9	-	(4)	3	-
Balance at December 31, 2025	\$ -	28,161	57,559	379	713	3,746	460	91,018
Balance at January 1, 2024	\$ -	15,863	43,019	1,211	402	5,007	173	65,675
Depreciation	-	6,082	20,955	161	200	2,467	112	29,977
Disposals	-	-	(14,387)	(1,211)	-	(700)	-	(16,298)
Effect of exchange rate changes	-	-	12	1	-	5	-	18
Balance at December 31, 2024	\$ -	21,945	49,599	162	602	6,779	285	79,372
Carrying value:								
Balance at December 31, 2025	\$ 73,697	170,414	77,409	918	580	3,070	342	326,430
Balance at January 1, 2024	\$ 73,697	179,497	59,946	-	723	4,460	420	318,743
Balance at December 31, 2024	\$ 73,697	173,682	67,008	1,135	632	4,069	517	320,740

(Note): Reclassifications are mainly the prepayments for business facilities being reclassified to property, plant and equipment.

As of December 31, 2025 and 2024, the property, plant, and equipment were subject to a registered debenture to secured bank loans and credit lines, the collateral for these long-term borrowings were disclosed in note 8.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Right-of-use assets

The Group leases buildings and structures and equipment. The movements in right-of-use assets were as follows:

	<u>Buildings and structures</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ 11,337	636	11,973
Additions	-	2,859	2,859
Decreases	-	(1,271)	(1,271)
Effect of exchange rate changes	<u>5</u>	<u>-</u>	<u>5</u>
Balance at December 31, 2025	<u>\$ 11,342</u>	<u>2,224</u>	<u>13,566</u>
Balance at January 1, 2024	\$ 10,825	1,883	12,708
Additions	5,251	636	5,887
Decreases	(4,909)	(1,883)	(6,792)
Effect of exchange rate changes	<u>170</u>	<u>-</u>	<u>170</u>
Balance at December 31, 2024	<u>\$ 11,337</u>	<u>636</u>	<u>11,973</u>
Accumulated depreciation:			
Balance at January 1, 2025	\$ 4,365	636	5,001
Depreciation	2,911	698	3,609
Decreases	-	(901)	(901)
Effect of exchange rate changes	<u>63</u>	<u>-</u>	<u>63</u>
Balance at December 31, 2025	<u>\$ 7,339</u>	<u>433</u>	<u>7,772</u>
Balance at January 1, 2024	\$ 6,084	1,883	7,967
Depreciation	3,083	636	3,719
Decreases	(4,909)	(1,883)	(6,792)
Effect of exchange rate changes	<u>107</u>	<u>-</u>	<u>107</u>
Balance at December 31, 2024	<u>\$ 4,365</u>	<u>636</u>	<u>5,001</u>
Carrying value:			
Balance at December 31, 2025	<u>\$ 4,003</u>	<u>1,791</u>	<u>5,794</u>
Balance at January 1, 2024	<u>\$ 4,741</u>	<u>-</u>	<u>4,741</u>
Balance at December 31, 2024	<u>\$ 6,972</u>	<u>-</u>	<u>6,972</u>

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(g) Intangible assets

The cost and accumulated amortization of the intangible assets of the Group for the years ended December 31, 2025 and 2024, were as follows:

	Computer Software
Costs:	
Balance at January 1, 2025	\$ 11,399
Additions	1,991
Decreases	(813)
Balance at December 31, 2025	<u>\$ 12,577</u>
Balance at January 1, 2024	\$ 15,506
Additions	347
Decreases	(4,464)
Effect of exchange rate changes	10
Balance at December 31, 2024	<u>\$ 11,399</u>
Accumulated amortization:	
Balance at January 1, 2025	\$ 3,693
Amortization	2,404
Decreases	(813)
Balance at December 31, 2025	<u>\$ 5,284</u>
Balance at January 1, 2024	\$ 4,860
Amortization	3,288
Decreases	(4,464)
Effect of exchange rate changes	9
Balance at December 31, 2024	<u>\$ 3,693</u>
Carrying value:	
Balance at December 31, 2025	<u>\$ 7,293</u>
Balance at January 1, 2024	<u>\$ 10,646</u>
Balance at December 31, 2024	<u>\$ 7,706</u>

(i) Amortization expense

For the years ended December 31, 2025 and 2024, the amortization of intangible assets is included in the consolidated statement of comprehensive income:

	2025	2024
Operating expense	<u>\$ 2,404</u>	<u>3,288</u>

(ii) Pledge

As of December 31, 2025 and 2024, the intangible assets were not pledged.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (h) Other financial assets, other current assets and other non-current assets

The details of the Group's other current financial assets were as follows:

	December 31, 2025	December 31, 2024
Guarantee deposits paid	<u>\$ 630</u>	<u>124,208</u>

The details of the Group's other current assets were as follows:

	December 31, 2025	December 31, 2024
Prepayments to suppliers	\$ 1,006	1,443
Tax refund	6,920	6,396
Others	<u>4,803</u>	<u>6,452</u>
	<u>\$ 12,729</u>	<u>14,291</u>

The details of the Group's other non-current financial assets were as follows:

	December 31, 2025	December 31, 2024
Restricted deposits	<u>\$ 14,823</u>	<u>15,424</u>

The details of the Group's other non-current assets were as follows:

	December 31, 2025	December 31, 2024
Prepayments for equipment	<u>\$ 14,879</u>	<u>3,907</u>

As of December 31, 2025 and 2024, the restricted deposits of the Group had been pledged as collateral, please refer to note 8.

- (i) Short-term and long-term borrowings

The details of the Group for short-term borrowings were as follows:

	December 31, 2025	December 31, 2024
Unsecured bank borrowings (in NTD)	<u>\$ 45,000</u>	<u>74,516</u>
Annual interest rate	<u>1.928%~2.085%</u>	<u>0.5%~2.12%</u>

The details of the Group for long-term borrowings were as follows:

	December 31, 2025			
	<u>Currency</u>	<u>Interest rate</u>	<u>Expiration</u>	<u>Amount</u>
Secured long-term borrowings	NTD	1.975%~2.12%	2035/12/04~2036/01/21	\$ 165,682
Less: Current portion				<u>15,079</u>
Total				<u>\$ 150,603</u>
Unused bank credit lines for short-term and long-term borrowings				<u>\$ 300,000</u>

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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	December 31, 2024			
	Currency	Interest rate	Expiration	Amount
Secured long-term borrowings	NTD	1.975%~2.12%	2035/12/04~2036/01/21	\$ 180,462
Less: Current portion				14,780
Total				\$ 165,682
Unused bank credit lines for short-term and long-term borrowings				\$ 250,000

- (i) For collateral for long-term borrowings, please refer to note 8.
- (ii) Government credit guarantee low-interest loans

On December 2, 2024, an additional unsecured bank loan of \$35,000 was obtained, with an annual interest rate of 0.5%, maturing on December 2, 2025. This loan was secured under the "Guidelines for the Ministry of Economic Affairs' Project Loans to Assist SMEs in Low-Carbon and Smart Transformation Development and Optimization of Infrastructure for Regulated and Specific Factories," and was obtained as a low-interest project loan from E.SUN Bank, fully guaranteed by the domestic government. The loan disbursement is recognized and measured at market interest rates, with the difference between the actual preferential interest rate and the market rate, in accordance with government grants, recognized as deferred income under other current liabilities.

(j) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	\$ 3,794	3,025
Non-current	\$ 2,206	4,134

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest expenses on lease liabilities	\$ 189	134
Expenses relating to short-term leases	\$ 152	154
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 125	130

The amounts recognized in the statement of cash flows by the Group were as follows:

	2025	2024
Total cash outflow for leases	\$ 4,040	3,997

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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The Group leases buildings and structures for plants and office space. The leases of them typically run for a period of 1 to 5 years. The Group leases transportation equipment, with lease terms of 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group also leases office and office equipment with contract terms of 1 to 2 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Provisions

	December 31, 2025	December 31, 2024
Litigation provisions	\$ 42,696	-

Litigation provisions are recognized by the Group as liabilities for pending lawsuits base on the assessment of potential future cash outflows. Please refer to note 9 for other related Information.

(l) Employee benefits

(i) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(ii) The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$4,706 and \$3,920 for the years ended December 31, 2025 and 2024, respectively.

(iii) The Group's mainland China subsidiaries have a defined contribution plan. 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. Other than the monthly contributions, the Group has no further obligations.

The Group recognized the pension costs in accordance with the pension regulations were as follows:

	2025	2024
Operating expense	\$ 1,003	988

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(m) Income taxes

(i) Income tax (benefits) expenses

The components of income tax (benefits) expenses were as follows:

	<u>2025</u>	<u>2024</u>
Current tax (benefits) expenses	\$ 7,726	24,670
Deferred tax (benefits) expenses		
Origination and reversal of temporary difference	(11,332)	13,553
Subtotal	(11,332)	13,553
Income tax (benefits) and expenses	<u>\$ (3,606)</u>	<u>38,223</u>

The Group did not recognized any amount of income tax expense (benefits) in equity and other comprehensive income for the years ended December 31, 2025 and 2024.

Reconciliation of income tax expense and profit before tax for 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
(Loss) income before tax	\$ (7,602)	190,640
Income tax using the Company's domestic tax rate	(1,520)	38,128
Additional tax on undistributed earnings	1,141	-
Effect of tax rates in foreign jurisdiction	521	(97)
Recognition of previously unrecognized tax losses	(1,399)	(431)
Changes in provision in prior periods	(1,021)	(270)
Others	(1,328)	893
	<u>\$ (3,606)</u>	<u>38,223</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax effect of deductible temporary differences	\$ 3,199	5,283
Loss carryforwards	2,945	4,512
	<u>\$ 6,144</u>	<u>9,795</u>

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. As of December 31, 2025, the Group's loss carry-forward recognized and unrecognized as deferred tax assets and the expiry year were as follows:

<u>Year of loss</u>	<u>Unrecognized un-deducted loss</u>	<u>Recognized un-deducted loss</u>	<u>Expiry date</u>
2022	\$ 803	-	2027
2023	<u>2,142</u>	-	2028
	<u>\$ 2,945</u>	<u>-</u>	

The Group has no unrecognized deferred tax liabilities as of December 31, 2025 and 2024.

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2025 and 2024 were as follows:

	<u>Loss on valuation of inventories</u>	<u>Unrealized exchange loss</u>	<u>Provisions</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance at January 1, 2025	\$ 14,865	-	-	347	15,212
Recognized in profit or loss	<u>(1,226)</u>	-	8,125	1,826	8,725
Balance at December 31, 2025	<u>\$ 13,639</u>	<u>-</u>	<u>8,125</u>	<u>2,173</u>	<u>23,937</u>
Balance at January 1, 2024	\$ 24,441	119	-	553	25,113
Recognized in profit or loss	<u>(9,576)</u>	<u>(119)</u>	-	<u>(206)</u>	<u>(9,901)</u>
Balance at December 31, 2024	<u>\$ 14,865</u>	<u>-</u>	<u>-</u>	<u>347</u>	<u>15,212</u>
					<u>Unrealized exchange gains</u>
Deferred tax liabilities:					
Balance at January 1, 2025					\$ (3,652)
Recognized in profit or loss					<u>2,607</u>
Balance at December 31, 2025					<u>\$ (1,045)</u>
Balance at January 1, 2024					\$ -
Recognized in profit or loss					<u>(3,652)</u>
Balance at December 31, 2024					<u>\$ (3,652)</u>

(iii) Assessment

The Company's income tax returns for all years through 2023 were assessed by the tax authorities.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the Company's authorized ordinary shares consisted of 60,000 and 50,000 thousand shares, respectively, with a par value of \$10 per share, amounting to \$600,000 and \$500,000 of which 45,720 thousand shares were issued and outstanding. All issued shares were paid up upon issuance.

The Company resolved at the extraordinary shareholders' meeting held on January 14, 2026 to conduct a private placement of common shares through a cash capital increase. The number of common shares to be privately placed shall not exceed 8,700 thousand shares, and the private placement shall be completed in a single issuance within one year from the date of the shareholders' meeting resolution.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2025	December 31, 2025
Cash subscription in excess of par value of shares	\$ 569,928	-
Employee stock options	75	75
	\$ 570,003	75

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total ordinary shares outstanding.

On June 14, 2024, the shareholders' meeting resolved to distribute the cash dividends from the Company's capital surplus for an amount of \$24,689 with a face value of NTD0.54 per share. The related information can be found on websites such as the Market Observation Post System.

(iii) Retained earnings

The Company's article of incorporation stipulate that the Company's net earnings should first be used to offset any prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's total paid-in capital. The remainder, if any, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted during the shareholders' meeting for approval.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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As the Company is a technology intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Cash dividends and share dividends are appropriated in consideration of the Company's budget for capital expenditures, financial condition, and future operating cash flows. The amount of dividends to shareholders shall not be less than 10% of the profit from the current year. However, when the accumulated distributable surplus is less than 10% of the paid-in capital, it may not be distributed. No dividends can be distributed if the Company has no unappropriated earnings. Earnings can be distributed in cash or in shares. For cash dividends, the amount should not be lower than 10% of the total shareholders' dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(iv) Earnings distribution

Earnings distribution for 2024 and 2023 were decided by the resolutions adopted at the general meetings of shareholders held on June 6, 2025 and June 14, 2024, respectively, as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Amount per share (in dollars)</u>	<u>Total amount</u>	<u>Amount per share (in dollars)</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ <u>2</u>	<u>91,440</u>	<u>0.46</u>	<u>21,031</u>

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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On March 4, 2026, the Company's Board of Directors resolved to appropriate the 2025 earnings. These earnings were appropriated as follows:

	2025	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders :		
Cash	\$ 0.6	27,028

The related information mentioned above can be found on websites such as the Market Observation Post System.

(v) Treasury shares

In order to transfer shares to its employees, the Company decided to repurchase 1,500 thousand shares, at a price ranging from NT45 to NT88.07 per share, between June 4 and August 3, 2025, based on a resolution approved during its board meeting held on June 3, 2025. As of December 31, 2025, the Company has repurchased a total of 674 thousand shares for \$38,895.

In accordance with the Securities and Exchange Act, treasury shares held by the Company may not be pledged, nor are they entitled to dividends or voting rights prior to the transfer.

(vi) Other equity interests (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2025	\$ 2	(4,095)	(4,093)
Exchange differences on translation of foreign financial statements	368	-	368
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	-	(3,960)	(3,960)
Balance at December 31, 2025	\$ 370	(8,055)	(7,685)
Balance at January 1, 2024	\$ 553	(7,569)	(7,016)
Exchange differences on translation of foreign financial statements	(551)	-	(551)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	-	3,474	3,474
Balance at December 31, 2024	\$ 2	(4,095)	(4,093)

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(o) Earnings per share

The Group's basic and diluted earnings per share were calculated as follows:

	<u>2025</u>	<u>2024</u>
Basic earnings per share:		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(3,996)</u>	<u>152,417</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>45,403</u>	<u>45,720</u>
Basic earnings per share (in dollars)	\$ <u>(0.09)</u>	<u>3.33</u>
Diluted earnings per share:		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>(3,996)</u>	<u>152,417</u>
Weighted average number of ordinary shares outstanding (in thousands)	45,403	45,720
Employee remuneration (thousands shares)	-	88
Weighted average ordinary shares outstanding (diluted) (thousands shares)	<u>45,403</u>	<u>45,808</u>
Diluted earnings per share (in dollars)	\$ <u>(0.09)</u>	<u>3.33</u>

For the year ended December 31, 2025, the employee compensation had anti-diluted effects and hence the employee compensation was not included in the calculation of effect on potentially diluted common stock.

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2025</u>	<u>2024</u>
Primary geographical markets:		
Taiwan	\$ 496,881	342,647
China	906,331	730,496
Vietman	10,382	20,438
Others	<u>173</u>	<u>604</u>
	\$ <u>1,413,767</u>	<u>1,094,185</u>
Major products:		
Power semiconductor devices	\$ 958,831	835,601
Brushless DC Motors	307,311	164,003
Cooling Fan Driver	147,301	92,446
Others	<u>324</u>	<u>2,135</u>
	\$ <u>1,413,767</u>	<u>1,094,185</u>

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities-current	<u>\$ 913</u>	<u>697</u>	<u>377</u>

For details on notes and accounts receivables and loss allowance, please refer to note 6(c).

The amount of revenue recognized for the year ended December 31, 2025 and 2024 that were included in the contract liabilities balances at the beginning of the period were \$670 and \$320, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the integrated circuit sales contracts, for which revenue is recognized when products are delivered to customers.

(q) Remuneration to employees and directors

On June 6, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 1%~15% shall be allocated as employee remuneration (including a minimum of 20% to those base-level employees) and a maximum of 5% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 1%~15% should be allocated as employee remuneration and no more than 5% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

The Company estimated its employees' and directors' remuneration were as follows:

	2025	2024
Employees' remuneration	\$ -	7,230
Directors' remuneration	-	2,300
	<u>\$ -</u>	<u>9,530</u>

The abovementioned remuneration were calculated by using the Company's pretax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's financial statements of the years ended December 31, 2025 and 2024. The related information can be found on Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 7,702	21,056
Other interest income	<u>4</u>	<u>5</u>
	<u>\$ 7,706</u>	<u>21,061</u>

(ii) Other income

	<u>2025</u>	<u>2024</u>
Rent income	\$ 535	1,056
Dividend income	<u>900</u>	<u>450</u>
	<u>\$ 1,435</u>	<u>1,506</u>

(iii) Other gains and losses

	<u>2025</u>	<u>2024</u>
Foreign exchange gains (losses), net	\$ (36,077)	51,319
Gains on disposal of property, plant and equipment	-	202
Litigation loss	(40,624)	-
Others	<u>503</u>	<u>454</u>
	<u>\$ (76,198)</u>	<u>51,975</u>

(iv) Finance costs

	<u>2025</u>	<u>2024</u>
Interest expense	<u>\$ 5,006</u>	<u>4,736</u>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Concentration of credit risk

As of December 31, 2025 and 2024, the Group's notes and accounts receivable were concentrated on 4 and 5 customers, whose accounts represented 70% and 70% of the total notes and accounts receivable, respectively. In order to reduce the credit risk on these notes and accounts receivable, the Group evaluates the financial status of these customers and possible loss of accounts receivable periodically.

3) Receivable and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables, other financial assets and guarantee deposits paid, all of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2025						
Non-derivative financial liabilities						
Long-term and short-term borrowings (including current portion)	\$ 210,682	228,241	63,451	18,270	54,810	91,710
Notes and accounts payable	247,817	247,817	247,817	-	-	-
Other payables	53,918	53,918	53,918	-	-	-
Lease liabilities	6,000	6,140	3,906	1,852	382	-
Guarantee deposits received	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 553,417</u>	<u>571,116</u>	<u>404,092</u>	<u>20,122</u>	<u>55,192</u>	<u>91,710</u>
December 31, 2024						
Non-derivative financial liabilities						
Long-term and short-term borrowings (including current portion)	\$ 254,978	276,610	93,550	18,270	54,810	109,980
Notes and accounts payable	198,354	198,354	198,354	-	-	-
Other payables	46,198	46,198	46,198	-	-	-
Lease liabilities	7,159	7,419	3,193	3,140	1,086	-
Guarantee deposits received	<u>70,000</u>	<u>70,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 576,689</u>	<u>598,581</u>	<u>376,295</u>	<u>56,410</u>	<u>55,896</u>	<u>109,980</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to credit risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2025			December 31, 2024		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 21,462	31.430	674,547	27,342	32.785	896,400
CNY	18	4.4930	80	329	4.4889	1,477
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 11,593	31.430	364,367	8,054	32.785	264,049
CNY	200	4.4930	899	200	4.4889	898
<u>Non-monetary item</u>						
CNY	\$ 1,307	4.4930	5,871	3,711	4.4889	16,659

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, guarantee deposits paid, notes and accounts payable, other payables, provisions that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD and CNY as of 2025 and 2024, would have increased (decreased) the income (loss) before tax by \$15,468 and \$31,647, respectively. The analysis is performed on the same basis for the years ended December 31, 2025 and 2024.

3) Foreign exchange gains and losses on monetary items

For the years ended December 31, 2025 and 2024, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(36,077) and \$51,319, respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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If the interest rate had increased / decreased by 1%, the Group's net income (loss) would have increased / decreased by \$2,107 and \$2,206 for the years ended December 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating variable rates.

(v) Other market price risk

For the years ended December 31, 2025 and 2024, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Price of the securities at the reporting date</u>	<u>2025</u>		<u>2024</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 5%	\$ <u>1,622</u>	<u>-</u>	<u>1,820</u>	<u>-</u>
Decreasing 5%	\$ <u>(1,622)</u>	<u>-</u>	<u>(1,820)</u>	<u>-</u>

(vi) Fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

	<u>December 31, 2025</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through other comprehensive income					
Domestic listed companies	\$ <u>32,445</u>	<u>32,445</u>	<u>-</u>	<u>-</u>	<u>32,445</u>
	<u>December 31, 2024</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through other comprehensive income					
Domestic listed companies	\$ <u>36,405</u>	<u>36,405</u>	<u>-</u>	<u>-</u>	<u>36,405</u>

2) Valuation techniques of financial instruments valued at fair value

The fair value of non-derivative financial instruments traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive.

Normally, a market is considered to be inactive when:

- The bid-ask spread is increasing; or
- The bid-ask spread varies significantly; or
- There has been a significant decline in trading volume.

The fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is listed by category and attribute as follows:

- Unquoted equity instruments: The fair value, which is discounted for its lack of liquidity in the market, is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share.

3) Level transfers of financial instruments

In March 2024, Micro Silicon Electronics Corp., which the Group holds an investment in equity shares of, listed its equity shares on a stock exchange and it is currently actively traded in the market. Because the equity shares now have published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy since the first quarter of 2024.

4) Movement of level 3

	Fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2024	\$ 32,931
Total gains or losses:	
Recognized in other comprehensive income	1,656
Transfer out of level 3	(34,587)
December 31, 2024	\$ -

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Management of financial risk

(i) Overview

The Group is exposed to the extent of the risks arising from financial instruments as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Group's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

(ii) Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework, while the management is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, and evaluate the influence of market risks, and implement related policies to hedge financial risk. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arises principally from the Group's notes and accounts receivable and bank deposits.

The Group's finance department has established a credit policy, in which the Group analyzes each new customer individually for their credit worthiness before granting them standard payment terms and delivery terms. The Group's review includes obtaining external information. Credit limits are established for each customer and are reviewed quarterly. Any transactions which exceed the credit limits have to be approved by finance department and competent authorities.

According to the Group's policy, the Group can only provide guarantee to those who are listed under the regulation. As of December 31, 2025 and 2024, no guarantees were provided by the Group.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(iv) Liquidity risk

The Group maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

All such transactions are carried out within the guidelines set by the Board of Directors in order to manage market risk.

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD. The currencies used in these transactions are the USD and CNY.

The Group's currency risk management policy is reserving the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

2) Interest rate risk

The Group's long-term and short-term borrowings bear floating interest rates. The changes in effective rate, along with the fluctuation of the market interest rate, have an impact on the Group's future cash flow. In response to the changes in interest rates, the Group assesses the rate of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens its management of working capital, reduces dependence on bank borrowings, and lowers its risk of changes in interest rates.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(u) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. The total equity is all components of equity. The Group oversees capital structure by review debt to asset ratio periodically.

As of December 31, 2025 and 2024, the debt to asset ratio of the Group were as follows :

	December 31, 2025	December 31, 2024
Total liabilities	<u>\$ 606,820</u>	<u>597,524</u>
Total assets	<u>\$ 1,677,327</u>	<u>1,805,954</u>
Debt to asset ratio	<u>36%</u>	<u>33%</u>

As of December 31, 2025, there were no changes in the Group's approach to capital management.

(v) Financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow were acquisitions of right-of-used assets under leases.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes		December 31, 2025
			Foreign exchange movement	Others	
Short-term borrowings	\$ 74,516	(30,000)	-	484	45,000
Lease liabilities	7,159	(3,574)	(56)	2,471	6,000
Total liabilities from financing activities	<u>\$ 81,675</u>	<u>(33,574)</u>	<u>(56)</u>	<u>2,955</u>	<u>51,000</u>

	January 1, 2024	Cash flows	Non-cash changes		December 31, 2024
			Foreign exchange movement	Others	
Short-term borrowings	\$ -	75,000	-	(484)	74,516
Lease liabilities	4,791	(3,579)	60	5,887	7,159
Total liabilities from financing activities	<u>\$ 4,791</u>	<u>71,421</u>	<u>60</u>	<u>5,403</u>	<u>81,675</u>

(7) Related-party transactions

(a) Key management personnel remuneration

Key management personnel remuneration comprised:

	2025	2024
Short-term employee benefits	\$ 17,295	19,788
Post-employment benefits	319	310
	<u>\$ 17,614</u>	<u>20,098</u>

(b) Others related-party transactions: None.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant, and equipment:			
Land and buildings and structures	Long-term borrowings	\$ 244,111	247,379
Other non-current financial assets:			
Restricted time deposits	Payment guarantee and tariff guarantee	14,823	15,424
Guarantee deposits paid	Litigation Guarantee Deposit	42,696	-
		<u>\$ 301,630</u>	<u>262,803</u>

(9) Commitments and contingencies:

(a) The Group's unrecognized material contractual commitments were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Acquisition of property, plant, and equipment	<u>\$ 3,406</u>	<u>-</u>

(b) In order to control the supply of raw materials and the productivity of foundry, the Group sign several supply guarantee agreements with different suppliers, wherein the Group makes advance payment, which has a fixed amount and foundry production capacity, as well as pays guarantee deposits, to its supplier. The contracts have term periods ranging from 1 to 3 years. As of December 31, 2025 and 2024, the Group evaluated that all guarantee deposits are refunded. The details of guarantee deposits paid arising from the aforementioned contracts were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Guarantee depositis paid	<u>\$ 83,649</u>	<u>107,816</u>

In addition, the Group entered into several supply agreements with a sales customer. The contracts have term periods ranging from 1 to 4 years. As of December 31, 2025 and 2024, the security deposits paid by the sales customer amounted to \$35,000 and \$70,000, respectively, recognized as other current liabilities and guarantee deposits received. Also the guarantee notes issued by the Group for the aforementioned transactions were \$35,000 and \$70,000, respectively.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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- (c) The Company's end-customer has been accused of patent infringement in the United States District Court-Eastern District of Texas due to the use of MOSFET products, wherein the plaintiff is seeking to allocate the litigation costs and losses among several MOSFET product suppliers. Nonetheless, the Company is actively responding to, and defending against, the patent infringement lawsuit, in which the outcome of the litigation remains uncertain, and the substantive content of the case is still under evaluation.

As of reporting date, the Company has assessed the reasonableness of the estimated expenses or losses during each financial reporting period based on the nature of the lawsuit, the potential significance of the related costs or losses, and the progress of the litigation. Necessary adjustments have been made in a manner the Company deems appropriate. However, the final amount will not be determined until the conclusion of the litigation.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

- (a) A summary of employee benefits, depreciation, and amortization, by function, were as follows:

By item	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	598	113,064	113,662	416	104,443	104,859
Labor and health insurance	73	9,496	9,569	48	7,817	7,865
Pension	33	5,676	5,709	21	4,887	4,908
Remuneration of directors	-	1,904	1,904	-	3,566	3,566
Others	45	4,096	4,141	29	3,339	3,368
Depreciation	8,938	25,729	34,667	6,802	26,894	33,696
Amortization	-	2,404	2,404	-	3,288	3,288

(Continued)

INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2025:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Significant marketable securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with Company	Account title	Ending balance				Highest Percentage of ownership (%)	Notes
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value		
The Company	Micro Silicon Electronics Corp.	-	Financial assets at fair value through other comprehensive income - non-current	900,000	32,445	1.31 %	32,445	1.31 %	-

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of paid-in-capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Guanghong Power Drive (Shenzhen) Elec.	The company's subsidiary	Sales	345,424	24.63 %	OA90	-	-	85,157	25.52%	(Note)

(Note): The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of paid-in-capital: None
- (vi) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions				Percentage of the consolidated net revenue or total assets (Note 4)	Note
				Account name (Note 3)	Amount	Trading terms			
0	The company	Guanghong Power Drive (Shenzhen) Elec.	1	Accounts receivable	85,157	OA90	5.08%	(Note)	
"	"	"	1	Operating revenue	345,424	OA90	24.43%	(Note)	

Note: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

Note 1: Company numbering is as follows:

Parent company—0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties is as follows:

Parent company to subsidiary—1

Subsidiary to parent company—2

Subsidiary to subsidiary—3

Note 3: The section only discloses the information of sales and accounts receivable of inter-company transactions. The purchase and accounts payable of counter-party is not disclosed due to duplicate.

Note 4: Calculated by using the transaction amount, divided by the consolidated operating revenues and total assets.

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INERGY TECHNOLOGY INC. AND SUBSIDIARIES
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- (b) Information on investees (excluding information on investees in mainland China): None
- (c) Information on investment in mainland China:

The following are the information on investment in mainland China for the year ended December 31, 2025:

- (i) The names of investees in mainland China, the main businesses and products, and other information:

Name of invested	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this period	Investment flows		Accumulated outflow of investment from Taiwan at the end of this period	Net income (losses) of the investee (Note2)	Highest percentage of ownership (%)	Direct/Indirect percentage of ownership by the Company	Investment income (loss) recognized (Note2)	Carrying amount at the end of this period	Accumulated remittance of earnings in current period	Notes
					Outflow	Inflow								
Guanghong Power Drive (Shenzhen) Elec.	Electronic sales	9,675 (USD 300)	(Note 1)	9,675 (USD 300)	-	-	9,675 (USD 300)	10,420	100.00%	100.00%	10,420	(8,066)	-	(Note)

- (ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2025 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
9,675 (USD 300)	9,675 (USD 300)	642,305

Note : The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

Note 1: The Company invested in mainland China directly.

Note 2: The amount of net income (losses) was recognized based on the audited financial statements of the investee company.

Note 3: The investment was recorded at the exchange rate prevailing at transaction date.

Note 4: Amount of upper limit on investment was sixty percentage of total equity.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(14) Segment information:

The Group has one reportable segment. This segment is mainly involved in manufacturing and selling of integrated circuit. The segment information is the same as those described in the consolidated financial reports. Please refer to the consolidated balance sheets and the consolidated income statement.

- (a) General information

The Group has one reportable segment. This segment is mainly involved in manufacturing and selling of integrated circuit.

- (b) Profit or loss data of the reporting segment, assets and liabilities of the segment, the basis of measurement, and the related eliminations :

The accounting policies of the operating segment are similar to those described in note 4 "significant accounting policies". Operating segment profit or loss is measured before taxation (excluding any extraordinary activity and foreign exchange gains or losses) and is used as the basis for assessing performance. The information relating to profit or loss, assets and liabilities of the segment are the same as those described in the consolidated financial statements, please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

- (c) Products and services information :

The Group is a single operation segment ; therefore, the Group's revenue was not disclosed by categories of products or services.

(Continued)

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(d) Geographical information :

Segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets. For the information on revenue from external customers, please refer to note 6(p).

<u>Geography</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current assets:		
Taiwan	\$ 350,314	333,262
China	<u>4,082</u>	<u>6,063</u>
Total	<u>\$ 354,396</u>	<u>339,325</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, aside from financial instruments and deferred tax assets.

(e) Major customers

The amounts of sales to external customers representing greater than 10% of net revenue were as follows:

<u>Customer</u>	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>Percentage of net revenue</u>	<u>Amount</u>	<u>Percentage of net revenue</u>
A Customer	\$ 272,426	19.27	193,429	17.68
B Customer	<u>163,683</u>	<u>11.58</u>	<u>167,718</u>	<u>15.33</u>
	<u>\$ 436,109</u>	<u>30.85</u>	<u>361,147</u>	<u>33.01</u>