

**TEHCENTIAL INTERNATIONAL LIMITED
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' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Techcential International Limited:

Opinion

We have audited the consolidated financial statements of Techcential International Limited 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 significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretation 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 audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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. The auditor's judgment is that the key audit matter that should be communicated in the audit report is inventory evaluation.

For the accounting policies regarding inventory valuation, please refer to Note 4(h) Inventories in the consolidated financial statements; for the accounting estimates and assumptions uncertainty in inventory valuation, please refer to Note 5; for information on inventory valuation, please refer to Note 6(e).

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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' 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' report and consolidated financial statements, the Chinese version shall prevail.

Description of key audit matter:

The Group's principal activities are the manufacturing and sales of furniture. As of December 31, 2025, the inventory balance of \$182,206 thousand represented 24% of the total consolidated assets. Valuation of inventory was based on past experience and future sales forecasts, which involved the subjective judgment made by the top management. Therefore, the valuation of inventories was considered to be one of our key audit matters.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing whether appropriate provision policies for inventories are applied.
- Assessing whether the Group's subsequent measurement of inventories has been evaluated in accordance with the Group's provision policy consistently.
- Assessing the appropriateness of the aging movement by examining the aging analysis of inventories, and relevant documents to verify the aging period.
- Understanding the sales prices adopted by the Group's management and the changes in market prices of inventories after the reporting date, then verifying the accuracy of the selling prices and the calculation of net realizable value through sample testing.

Management and governance responsibilities for consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed 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.

The Group's governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on 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:

Notes to Readers

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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 to design audit procedures that are appropriate in the circumstances, but not to express 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 auditor's 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 auditor's 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 the governance unit 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 the governance unit 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 the governance unit, 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 auditor's 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.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2026

Notes to Readers

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 314,747	41	270,919	36	2100	Short-term loans (notes 6 (f), (i), 7 and 8)	\$ 75,297	10	55,417	7
1110	Current financial assets at fair value through profit or loss (notes 6(b) and 7)	715	-	-	-	2120	Current financial liabilities at fair value through profit or loss (notes 6(b), (l) and 7)	3,349	-	1,742	-
1170	Accounts receivable, net (notes 6(c) and (r))	72,660	10	105,902	14	2130	Current contract liabilities (note 6(r))	1,583	-	1,750	-
1200	Other receivables (note 6(d))	2,179	-	138	-	2170	Accounts payable	57,267	8	62,974	9
1220	Current tax assets	3,453	-	14,452	2	2200	Other payables	33,171	4	32,542	4
1310	Inventories (note 6(e))	182,206	24	170,877	23	2230	Current tax liabilities	483	-	231	-
1410	Prepayments	16,771	3	11,668	2	2280	Current lease liabilities (notes 6(j) and 7)	8,143	1	15,162	2
1479	Other current assets	505	-	729	-	2321	Convertible bonds payable, current portion (notes 6(b) and (l))	100,304	13	-	-
	Total current assets	<u>593,236</u>	<u>78</u>	<u>574,685</u>	<u>77</u>	2322	Long-term loans, current portion (notes 6(f), (k), 7 and 8)	7,834	1	7,011	1
15xx	Non-current assets:					2399	Other current liabilities	3,934	1	5,106	1
1600	Property, plant and equipment (notes 6(f), (g), (i), (k), 7 and 8)	118,479	16	121,659	16		Total current liabilities	<u>291,365</u>	<u>38</u>	<u>181,935</u>	<u>24</u>
1755	Right-of-use assets (notes 6(f), (g) and (j))	9,144	1	8,331	1	25xx	Non-Current liabilities:				
1780	Intangible assets (note 6(h))	129	-	185	-	2500	Non-current financial liabilities at fair value through profit or loss (notes 6(b) and (l))	-	-	2,322	-
1840	Deferred tax assets (note 6(n))	36,948	4	34,197	5	2531	Convertible bonds payable (notes 6(b) and (l))	-	-	97,952	13
1915	Prepayments for equipment (note 6(f) and (h))	-	-	433	-	2540	Long-term loans (notes 6 (f), (k), 7 and 8)	10,963	2	13,882	2
1920	Refundable deposits	4,545	1	8,637	1	2570	Deferred tax liabilities (note 6(n))	5,823	1	6,980	1
	Total non-current assets	<u>169,245</u>	<u>22</u>	<u>173,442</u>	<u>23</u>	2580	Non-current lease liabilities (notes 6(j) and 7)	1,909	-	3,616	-
						2670	Other non-current liabilities	7,367	1	4,108	1
							Total non-current liabilities	<u>26,062</u>	<u>4</u>	<u>128,860</u>	<u>17</u>
							Total liabilities	<u>317,427</u>	<u>42</u>	<u>310,795</u>	<u>41</u>
						2xxx	Equity attributable to owners of the Company (notes 6(l), (o) and (p)):				
						31xx	Common stock	354,785	46	354,785	47
						3110	Capital surplus	98,252	13	98,252	13
						3200	Retained earnings:				
						3300	Legal reserve	84	-	84	-
						3310	Special reserve	-	-	20,585	3
						3320	Unappropriated retained earnings (Accumulated deficit)	(49,262)	(7)	(48,413)	(6)
						3350	Total retained earnings	(49,178)	(7)	(27,744)	(3)
							Other equity interest:				
						3400	Exchange differences on translation of foreign financial statements	46,372	6	18,545	2
						3410	Other Equity - Employee Unearned Compensation	(2,074)	-	(3,629)	-
						3491	Total other equity interest	44,298	6	14,916	2
							Total equity attributable to owners of the Company	<u>448,157</u>	<u>58</u>	<u>440,209</u>	<u>59</u>
						36xx	Non-controlling interests	(3,103)	-	(2,877)	-
1xxx	Total assets	<u>\$ 762,481</u>	<u>100</u>	<u>748,127</u>	<u>100</u>	3xxx	Total equity	<u>445,054</u>	<u>58</u>	<u>437,332</u>	<u>59</u>
						2-3xxx	Total liabilities and equity	<u>\$ 762,481</u>	<u>100</u>	<u>748,127</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TECHCENTIAL INTERNATIONAL LIMITED 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 Share)

	2025		2024	
	Amount	%	Amount	%
4000 Operating revenue (note 6(r))	\$ 1,027,775	100	1,164,364	100
5000 Operating costs (notes 6(e), (f), (g), (j), (m), 7 and 12)	911,142	89	1,027,517	88
5900 Gross profit from operations	116,633	11	136,847	12
6000 Operating expenses (notes 6(c), (f), (g), (h), (j), (m), (p), (s) 7 and 12):				
6100 Selling expenses	53,051	5	54,588	5
6200 Administrative expenses	65,790	6	64,776	6
6300 Research and development expenses	11,724	1	12,938	1
6450 Reversal of expected credit loss	(1,665)	-	(739)	-
Total operating expenses	128,900	12	131,563	12
6900 Operating income (loss)	(12,267)	(1)	5,284	-
7000 Non-operating income and expenses (notes 6(f), (g), (j), (l) and (t)):				
7100 Interest income	8,234	1	4,969	1
7010 Other income	1,344	-	1,762	-
7020 Other gains and losses	(11,991)	(1)	(52,606)	(4)
7050 Finance costs	(6,614)	(1)	(7,091)	(1)
Total non-operating income and expenses	(9,027)	(1)	(52,966)	(4)
7900 Loss before tax	(21,294)	(2)	(47,682)	(4)
7950 Less: Income tax benefit (note 6(n))	206	-	7,228	1
8200 Net loss	(21,500)	(2)	(54,910)	(5)
8300 Other comprehensive income (loss):				
8360 Item that may be reclassified subsequently to profit or loss				
8361 Foreign currency translation difference for foreign operations	27,667	3	48,682	4
8399 Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
8300 Other comprehensive income (loss), net	27,667	3	48,682	4
8500 Total comprehensive income (loss)	\$ 6,167	1	(6,228)	(1)
Net profit (loss), attributable to:				
8610 Owners of the Company	\$ (21,434)	(2)	(48,413)	(4)
8620 Non-controlling interests	(66)	-	(6,497)	(1)
	\$ (21,500)	(2)	(54,910)	(5)
Total comprehensive income (loss) attributable to:				
8710 Owners of the Company	\$ 6,393	1	212	-
8720 Non-controlling interests	(226)	-	(6,440)	(1)
	\$ 6,167	1	(6,228)	(1)
Basic loss per share (expressed in New Taiwan dollars) (note 6(q))				
9750 Basic loss per share	\$ (0.61)		(1.39)	
9850 Diluted loss per share	\$ (0.61)		(1.39)	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

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

	Equity attributable to owners of the parent company						Other equity			Non-controlling interests	Total equity
	Retained earnings					Total	Exchange differences on		Total equity attributable to owners of the Company		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)		translation of foreign financial statements	Employee Unearned Compensation			
Balance at January 1, 2024	\$ 342,319	94,714	84	5,429	15,156	20,669	(30,080)	-	427,622	3,563	431,185
Appropriation and distribution of retained earnings:											
Special reserve	-	-	-	15,156	(15,156)	-	-	-	-	-	-
Net loss for the year	-	-	-	-	(48,413)	(48,413)	-	-	(48,413)	(6,497)	(54,910)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	48,625	-	48,625	57	48,682
Total comprehensive income (loss) for the year	-	-	-	-	(48,413)	(48,413)	48,625	-	212	(6,440)	(6,228)
Conversion of convertible bonds	8,966	2,891	-	-	-	-	-	-	11,857	-	11,857
Share-based payment transactions	3,500	647	-	-	-	-	-	(3,629)	518	-	518
Balance at December 31, 2024	354,785	98,252	84	20,585	(48,413)	(27,744)	18,545	(3,629)	440,209	(2,877)	437,332
Appropriation and distribution of retained earnings:											
Reversal of special reserve	-	-	-	(20,285)	20,285	-	-	-	-	-	-
Net loss for the year	-	-	-	-	(21,434)	(21,434)	-	-	(21,434)	(66)	(21,500)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	27,827	-	27,827	(160)	27,667
Total comprehensive income (loss) for the year	-	-	-	-	(21,434)	(21,434)	27,827	-	6,393	(226)	(6,167)
Share-based payment transactions	-	-	-	-	-	-	-	1,555	1,555	-	1,555
Balance at December 31, 2025	\$ 354,785	98,252	84	-	(49,262)	(49,178)	46,372	(2,074)	448,157	(3,103)	445,054

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

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

	2025	2024
Cash flows from (used in) operating activities:		
Loss before income tax	\$ (21,294)	(47,682)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	24,187	33,233
Amortization expense	96	46
Reversal of impairment loss on accounts receivable	(1,665)	(739)
Net loss on financial assets or liabilities at fair value through profit or loss	(2,698)	7,115
Interest expense	6,614	7,091
Interest income	(8,234)	(4,969)
Share-based payments transaction	1,555	518
Loss (gain) on disposal of property, plant and equipment	(900)	398
Reclassification of property, plant and equipment to expenses	37	47
Impairment loss on non-financial assets	-	42,664
Loss on redemption of bonds payable	-	25
Gain on lease modifications	-	(265)
Reclassification of prepayments for equipment to expenses	63	-
Loss (gain) on disposal of right-of-use assets	(1,843)	1,163
Total adjustments to reconcile profit	17,212	86,327
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	2,900	1,216
Accounts receivable	34,907	5,210
Other receivables	(1,746)	(15)
Inventories	(11,329)	20,572
Prepayments	(5,103)	10,563
Other current assets	224	1,833
Total changes in operating assets	19,853	39,379
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(1,632)	(4,737)
Contract liabilities	(167)	(299)
Accounts payable	(5,707)	(18,297)
Other payables	943	(5,886)
Other current liabilities	2,129	2,569
Total changes in operating liabilities	(4,434)	(26,650)
Total changes in operating assets and liabilities	15,419	12,729
Total adjustments	32,631	99,056
Cash inflow generated from operations	11,337	51,374
Interest received	7,939	4,939
Interest paid	(4,283)	(4,674)
Income taxes refund (paid)	8,826	(6,209)
Net cash flows from operating activities	23,819	45,430
Cash flows from (used in) investing activities:		
Disposal of financial assets at amortized cost	-	3,825
Acquisition of property, plant and equipment	(5,789)	(11,397)
Proceeds from disposal of property, plant and equipment	2,168	2,732
Decrease in refundable deposits	4,092	9,273
Acquisition of intangible assets	-	(121)
Decrease (increase) in prepayments for equipment	22	(393)
Proceeds from disposal of right-of-use assets	2,197	3,098
Net cash flows used in investing activities	2,690	7,017
Cash flows from (used in) financing activities:		
Increase in short-term loans	192,801	149,283
Decrease in short-term loans	(172,921)	(142,232)
Repayments of bonds	-	(1,100)
Proceeds from long-term loans	4,635	6,588
Repayments of long-term loans	(7,670)	(13,829)
Payment of lease liabilities	(20,365)	(25,305)
Increase (decrease) in other non-current liabilities	(42)	90
Net cash flows from (used in) financing activities	(3,562)	(26,505)
Effect of exchange rate changes on cash and cash equivalents	20,881	35,256
Net increase in cash and cash equivalents	43,828	61,198
Cash and cash equivalents at beginning of period	270,919	209,721
Cash and cash equivalents at end of period	\$ 314,747	270,919

See accompanying notes to consolidated financial statements.

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

Techcential International Limited (the "Company") was established in the British Cayman Islands in June 2016. The establishment was primarily for the organizational restructuring conducted to apply for listing and trading of shares on the Taipei Exchange ("TPEX") in the Republic of China (R.O.C.). In October 2016, the Company completed the organizational restructuring with Techcential Sdn. Bhd. ("TC") via a share swap, and acquired 100% of the shares of TC Home Sdn. Bhd. (renamed to Thinker Craft Sdn. Bhd., "TCH") from TC in December of the same year. Consequently, the Company became the holding company of TC and TCH, and commenced listing and trading on the TPEX on January 10, 2018. The Company and its subsidiaries (collectively referred to as "the Group") are mainly engaged in the manufacture and sales of furniture, rubber wood trading, manufacture and sales of fuel, as well as leasing of machinery and equipment. Please refer to Note 14 for details.

(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 12, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of adopting the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C.("FSC").

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

- Amendment to IAS 21 "Lack of Exchangeability"

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

The group assessed that the adoption of the following new amendments, effective for the 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
- Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts for Renewable Electricity"

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

c) **Newly issued and revised standards and interpretations not yet approved by the FSC**

The standards and interpretations issued and amended by the International Accounting Standards Board (IASB) but not yet approved by the Financial Supervisory Commission (FSC) may be relevant to the consolidated companies as follows:

Newly Issued or Revised Standards	Main Amendments	Effective Date Released by the Council
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two subtotal lines in the income statement, and a single note on management performance measures. These three amendments strengthen and guide how information is segmented in financial statements, laying a foundation for providing better and more consistent information to users, which will impact all companies.</p> <ul style="list-style-type: none"> • More Structured Income Statement: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement, introducing a newly defined "Operating Profit" subtotal, and requires all income and expenses to be classified into three new categories based on the company's primary business activities. • Management Performance Measures (MPM): The new standard introduces a definition of management performance measures and requires companies to explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated, and how the measure is reconciled with amounts recognized in accordance with IFRS accounting standards. • More Detailed Information: The new standard includes guidelines on how companies should enhance the grouping of information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note: The FSC issued a press release on September 25, 2025, announcing that the Republic of China (R.O.C.) will adopt IFRS 18 starting from the fiscal year 2028. Companies with a need for early adoption may opt to do so upon approval from the FSC.</p>

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is currently assessing the potential impact of the aforementioned standards and interpretations on its financial position and operating results. The related effects will be disclosed upon completion of the evaluation.

The Group anticipates that the following other newly issued and amended standards, which have not yet been approved, will not have a material impact on the 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
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

(4) Summary of significant accounting policies:

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. (hereinafter referred to as "the IFRS endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

(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, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

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 Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Changes in the Group's ownership interest in a subsidiary that do not result in a 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		Note
			December 31, 2025	December 31, 2024	
The Company	Techcential Sdn. Bhd. (TC)	Furniture manufacturing and sales	100.00%	100.00%	
The Company	Thinker Craft Sdn. Bhd. (TCH) (Note 1)	Furniture sales	100.00%	100.00%	Note 2
The Company	EHL Cabinetry Sdn. Bhd. (EHL)	Kitchen cabinet manufacturing and sales	89.20%	89.20%	
TC	ESK Biomass Sdn. Bhd. (ESKB)	Wood pellet manufacturing and sales, leasing machinery and equipment	100.00%	100.00%	
TCH	TC Home Corporation (TCH(US))	Management Consultant	100.00%	100.00%	
ESKB	ESK Wood Products Sdn. Bhd. (ESKW)	Rubber Wood processing and sales	100.00%	100.00%	

Note 1: TC Home Sdn. Bhd. was renamed Thinker Craft Sdn. Bhd. in December 2024.

Note 2: The Board approved a MYR 1,500 thousand cash capital increase in TCH on March 14, 2025, which was fully paid-up as of December 31, 2025.

List of subsidiaries that are not included in 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 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 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.

Except for the differences in an investment in equity securities designated as at fair value through other comprehensive income which are recognized in other comprehensive income, the foreign currency differences are recognized in profit and loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the 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.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 consolidated company classifies assets as current assets if they meet any of the following criteria. All other assets not meeting these conditions are classified as non-current assets:

- (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 trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is classified as current if it meets the definition of cash or cash equivalents (as defined in IAS 7), unless its use for settlement or exchange is restricted for at least twelve months after the reporting period.

The Group classifies a liability as current when it meets any of the following criteria. All other liabilities are classified as non-current:

An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

Cash comprises cash on hand, demand deposits, time deposits and checking 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.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Financial instruments

Trade receivables and debt securities 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 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.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. 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, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described above (e.g., held-for-trading and fair value through profit or loss financial assets managed and evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, that meets the requirements to be measured at amortized cost or fair value through other comprehensive income (FVOCI), as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized costs, accounts receivable, other receivable and refundable deposits).

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Loss allowances for bank balances, financial assets at amortized cost, other receivables and refundable deposits are measured by 12-month ECL for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses financial assets carried at amortized cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the lender would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually assesses for the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

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) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion to ordinary shares, the financial liability is reclassified to equity and no gain or loss is recognized.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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.

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 consolidated 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.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. When there's fixed production expense being unallocated due to low production capacity and idle equipment, it should be recognized as the cost of goods sold during the period that it occurs.

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

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

1) 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.

2) Subsequent cost

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

3) 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.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	2~50 years
Machinery and equipment	3~10 years
Transportation equipment	3~5 years
Office equipment	3 years
Other equipment	3 years

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

(j) Lease

At the 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 lessee

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.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES**Notes to the Consolidated Financial Statements**

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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance 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 lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are 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 has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) As a lessor

For transactions where the Group acts as a lessor, the lease contracts are classified as either finance leases or operating leases based on whether substantially all risks and rewards incidental to the ownership of the leased asset are transferred to the lessee on the lease commencement date. If so, it is classified as a finance lease; otherwise, it is classified as an operating lease. In making this assessment, the Group considers specific indicators, including whether the lease term covers a major part of the economic life of the underlying asset.

(k) Intangible assets

Intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(i) 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, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(ii) 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 from the date that they are available for use.

The Group held software as intangible assets and amortization of intangible assets is recognized in profit or loss on a straight-line basis over 3 years from the date that they are available for use.

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.

For impairment testing, assets are grouped into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

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.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****(m) Recognition of Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the group does not adjust the time value of money in transaction prices.

(n) Employee benefits**(i) Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) 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 shall be recognized in profit or loss.

The Group determines that interest or penalties related to income taxes (including uncertain tax treatments) do not meet the definition of income taxes. Therefore, they are accounted for in accordance with IAS 37.

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 amounts represent the best estimate of the amounts expected to be paid or received based on the statutory tax rates or substantive legislation 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:

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that (1) affects neither accounting nor taxable profits (losses) at the time of the transaction; (2) do not incur equal temporary differences that are taxable or deductible.
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, 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 future taxable profits will probably 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 reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes are measured at the tax rate expected to occur when temporary differences reverse, using either statutory or substantive legislative rates at the reporting date.

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 that 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.
- (p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant-date for the share-based payments of the Group is the date when the company notifies employees of the subscription price and the number of shares available for subscription.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The new issuance of shares due to capitalization of earnings or capital surplus is adjusted retrospectively. The adjustment is also made retrospectively when the date of capitalization of earnings or capital surplus falls before the issuance date of the financial statement.

The diluted earnings per share are 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 dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(r) Operating segment

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 discrete financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of these consolidated financial statements in accordance with IFRSs endorsed by the Financial Supervisory Commission (FSC) requires management to make judgments, estimates and assumptions concerning the future (including climate-related risks and opportunities). These affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to review estimates and underlying assumptions, which are consistent with the Group's risk management and climate-related commitments. Changes in estimated values are recognized in the periods during which the changes occur and are deferred to affect future periods.

There are no critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the subsequent measurements of inventories.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash	\$ 368	387
Demand and checking deposits	229,437	210,087
Time deposits with original maturities within three months	84,942	60,445
Cash and cash equivalents	\$ 314,747	270,919

Please refer to note 6(u) for the disclosure of interest rate risks and sensitivity analysis of the Group's financial assets and liabilities.

(b) Financial assets and liabilities

Financial assets at fair value through profit or loss – current and non-current

The Group uses derivative financial instruments to hedge certain foreign exchange risks the Group is exposed to arising from its operating activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets as of December 31, 2025 and 2024.

Forward exchange contracts:

	December 31, 2025			
	Amount (in thousands)	Currency	Maturity dates	Fair value of assets
Forward exchange sold	USD 600	USD to MYR	2026.1.7~2026.2.10	\$ 715
	December 31, 2024			
	Amount (in thousands)	Currency	Maturity dates	Fair value of assets
Forward exchange sold	USD 2,050	USD to MYR	2025.1.2~2025.3.12	\$ (1,599)

Foreign currency options contracts:

	December 31, 2024			
	Amount (in thousands)	Currency	Maturity dates	Fair value of assets
Foreign currency options bought	USD 300	USD to MYR	2025.1.3~2025.2.3	\$ (143)

Details on derivative financial liability generated due to the issuance of convertible bonds by the Group were as follows:

	December 31, 2025	December 31, 2024
Derivate financial liability		
Corporate bonds payable – call and put options	\$ (3,349)	(2,322)
Current	(3,349)	-
Non-current	-	(2,322)
Total	\$ (3,349)	(2,322)

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Please refer to note 6(t) for the amounts recognized in other gains and losses that resulted from remeasurement at fair value.

Please refer to note 6(l) for financial liabilities at fair value through profit or loss components from issuing unsecured convertible bonds.

(c) Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 74,753	109,849
Less: loss allowance	(2,093)	(3,947)
	\$ 72,660	105,902

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2025 and 2024. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomics and relevant industry information.

The Group's expected credit loss analysis of accounts receivable for the furniture (including bedroom furniture, dining sets, and kitchen cabinets) manufacturing and sales operating segment as of December 31, 2025 and 2024, was as follows:

December 31, 2025			
	Gross carrying amount	Weighted- average loss rate (%)	Loss allowance provision
Not yet due	\$ 30,067	-	-
Past due 1~30 days	10,752	-	-
Past due 31~60 days	14	-	-
Past due 91~121 days	13	-	-
	\$ 40,846		-
December 31, 2024			
	Gross carrying amount	Weighted- average loss rate (%)	Loss allowance provision
Not yet due	\$ 67,172	0.29	198
Past due 1~30 days	10,435	0.54	56
Past due 31~60 days	244	2.87	7
Past due 61~90 days	465	12.47	58
Over 91 days	6	100.00	6
	\$ 78,322		325

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's analyses on the expected credit loss of its accounts receivable from the operating segment of its rubber wood processing and sales, as of December 31, 2025 and 2024 were as follow:

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate (%)	Loss allowance provision
Not yet due	\$ 13,832	-	-
Past due 1~30 days	9,718	-	-
Past due 31~60 days	2,812	-	-
Past due 61~90 days	2,497	-	-
Past due 91~120 days	1,994	-	-
Past due 121~150 days	906	1.99	18
Past due 151~180 days	78	6.41	5
Over 365 days	640	100.00	640
	\$ 32,477		663
	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate (%)	Loss allowance provision
Not yet due	\$ 17,594	0.15	26
Past due 1~30 days	6,782	0.41	28
Past due 31~60 days	1,482	1.01	15
Past due 61~90 days	1,742	2.47	43
Past due 91~120 days	308	3.90	12
Past due 181~210 days	154	21.43	33
Over 365 days	281	100.00	281
	\$ 28,343		438

As of December 31, 2025 and 2024, the consolidated accounts receivable balance of the Company's wood pellet manufacturing, sales and equipment leasing operations amounted to NT\$1,430 thousand and NT\$3,184 thousand. The Company has assessed that there is objective evidence indicating these receivables are not reasonably expected to be collected, and accordingly has fully provided for impairment losses.

The movement in the allowance of accounts receivable was as follows:

	2025	2024
Balance as of January 1	\$ 3,947	4,305
Reversal of Impairment losses recognized	(1,665)	(739)
Amounts written off during the year as uncollectible	(279)	-
Foreign exchange loss	90	381
Balance as of December 31	\$ 2,093	3,947

The accounts receivables of the Group were not associated with factoring transactions nor pledged as collaterals.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Other receivables

	December 31, 2025	December 31, 2024
Other receivables	\$ 2,179	138

For further credit risk information, please refer to note 6(u).

(e) Inventories

December 31, 2025			
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 60,995	7,242	53,753
Work in process	31,599	874	30,725
Semi-finished goods	41,746	12,325	29,421
Finished goods	74,520	6,213	68,307
	\$ 208,860	26,654	182,206
December 31, 2024			
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 52,645	7,587	45,058
Work in process	31,555	459	31,096
Semi-finished goods	44,193	8,185	36,008
Finished goods	64,057	5,342	58,715
	\$ 192,450	21,573	170,877

The changes in the aforementioned allowance for loss were as follows:

	2025	2024
Balance as of January 1	\$ 21,573	33,586
Losses recognized (reversal gain)	3,682	(14,588)
Foreign currency translation effect	1,399	2,575
Balance as of December 31	\$ 26,654	21,573

The reversal of allowance for inventory devaluation and obsolescence for the year 2024 resulted from the disappearance of factors that previously caused the net realizable value of inventories to be lower than their cost.

For the years ended December 31, 2025 and 2024, in addition to the costs of goods sold, the following loss and revenue were included in the Group's operating costs:

	2025	2024
Provision for inventory impairment and obsolescence (reversal gain)	\$ 3,682	(14,588)
Revenue from sale of scraps	(653)	(1,037)
Loss on inventory write-off	2,480	12,634
Unallocated manufacturing costs	5,626	17,335
Physical count variance	(1)	(41)
	\$ 11,134	14,303

As of December 31, 2025 and 2024, The Group did not pledge the inventory as collateral.

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Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Transportation Equipment	Office Equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost or deemed cost:								
Balance on January 1, 2025	\$ 18,306	99,128	107,648	47,036	11,250	21,019	3,010	307,397
Additions	-	-	288	1,772	470	5	2,961	5,496
Disposal	-	(2,881)	(19,949)	(2,562)	(511)	(1,030)	-	(26,933)
Reclassification (notes 1, 2 and 3)	-	(463)	5,586	187	(249)	(508)	(2,983)	1,570
Foreign currency translation effect	990	5,151	4,934	2,505	526	1,040	160	15,306
Balance at December 31, 2025	\$ 19,296	100,935	98,507	48,938	11,486	20,526	3,148	302,836
Balance on January 1, 2024	\$ 16,707	99,257	99,006	36,744	10,422	22,018	1,273	285,427
Additions	-	929	169	5,847	752	148	1,547	9,392
Disposal	-	(10,488)	(9,091)	(1,736)	(489)	(3,163)	-	(24,967)
Reclassification (notes 1, 2 and 3)	-	335	8,124	2,380	(425)	40	-	10,454
Foreign currency translation effect	1,599	9,095	9,440	3,801	990	1,976	190	27,091
Balance at December 31, 2024	\$ 18,306	99,128	107,648	47,036	11,250	21,019	3,010	307,397
Depreciation and impairments loss:								
Balance at January 1, 2025	\$ -	46,259	73,951	35,955	9,856	19,717	-	185,738
Depreciation	-	1,952	6,487	3,898	759	740	-	13,836
Disposal	-	(2,738)	(18,880)	(2,519)	(497)	(1,031)	-	(25,665)
Reclassification (notes 2 and 3)	-	(429)	2,328	-	(249)	(508)	-	1,142
Foreign currency translation effect	-	2,425	3,362	2,032	471	1,016	-	9,306
Balance at December 31, 2025	\$ -	47,469	67,248	39,366	10,340	19,934	-	184,357
Balance at January 1, 2024	\$ -	41,390	55,423	28,137	9,041	19,436	-	153,427
Depreciation	-	2,721	6,625	4,266	783	1,510	-	15,905
Impairment loss	-	8,640	7,486	-	62	143	-	16,331
Disposal	-	(10,483)	(5,965)	(1,736)	(489)	(3,164)	-	(21,837)
Reclassification (notes 2 and 3)	-	(7)	4,525	2,380	(405)	(4)	-	6,489
Foreign currency translation effect	-	3,998	5,857	2,908	864	1,796	-	15,423
Balance at December 31, 2024	\$ -	46,259	73,951	35,955	9,856	19,717	-	185,738
Carrying amounts:								
Balance at December 31, 2025	\$ 19,296	53,466	31,259	9,572	1,146	592	3,148	118,479
Balance at December 31, 2024	\$ 18,306	52,869	33,697	11,081	1,394	1,302	3,010	121,659

Note 1: For the years 2025 and 2024, the costs transferred from "prepayments for equipment" amounted to NTS310 thousand and NTS413 thousand, respectively.

Note 2: For the years 2025 and 2024, the costs transferred from right-of-use assets amounted to NTS2,507 thousand and NTS10,504 thousand, respectively; the corresponding accumulated depreciation transferred amounted to NTS2,352 thousand and NTS6,905 thousand, respectively.

Note 3: For the years 2025 and 2024, the costs transferred to expenses amounted to NTS1,247 thousand and NTS463 thousand, respectively; the corresponding accumulated depreciation transferred amounted to NTS1,210 thousand and NTS416 thousand, respectively.

As of December 31, 2024, the Group performed an impairment test on the cash-generating unit (CGU) of its kitchen cabinet manufacturing and sales segment due to sustained losses. The impairment assessment for property, plant, and equipment was based on their value in use to determine the recoverable amount. The calculation of value in use was based on the Group's five-year financial projections, using a pre-tax discount rate of 12.32% to reflect specific industry risks associated with the CGU. Accordingly, the Consolidated Company recognized an impairment loss of NT\$16,331 thousand, representing the excess of the carrying amount over the recoverable amount, which was reported under "Other gains and losses" in the statement of comprehensive income.

For the year 2025, no significant impairment loss or reversal was recognized.

Please refer to Note 8 for information regarding assets pledged as collateral for bank loans.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Right-of-use assets

The Group leases many assets including land, buildings, machinery and equipment, and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Machinery and equipment	Transportation Equipment	Total
Cost:					
Balance at January 1, 2025	\$ 147	34,597	34,561	-	69,305
Additions	146	11,086	-	-	11,232
Disposals (sale and written off)	-	-	(5,731)	-	(5,731)
Reclassified to property, plant and equipment	-	-	(2,507)	-	(2,507)
Foreign currency translation effect	17	2,539	1,348	-	3,904
Balance at December 31, 2025	\$ 310	48,222	27,671	-	76,203
Balance at January 1, 2024	\$ 134	53,119	60,664	2,267	116,184
Additions	-	5,709	-	-	5,709
Disposals (sale and written off)	-	-	(22,445)	-	(22,445)
Disposals (lease maturity and early lease termination)	-	(28,324)	-	-	(28,324)
Reclassified to property, plant and equipment	-	-	(8,124)	(2,380)	(10,504)
Foreign currency translation effect	13	4,093	4,466	113	8,685
Balance at December 31, 2024	\$ 147	34,597	34,561	-	69,305
Accumulated depreciation and impairment losses:					
Balance at January 1, 2025	\$ 114	28,713	32,147	-	60,974
Depreciation	48	9,858	445	-	10,351
Disposals (sale and written off)	-	-	(5,377)	-	(5,377)
Reclassified to property, plant and equipment	-	-	(2,352)	-	(2,352)
Foreign currency translation effect	10	2,175	1,278	-	3,463
Balance at December 31, 2025	\$ 172	40,746	26,141	-	67,059
Balance at January 1, 2024	\$ 60	35,349	22,790	1,889	60,088
Depreciation	47	13,439	3,445	397	17,328
Impairment losses (note)	-	-	26,333	-	26,333
Disposals (sale and written off)	-	-	(18,184)	-	(18,184)
Disposals (lease maturity and early lease termination)	-	(23,038)	-	-	(23,038)
Reclassified to property, plant and equipment	-	-	(4,525)	(2,380)	(6,905)
Foreign currency translation effect	7	2,963	2,288	94	5,352
Balance at December 31, 2024	\$ 114	28,713	32,147	-	60,974
Carrying amount:					
Balance at December 31, 2025	\$ 138	7,476	1,530	-	9,144
Balance at December 31, 2024	\$ 33	5,884	2,414	-	8,331

Note: As of December 31, 2024, the consolidated company assessed that the carrying amount of the right-of-use asset – machinery and equipment under the cash-generating unit of its kitchen cabinet manufacturing and sales operations exceeded the recoverable amount by NTS26,333 thousand, and recognized an impairment loss. For further details regarding the impairment loss, please refer to Note 6(f) – Property, Plant, and Equipment.

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Notes to the Consolidated Financial Statements

(h) Intangible assets

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

	Computers and Software
Cost:	
Balance at January 1, 2025	\$ 942
Reclassification (Note)	33
Foreign currency translation effect	53
Balance at December 31, 2025	<u>\$ 1,028</u>
Balance at January 1, 2024	\$ 744
Additions	121
Foreign currency translation effect	77
Balance at December 31, 2024	<u>\$ 942</u>
Amortization:	
Balance at January 1, 2025	\$ 757
Amortization	96
Foreign currency translation effect	46
Balance at December 31, 2025	<u>\$ 899</u>
Balance at January 1, 2024	\$ 646
Amortization	46
Foreign currency translation effect	65
Balance at December 31, 2024	<u>\$ 757</u>
Carrying amount:	
Balance at December 31, 2025	<u>\$ 129</u>
Balance at December 31, 2024	<u>\$ 185</u>

Note: The amount transferred from prepayments for equipment was NT\$33 thousand for the year 2025.

(i) Short-term loans

	December 31, 2025	December 31, 2024
Secured bank loans	<u>\$ 75,297</u>	<u>55,417</u>
Unused credit line	<u>\$ 165,929</u>	<u>173,630</u>
Interest rate (%)	<u>3.37~3.80</u>	<u>3.55~4.25</u>

Please refer to note 8 for the information of the collateral for loans.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(j) Lease liabilities

The carrying value of the lease liabilities of the Group for the years ended December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Current	\$ 8,143	15,162
Non-current	<u>1,909</u>	<u>3,616</u>
Total	<u>\$ 10,052</u>	<u>18,778</u>

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

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest on lease liabilities	<u>\$ 909</u>	<u>1,903</u>
Expenses relating to short-term leases	<u>\$ 444</u>	<u>254</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	2025	2024
Total cash flows from operating activities	\$ (1,353)	(2,157)
Total cash flows from investing activities	<u>(20,365)</u>	<u>(25,305)</u>
Total cash outflow for leases	<u>\$ (21,718)</u>	<u>(27,462)</u>

(i) Real estate leases

The Group leases buildings for its office space and warehouse. The leases of office typically run for a period of 2 to 3 years, and of warehouse for 2 to 5 years.

(ii) Other leases

The Group leases machinery and equipment and transportation equipment, with lease terms of two to seven years. The Group has the option to transfer ownership of the vehicles and equipment unconditionally at the end of the contract term.

The Group leases machinery and equipment and buildings, with monthly contracts. These leases are considered short-term leases. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term loans

The details were as follows:

December 31, 2025				
	Currency	Interest rate (%)	Maturity date	Amount
Secured loans	MYR	2.42~5.69	115.2.15~119.2.27	\$ 18,109
Secured loans from lease finance company	MYR	3.60	115.9.2	688
Subtotal				18,797
Less: current portion				7,834
Total				\$ 10,963
Unused credit line				\$ 17,916

December 31, 2024				
	Currency	Interest rate (%)	Maturity date	Amount
Secured loans	MYR	2.45~5.53	115.4.18~118.12.12	\$ 19,419
Secured loans from lease finance company	MYR	3.60	115.9.2	1,474
Subtotal				20,893
Less: current portion				7,011
Total				\$ 13,882
Unused credit line				\$ 19,705

Please refer to note 8 for more information on the collateral for loans.

(l) Corporate bonds payable

	December 31, 2025
	Third unsecured convertible bond
Total amount of convertible bonds	\$ 120,000
Less: Discount on convertible bond issuance	10,416
Less: Underwriting expense	3,032
Discounted present value of bond payable when issued	106,552
Cumulative amortization of discount on bonds payable	5,449
Reversal of discount upon exercising put option	1,303
Less: Cumulative converted amount	13,000
Ending balance of bonds payable	\$ 100,304

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES
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	December 31, 2024		
	First unsecured convertible bond	Second unsecured convertible bond	Total
Total amount of convertible bonds	\$ 120,000	120,000	240,000
Less: Discount on convertible bond issuance	6,127	10,416	16,543
Less: Underwriting expense	3,212	3,032	6,244
Discounted present value of bond payable when issued	110,661	106,552	217,213
Cumulative amortization of discount on bonds payable	6,136	3,097	9,233
Reversal of discount upon exercising put option	3,203	1,303	4,506
Less: Cumulative amount of put option exercised	118,700	-	118,700
Less: Cumulative converted amount	200	13,000	13,200
Less: Cumulative redeemed amount	1,100	-	1,100
Ending balance of bonds payable	\$ -	97,952	97,952

On April 10, 2024 (ex-dividend date), the conversion price of the third unsecured convertible bonds of the Group was \$14.50 per share.

The Company issued its second unsecured convertible bond amounting to \$121,578 thousand on November 11, 2021, with the approval of the FSC on its application on October 18, 2021. The Group issued its convertible bonds in accordance with IAS 39, which requires the Company to recognize the liability and equity components of convertible bonds separately as follows:

	Second unsecured convertible bond
Discounted present value under effective interest rate method	\$ 113,873
Embedded derivative financial instruments (put option and call option)	613
Equity component (conversion option)	7,092
	\$ 121,578

The Company issued its third unsecured convertible bond amounting to \$120,000 thousand on September 20, 2023, with the approval of the FSC on its application on August 28, 2023. The Group issued its convertible bonds in accordance with regulations, which require the Company to recognize the liability and equity components of convertible bonds separately as follows:

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

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	<u>Third unsecured convertible bond</u>
Discounted present value using the effective interest rate method	\$ 109,584
Embedded derivative financial instruments (put option and call option)	1,512
Equity component (conversion option)	<u>8,904</u>
	<u>\$ 120,000</u>

- (i) Terms of issuing unsecured convertible bonds are as follows:

Second unsecured convertible bonds

- 1) Coupon rate: 0%
- 2) Issue period: 3 years (November 11, 2021 to November 11, 2024)
- 3) Repayment term:

The bonds are repayable in cash upon the maturity of the bonds except for those that were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

- 4) Conversion period:

Beginning from three months after the issuance date (February 12, 2022) until maturity (November 11, 2024), the bondholders may convert the bonds into common stock according to the conversion arrangement.

- 5) The Company's call option (right of redemption):

Beginning from three months after the issuance date (February 12, 2022) until 40 days before maturity (October 2, 2024), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEX to exercise its call option.

- 6) Bondholders' put option:

Bondholders are entitled to exercise the put option beginning from the put date (November 11, 2023), with an exercise price of 101.0025% (which is 0.5% annual yield rate of the put option) of the face value of the bonds. Upon receiving the sell-back request, the Company shall pay the amount to the bondholders by cheque or electronic transfer within 5 working days of the put date.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

7) Conversion price and adjustment:

The conversion price at the issuance date was \$22.80 (dollars) per share. If there is any increase in the Company's common stock (including but not limited to cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, or cash injection by participating in the issuance of overseas depository receipts) except for increases in shares from conversion of securities in which a stock conversion right or stock warrant was embedded or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEX. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issue price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issue price by using the formula stated in the conversion arrangement. If such a recalculated conversion price is lower than that announced to the public through the TPEX before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEX.

Third unsecured convertible bonds

- 1) Coupon rate: 0%
- 2) Issue period: 5 years (September 20, 2023 to September 20, 2028)
- 3) Repayment term:

The bonds are repayable in cash upon the maturity of the bonds except for those that were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

- 4) Conversion period:

Beginning from three months after the issuance date (December 21, 2023) until maturity (September 20, 2028), the bondholders may convert the bonds into common stock according to the conversion arrangement.

- 5) The Company's call option (right of redemption):

Beginning from three months after the issuance date (December 21, 2023) until 40 days before maturity (August 12, 2028), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEX to exercise its call option.

- 6) Bondholders' put option:

Bondholders are entitled to exercise the put option beginning from the put date (September 20, 2026 and September 20, 2027), at a redemption price of 101.51% and 102.02% including interest compensation (which is 0.5% annual yield rate of the put option) of the face value of the bonds. Upon receiving the sell-back request, the Company shall pay the amount to the bondholders by cheque or electronic transfer within 5 working days of the put date.

(Continued)

TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

7) Conversion price and adjustment:

The conversion price at the issuance date was \$14.80 (dollars) per share. If there is any increase in the Company's common stock (including but not limited to cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, or cash injection by participating in the issuance of overseas depository receipts) except for increases in shares from conversion of securities in which a stock conversion right or stock warrant was embedded or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEX. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issue price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issue price by using the formula stated in the conversion arrangement. If such recalculated conversion price is lower than that announced to the public through the TPEX before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEX.

(ii) Financial liabilities measured at fair value through profit or loss are as follows:

	2025	2024
	Third unsecured convertible bond	Third unsecured convertible bond
Balance as of January 1	\$ 2,322	1,572
Add: Valuation loss	1,027	910
Less: Conversion	-	(160)
Balance as of December 31	\$ 3,349	2,322

(iii) The balance of the equity component recorded as capital surplus — stock options are as follows:

	2025		2024	
	Third unsecured convertible bond	Second unsecured convertible bond	Third unsecured convertible bond	Total
Balance as of January 1	\$ 7,720	63	8,658	8,721
Less: Conversion	-	-	(938)	(938)
Less: Redemption	-	(63)	-	(63)
Balance as of December 31	\$ 7,720	-	7,720	7,720

As the holders of the third unsecured convertible bonds may exercise their right to require the Company to redeem the bonds in cash after three years from the date of issuance (the put date being September 20, 2026), the Company has reclassified the convertible bonds and the associated financial liabilities measured at fair value through profit or loss entirely to current liabilities. However, such reclassification does not necessarily imply that the total amount must be settled within one year.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(m) Employee benefits

The Malaysia subsidiaries of the Group follow the Employees' Provident Fund (EPF) system of Malaysia to contribute to their employees' retirement savings. Each month, the Group contributes to its employees' benefits based on a certain percentage of their total salary. The contribution rate is 12%, which increases to 13% for employees with a monthly salary under MYR 5,000. For employees over 60 years old, the contribution rate is reduced by half. Furthermore, starting from October 2025, foreign employees are also required to participate in the EPF system, with both the employer and the foreign employee contributing 2% of the monthly salary respectively. The Group deposits the contributed amounts into each employee's independent account, which is managed and arranged by the government. Except for the monthly contributions, the Group has no further obligations.

The pension expenses from defined contribution plans of 2025 and 2024, were paid to the subsidiaries' local government organizations, the details are as follows:

	2025	2024
Operating costs	\$ 1,748	1,509
Operating expenses	5,043	5,066
	\$ 6,791	6,575

(n) Income taxes

(i) The components of income tax in the years 2025 and 2024 were as follows:

	2025	2024
Current tax expense (benefit)		
Current period	\$ 2,810	2,498
Adjustment for prior periods	(312)	(466)
	2,498	2,032
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(2,292)	5,196
Income tax expense (benefit)	\$ 206	7,228

Reconciliation of income tax expense (benefit) and profit before tax for 2025 and 2024 was as follows:

	2025	2024
Loss before income tax	\$ (21,294)	(47,682)
Income tax calculated by a statutory tax rate applied by subsidiaries	\$ (583)	(8,327)
Adjustment according to tax act	1,101	1,592
Over provision in prior periods	(312)	(466)
Current-year losses for which no deferred tax asset was recognized	-	15,440
Changes in unrecognized temporary differences	-	(1,011)
Total	\$ 206	7,228

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 23,405	23,405
Tax losses	75,029	75,029
	<u>\$ 98,434</u>	<u>98,434</u>

According to Malaysia Finance Bill, which was released in November 2021, the net losses before 2018, as assessed by the tax authorities, are allowed to be offset against the taxable income before the income is taxed. The last deductible year is set for 2028. Starting in 2019, the net losses are to be offset against any future taxable income over a period of ten years for local tax purposes. Such items are not recognized as deferred tax assets since the Group is not likely to have sufficient taxable income in the future to utilize the temporary differences.

The Group's estimated unused loss carry-forwards up to December 31, 2025, were as follows:

Year of loss	Unused amount	Year of expiry
ESKB:		
2019	\$ 2,319	2029
2020	3,751	2030
2021	1,380	2031
2022	335	2032
2024	5,445	2034
TCH:		
2022	45	2032
EHL:		
2024	<u>61,754</u>	2034
	<u>\$ 75,029</u>	

2) Recognized deferred tax assets and liabilities

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

Deferred tax assets:

	Provision of doubtful debts	Provision of inventory Obsolescence	Tax loss carry forward	Property Plant and Equipment useful life	Other	Total
Balance at January 1, 2025	\$ 442	5,978	14,238	9,156	4,383	34,197
Recognized in profit or loss	(31)	884	-	182	(189)	846
Foreign currency translation effect	22	379	771	506	227	1,905
Balance at December 31, 2025	<u>\$ 433</u>	<u>7,241</u>	<u>15,009</u>	<u>9,844</u>	<u>4,421</u>	<u>36,948</u>

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Provision of doubtful debts	Provision of inventory obsolescence	Tax loss carry forward	Property Plant and Equipment useful life	Other	Total
Balance at January 1, 2024	\$ 400	8,054	12,985	8,254	7,926	37,619
Recognized in profit or loss	3	(2,727)	11	107	(4,114)	(6,720)
Foreign currency translation effect	39	651	1,242	795	571	3,298
Balance at December 31, 2024	\$ 442	5,978	14,238	9,156	4,383	34,197

Deferred tax liabilities:

	Property Plant and Equipment useful life	Other	Total
Balance at January 1, 2025	\$ (1,462)	(5,518)	(6,980)
Recognized in profit or loss	263	1,183	1,446
Foreign currency translation effect	(62)	(227)	(289)
Balance at December 31, 2025	\$ (1,261)	(4,562)	(5,823)
Balance at January 1, 2024	\$ (1,844)	(5,986)	(7,830)
Recognized in profit or loss	535	989	1,524
Foreign currency translation effect	(153)	(521)	(674)
Balance at December 31, 2024	\$ (1,462)	(5,518)	(6,980)

(iii) Examination and approval

The Company is not required to pay income tax in the country in which it is incorporated; therefore, no filing of income tax returns is needed. As for other subsidiaries, income taxes were filed as follows:

1) Malaysia:

- a) According to Malaysia's tax regulations, taxable corporation profit is calculated using the current year's total income, deducted by costs, losses, tax expenses, and other non-taxable items as regulated in relevant tax regulations.
- b) The tax rate for both 2025 and 2024 was 24%. If the subsidiary meets the criteria, it would then be eligible for specific tax preferences.

2) United States

According to the Federal tax regulations and North Carolina tax regulations, the Federal tax rates for both 2025 and 2024 were 21%. The tax rate of North Carolina State for both years 2025 and 2024 was 2.5%.

The Group's subsidiaries have declared their income tax through the year 2024 to their local tax agencies.

(o) Share capital and other equity

As of December 31, 2025 and 2024, the total value of authorized ordinary shares each amounted to \$500,000 thousand, with a par value of \$10 per share; and the total ordinary shares issued were 35,479 thousand, respectively. All payments have been received as of the reporting date.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliations of shares outstanding in 2025 and 2024 were as follows:

	Unit: thousand shares	
	2025	2024
Balance on January 1	35,479	34,232
Conversion of convertible bonds	-	897
Issuance of restricted employee stock shares	-	350
Balance at December 31	35,479	35,479

(i) Issuance of ordinary shares

In the year 2024, the company issued 897,000 new shares at par value, totaling \$8,966 thousand, due to the exercise of conversion rights by the holders of the third convertible bonds. Additionally, 350,000 new shares were issued at par value under the employee stock option plan, totaling \$3,500 thousand.

(ii) Capital surplus

The balance of capital surplus was as follows:

	December 31, 2025	December 31, 2024
Premium on issuance of shares	\$ 66,438	66,438
Recognition of changes in equity of subsidiaries	3,196	3,196
Share-based payment	5,101	5,101
Issuance of convertible bonds – stock option	7,720	7,720
Stock option of convertible bonds – expired	15,797	15,797
	\$ 98,252	98,252

(iii) Retained earnings

According to the amendment of the Company's articles of association, if there is any profit, the Company shall set the following aside for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. If there should be any remaining profits, subject to the discretion of the Directors, after combining all or part of the accumulated undistributed profits in the previous years and the reversed special surplus reserve, with the current profit after deducting the aforementioned reserves, the combined amount shall be allocated as dividends to the shareholders subject to the discretion of the directors and upon approval by the shareholders. Subject to the Law and the Applicable Public Company Rules, and after having considered the financial, business and operational factors of the Company, the dividends shall not be less than 10% of the profit after tax of the relevant year, provided that if in any year, the Company has net loss or the amount of the accumulated undistributed profits is less than 20% of the paid-in capital of the Company, the Company may not distribute any dividend to the Members. The distribution may be made by way of cash or stock, or a combination of both provided that the cash dividends shall not be less than 10% of the total amount of dividends payable.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Since the Company is engaged in supplying customized products in a specific market and is in its growth stage, the Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital need, projection of the industry and the Company's prospects, to be proposed during the shareholders' meeting for approval.

1) Special reserve

In accordance with the regulation issued by the FSC, the Company shall set aside a special reserve before earnings distribution, and equal to the net balance of other deductions in shareholders' equity in the current period from net income in the current period and prior to unappropriated retained earnings. The special reserve set aside based on the deductions in shareholders' equity that resulted from prior periods cannot be distributed to shareholders. The Company can distribute the special reserve with an amount not exceeding that of the reversal of such deductions.

2) Earnings distribution

During the shareholders' meeting on June 12, 2025, a resolution was passed regarding the 2024 earnings distribution proposal. Although the special reserve was reversed in accordance with the law, the company still reported an accumulated deficit after the reversal. As there were no earnings available for distribution, it was resolved not to distribute any dividends.

During the shareholders' meeting on June 13, 2024, a resolution was passed regarding the 2023 earnings distribution proposal. Except for the provision of a special reserve based on the net decrease in other shareholders' equity during the current year as required by the FSC, there were no earnings available for distribution; therefore, no dividends were distributed.

On March 12, 2026, the board of directors proposed the 2025 earnings distribution plan, which recommended no dividend distribution.

The earnings distribution information would be available on the Market Observation Post System.

(p) Share-based payment

(i) Restricted employee stock shares plan

The company's Board of Directors passed a resolution on August 23, 2024, to implement a restricted employee stock shares plan to incentivize outstanding employees to stay with the company. The plan will be granted in the form of free allocation of new shares to full-time employees who have served the company or its domestic or foreign subsidiaries for at least two years. The record date for the capital increase is set for October 1, 2024. The Plan will remain in effect for four years.

	Equity-Settled Restricted Employee Stock Plan
Grant date	September 11, 2024
Number of shares granted (thousands)	350
Recipients	Full-time employees of the Company and its domestic/foreign subsidiaries or affiliates who have completed at least two years of service
Vesting conditions	- 50% of shares vest after 2 years from grant date - Remaining 50% vest after 4 years from grant date

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Details of the Restricted Employee Stock Shares Plan are as follows:

	Unit: thousand shares	
	<u>2025</u>	<u>2024</u>
	<u>First Grant</u>	<u>First Grant</u>
Outstanding on January 1	350	-
Granted during the year	-	350
Forfeited during the year	-	-
Outstanding on December 31	<u>350</u>	<u>350</u>

(iii) Employee Expense for Share-Based Payment

The expenses incurred by the Group for share-based payments in the years 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Expense from restricted employee stock shares plan	<u>\$ 1,555</u>	<u>518</u>

(q) Loss per share

The calculation of basic loss per share was as follows:

	<u>2025</u>	<u>2024</u>
Basic and diluted loss per share:		
Net loss attributable to the Company	<u>\$ (21,434)</u>	<u>(48,413)</u>
Weighted-average number of common shares outstanding (thousand shares)	<u>35,129</u>	<u>34,883</u>
Basic loss per share (New Taiwan dollars)	<u>\$ (0.61)</u>	<u>(1.39)</u>

For the years ended December 31, 2025 and 2024, the convertible bonds issued by the Company were potential common shares. However, they were not included in the calculation of diluted loss per share as they had an anti-dilutive effect.

The outstanding restricted employee stock shares of the Company for the year 2025 are potential ordinary shares. However, they were excluded from the computation of diluted loss per share as they had an anti-dilutive effect.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2025</u>				<u>Total</u>
	<u>Segment A</u>	<u>Segment B</u>	<u>Segment C</u>	<u>Segment D</u>	
Primary geographical markets					
United States	\$ 885,273	9,598	-	-	894,871
Malaysia	8,602	4,383	91,984	-	100,586
Other	32,318	-	-	-	32,318
	<u>\$ 926,193</u>	<u>9,598</u>	<u>91,984</u>	<u>-</u>	<u>1,027,775</u>

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2025				Total
	Segment A	Segment B	Segment C	Segment D	
Major products/services lines					
Furniture manufacturing and sales	\$ 932,196	9,598	-	-	941,794
Rubberwood processing and sales	-	-	93,715	-	93,715
Less: Sales returns and discount	6,003	-	1,731	-	7,734
Net sales	\$ 926,193	9,598	91,984	-	1,027,775
	2024				
	Segment A	Segment B	Segment C	Segment D	Total
Primary geographical markets					
United States	\$ 1,028,897	14,335	-	-	1,043,232
Malaysia	6,266	4,383	92,617	1,039	104,305
Other	16,827	-	-	-	16,827
	\$ 1,051,990	18,718	92,617	1,039	1,164,364
Major products/services lines					
Bedroom furniture manufacturing and sales	\$ 1,055,030	-	-	-	1,055,030
Kitchen cabinet manufacturing and sales	-	18,718	-	-	18,718
Rubberwood processing and sales	-	-	92,670	-	92,670
Rental income	-	-	-	1,125	1,125
Less: Sales returns and discount	3,040	-	53	86	3,179
Net sales	\$ 1,051,990	18,718	92,617	1,039	1,164,364

(ii) Remaining balances of contract

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivables	\$ 74,753	109,849	114,678
Less: Loss allowance	2,093	3,947	4,305
Total	\$ 72,660	105,902	110,373
Contract liabilities	\$ 1,583	1,750	2,049

The amount of revenue recognized for the years ended December 31, 2025 and 2024 that was included in the contract liability balance at the beginning of the period were \$1,625 thousand and \$1,695 thousand, respectively. The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The change in contract liabilities is mainly due to the difference between the timing of satisfying performance obligations and the timing of customer payments.

Please refer to Note 6(c) for disclosure of accounts receivable and impairment loss.

(s) Employee and directors' remuneration

According to the Company's Articles of Incorporation, if the Company has profit for the year, it shall contribute no less than 3% as employee remuneration and no more than 5% as directors' remuneration. However, if the Company still has accumulated deficits, an amount shall be reserved in advance to offset the losses. The aforementioned employee remuneration, which may be distributed in the form of shares or cash, includes employees of subsidiaries who meet certain specific criteria.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024, the Company incurred net losses after tax; therefore, no employee or directors' remuneration was estimated for distribution. There are no differences between the amounts estimated in the Company's 2025 and 2024 financial reports and the resolutions passed by the Board of Directors. For further details, please refer to the Market Observation Post System.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2025	2024
Interest income	\$ 8,234	4,969

(ii) Other income

The details of other income were as follows:

	2025	2024
Settlement of insurance claim	\$ -	945
Others	1,344	817
Total	\$ 1,344	1,762

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2025	2024
Gains (losses) on disposals of property, plant and equipment	\$ 900	(398)
Gains (losses) on disposal of right-of-use assets	1,843	(1,163)
Gains on lease modification	-	265
Losses on foreign exchange	(17,043)	(842)
Losses on financial assets (liabilities) at fair value through profit or loss	2,698	(7,115)
Losses on impairment	-	(42,664)
Loss on redemption of corporate bonds	-	(25)
Others	(389)	(664)
Total	\$ (11,991)	(52,606)

(iv) Finance costs

The details of finance costs were as follows:

	2025	2024
Interest expense:		
Bank loans	\$ (3,353)	(2,807)
Lease liabilities	(909)	(1,903)
Convertible bonds	(2,352)	(2,381)
Total	\$ (6,614)	(7,091)

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets represents the maximum risk exposure.

2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. These factors may influence credit risk, particularly in the current deteriorating economic circumstances. The Group's accounts receivable is concentrated on three main customers, which accounted for 38% and 41% of the total amount of accounts receivable as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the Group's accounts receivable concentrated on three main customers were \$28,050 thousand and \$43,775 thousand, respectively.

3) Credit risk of accounts receivable and financial assets measured at amortized cost

Please refer to note 6(c) for information on the credit risk of accounts receivable.

Please refer to note 6(b) for details on financial assets measured at amortized cost and refer to note 6(d) for details on other receivables. Financial assets measured at amortized cost, other receivables and refundable deposits are determined to have low credit risk, therefore, they are measured using the 12-month ECL allowance method.

(ii) Liquidity risk

The following table shows the maturity of financial liabilities including estimated interest:

	Amount	Contractual cash flows	Less than 1 year	2~5 years	Over 5 years
December 31, 2025					
Non-derivative financial liabilities					
Short-term loans	\$ 75,297	75,783	75,783	-	-
Accounts payable	57,267	57,267	57,267	-	-
Other payables	33,171	33,171	33,171	-	-
Long-term loans	18,797	20,144	8,569	11,575	-
Lease liabilities	10,052	10,359	8,400	1,959	-
Convertible bonds payable (include derivative financial liabilities)	103,653	109,161	109,161	-	-
	\$ 298,237	305,885	292,351	13,534	-

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Short-term loans	\$ 55,417	55,676	55,676	-	-
Accounts payable	62,974	62,974	62,974	-	-
Other payables	32,542	32,542	32,542	-	-
Long-term loans	20,893	22,679	7,928	14,751	-
Lease liabilities	18,778	19,513	15,799	3,714	-
Convertible bonds payable (include derivative financial liabilities)	100,274	109,161	-	109,161	-
	<u>290,878</u>	<u>302,545</u>	<u>174,919</u>	<u>127,616</u>	<u>-</u>
Derivative financial liabilities					
Other forward foreign exchange contracts					
Inflow	-	(75,349)	(75,349)	-	-
Outflow	1,742	77,091	77,091	-	-
	<u>1,742</u>	<u>1,742</u>	<u>1,742</u>	<u>-</u>	<u>-</u>
	<u>\$ 292,620</u>	<u>304,287</u>	<u>176,661</u>	<u>127,626</u>	<u>-</u>

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

(iii) Currency risk

1) Currency risk exposure

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

	December 31, 2025			December 31, 2024		
	Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 7,157	31.42	224,829	4,916	32.85	161,458
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	160	31.42	5,023	124	32.85	4,062

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TECHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on accounts receivables.

A 0.25% strengthening (weakening) of the TWD and MYR against the USD as at December 31, 2025 and 2024, would have decreased (increased) the net profit before tax for the years ended December 31, 2025 and 2024 by \$550 thousand and \$394 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Due to the different types of functional currency of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Company's exchange loss, including realized and unrealized, were \$17,043 thousand and \$842 thousand for the years ended December 31, 2025 and 2024, respectively.

(iv) Interest rate analysis

The Group's financial liabilities and the restricted time deposits interest rate exposure was due to interest rate fluctuation.

If the interest rate had increased/decreased by 1%, the Group's net income before taxation would have decreased/increased by \$831 thousand and \$763 thousand for the years ended December 31, 2025 and 2024.

(v) Fair value of financial instruments

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value regularly. The book value and the fair value of financial assets and financial liabilities, including fair value hierarchy disclosures (excluding financial instruments in which their book value is not measured at fair value, but represents a reasonable approximation of their fair value, or lease liabilities, as disclosure for such instruments is not required), are as follows:

	December 31, 2025				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured of fair value through profit or loss					
Derivative financial assets	\$ 715	-	715	-	715
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 314,747	-	-	-	-
Accounts receivables	72,660	-	-	-	-
Other receivables	2,179	-	-	-	-
Refundable deposits	4,545	-	-	-	-
Subtotal	394,131	-	-	-	-
Total	<u>\$ 394,846</u>	<u>-</u>	<u>715</u>	<u>-</u>	<u>715</u>

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

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	December 31, 2025				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities	\$ 3,349	-	3,349	-	3,349
Financial liabilities measured at amortized cost					
Short-term loans	75,297	-	-	-	-
Accounts payable	57,267	-	-	-	-
Other payables	33,171	-	-	-	-
Long-term loans	18,797	-	-	-	-
Lease liabilities	10,052	-	-	-	-
Convertible bonds payable	100,304	-	-	-	-
Subtotal	294,888	-	-	-	-
Total	\$ 298,237	-	3,349	-	3,349
	December 31, 2024				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 270,919	-	-	-	-
Accounts receivables	105,902	-	-	-	-
Other receivables	138	-	-	-	-
Refundable deposits	8,637	-	-	-	-
Total	\$ 385,596	-	-	-	-
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities	\$ 4,064	-	4,064	-	4,064
Financial liabilities measured at amortized cost					
Short-term loans	55,417	-	-	-	-
Accounts payable	62,974	-	-	-	-
Other payables	32,542	-	-	-	-
Long-term loans	20,893	-	-	-	-
Lease liabilities	18,778	-	-	-	-
Convertible bonds payable	97,952	-	-	-	-
Subtotal	288,556	-	-	-	-
Total	\$ 292,620	-	4,064	-	4,064

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

- i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: cash and cash in the bank, accounts receivable and payable (including related-parties), other receivables and payables, financial assets at amortized cost, other financial assets, refundable deposits, and short-term loans.
- ii) The fair value of convertible bonds is estimated using a valuation model, but the fair value of convertible bonds is not necessarily equal to future cash outflow.
- iii) The fair value of long-term loans and lease liabilities is estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and leases payable. However, the fair value of long-term loans is estimated by using its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate.

b) Derivative financial instruments

Forward exchange contracts were usually estimated by using the current forward exchange rates of the transaction banks. Foreign currency option contracts were evaluated by using the Black Scholes model provided by the transaction banks. The fair value of redemption rights and put options of the convertible bonds was estimated according to the external expert's valuation report. The valuation model is a binary tree convertible bond valuation model that uses market-based observable input values that include stock price volatility, risk-free interest rate, risk discount rate and liquidity risk to reflect the fair value of the options.

(v) Financial risk management

(i) Overview

The Group has exposure to the following risks arising from financial instruments:

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

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please see other related notes for quantitative information.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****(ii) Risk management framework**

The Group's management monitors risk exposure, risk control, and the managing process and ensures appropriate handling to balance the risk and control.

The Group minimizes the risk exposure through derivative financial instruments. The management of the finance department regulates the use of derivative and non-derivative financial instruments in accordance with the Group's policy in consideration of the risks arising from financial instruments such as credit risk, currency risk, and interest rate risk to which the Group is exposed. The Group has no transactions of any derivative financial instruments of speculation.

The management reports the results of derivative financial instruments to the board of directors on a regular basis.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the financial statement analysis and external ratings, when available.

2) Investments

The credit risk exposure of the bank deposits and other financial instruments is measured and monitored by the Group's management. Since the Group's counterparties are banks with good credit standing, there is no significant default risk and therefore no significant credit risk.

3) Guarantees

For information on guarantees as of December 31, 2025, please refer to note 13.

(iv) Liquidity risk

Based on the management forecasted working capital requirement, the Group maintains sufficient funds to fulfill operational requirements and retains adequate unused credit lines to avoid violation of loan related terms and conditions. The forecast is in consideration of finance projects and compliance with the terms of loan agreements.

Loans and borrowings from the banks form an important source of liquidity for the Group. As of December 31, 2025 and 2024, the Group's unused credit line amounted to \$183,845 thousand and \$193,335 thousand, respectively.

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and changes in equity instrument prices, which 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.

The Group buys and sells derivatives, and also incurs financial assets to manage market risks. All such transactions are carried out within the scope of the Group's internal control policy.

1) Currency risk

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

To manage its future transactions and realize currency risk on assets and liabilities, the management of the Group adopts forward foreign exchange contracts to hedge the risk.

The Group uses forward foreign exchange contracts to lower its currency risk that is caused by exchange rate fluctuation and sets a stop loss point to lower its currency risk.

2) Interest rate risk

The interest rate risk is explained in the interest rate analysis in this note. The changes in interest rates do not have a significant effect on the fair value of the aforementioned financial liabilities.

(w) Capital management

The Group manages capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of related-parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total debt divided by the total capital. The total debt is derived from the total liabilities on the balance sheet. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interest.

The Group's collective quantitative data is as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 317,427	310,795
Total equity	\$ 445,054	437,332
Debt-to-equity ratio	71.32%	71.07%

(Continued)

TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Non-cash financing activities

For the years ended December 31, 2025 and 2024 the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through leasing. Please refer to note 6(g), (j) and (l) for related information.

Reconciliation of liabilities from financing activities of the Company in 2025 and 2024 were as follows:

	Non-cash changes								
	January 1, 2025	Cash flows	Acquisition of contracts	Expiration and cancellation of contracts	Conversion of bonds	Amortization of Bond Discount upon Redemption	Amortization on of discount	Translation effect	December 31, 2025
Long-term loans	\$ 20,893	(3,035)	-	-	-	-	-	939	18,797
Short-term loans	55,417	19,880	-	-	-	-	-	-	75,297
Lease liabilities	18,778	(20,365)	11,232	-	-	-	-	407	10,052
Convertible bonds payable	97,952	-	-	-	-	-	2,352	-	100,304
Total liabilities from activities	\$ 193,040	(3,520)	11,232	-	-	-	2,352	1,346	204,450

	Non-cash changes								
	January 1, 2024	Cash flows	Acquisition of contracts	Expiration and cancellation of contracts	Conversion of bonds	Amortization of Bond Discount upon Redemption	Amortization on of discount	Translation effect	December 31, 2024
Long-term loans	\$ 25,740	(7,241)	-	-	-	-	-	2,394	20,893
Short-term loans	48,366	7,051	-	-	-	-	-	-	55,417
Lease liabilities	41,061	(25,305)	5,709	(5,551)	-	-	-	2,864	18,778
Convertible bonds payable	108,343	(1,100)	-	-	(11,697)	25	2,381	-	97,952
Total liabilities from activities	\$ 223,510	(26,595)	5,709	(5,551)	(11,697)	25	2,381	5,258	193,040

(7) Related-party transactions

(a) Names and relationships with related-parties

The following are entities that have had transactions with related-parties during the periods covered in the consolidated financial statements.

Name of related-party	Relationship with the Group
Eng Say Kaw	Management of the Company
Eng Kai Pin	Management of the Company
Eng Kai Jie	Management of the Company
Eng Kai Jian	Management of the Company
Eng Xin Kai	Management of the Company
Tey Pek Kiang	Management of the Company
Hock Guan Seng Sdn Bhd	Other related-parties

(b) Significant transactions with related-parties

For the years ended December 31, 2025 and 2024, Eng Say Kaw, Eng Kai Pin, Eng Kai Jie, Eng Kai Jian, Eng Xin Kai and Tey Pek Kiang are the joint guarantors providing credit guarantees to the Group for forward transactions, loans and leases.

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TEHCENTIAL INTERNATIONAL LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Management personnel compensation

Key management personnel compensation comprised:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 18,136	17,962
Post-employment benefits	2,039	1,754
	<u>\$ 20,175</u>	<u>19,716</u>

For the years ended December 31, 2025 and 2024, the costs of motor vehicles offered for management use by the Group were \$24,024 thousand (MYR 3,106 thousand) and \$22,157 thousand (MYR 2,880 thousand), respectively. As of December 31, 2025 and 2024, the book values of these vehicles were NT\$6,921 thousand and NT\$6,974 thousand, respectively, and were classified under fixed assets.

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Property, plant and equipment:			
Land	Long-term and short-term loans	\$ 19,296	18,306
Building and constructions	Long-term and short-term loans	53,400	52,423
Machinery and equipment	Long-term loans	5,559	2,896
Transportation equipment	Long-term loans	8,847	6,648
Total		<u>\$ 87,102</u>	<u>80,273</u>

(9) Commitments and contingencies: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

A summary of personnel costs, depreciation, depletion and amortization is as follows:

Account	Function	2025			2024		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs							
Salaries		122,385	51,209	173,594	130,256	48,228	178,484
Health insurance		2,087	580	2,667	1,845	550	2,395
Pension		1,748	5,043	6,791	1,509	5,066	6,575
Other personnel expense		10,277	913	11,190	11,051	955	12,006
Depreciation		18,903	5,284	24,187	28,548	4,685	33,233
Amortization		-	96	96	-	46	46

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TEHCENTIAL INTERNATIONAL LIMITED

Notes to Consolidated Interim Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following was 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:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related-party	Maximum balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt (note 3)	Collateral		Individual funding loan limits (note 2)	Maximum limit of fund financing (note 2)
													Item	Value		
1	TC	TCH	Other receivables	Yes	4,255 (MYR550)	-	-	2.7	2	-	Operating capital	-	-	-	1,705,854	1,705,854
1	TC	EHL	Other receivables	Yes	47,320 (MYR6,117)	47,320 (MYR6,117)	47,320 (MYR6,117)	3.59-4.0	2	-	Operating capital	-	-	-	170,585	227,447
1	TC	ESKB	Other receivables	Yes	3,481 (MYR450)	-	-	4.0	2	-	Operating capital	-	-	-	1,705,854	1,705,854
1	TC	ESKW	Other receivables	Yes	7,736 (MYR1,000)	7,736 (MYR1,000)	7,736 (MYR1,000)	3.7	2	-	Operating capital	-	-	-	1,705,854	1,705,854

Note 1: The nature of financing is classified as follows:

1. business-related.
2. short-term financing.

Note 2: According to TC's policy on loans granted for others, the maximum aggregate amount of loans granted and individual loans granted by TC shall not exceed 40% and 30%, respectively. For entities in which the Company, directly or indirectly, owned more than 100% of their shares, the amount available for financing shall not exceed 300% of the net worth of the lending Company.

Note 3: Transactions within the Group have been eliminated in the preparation of the consolidated financial statements.

Note 4: Calculated with the year-end exchange rate (MYR:NTD=1:7.7358).

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 2)	Maximum balance for guarantees and endorsements during the period (note 3)	Balance of guarantees and endorsements as of reporting date (note 3)	Actual usage amount during the period (note 3)	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Guarantee provided by parent company	Guarantee provided by subsidiaries	Guarantee for companies in China area
		Name	Relationship with the Company (note 1)										
1	TC	EHL	3	179,263	112,378 (MYR14,527)	85,225 (MYR11,017)	69,754 (MYR9,017)	-	19.02%	224,079	N	N	N
1	TC	ESKW	1	179,263	23,207 (MYR3,000)	23,207 (MYR3,000)	23,207 (MYR3,000)	-	5.18%	224,079	N	N	N

Note 1: The relationship between guarantor and guarantee is as follows:

1. A subsidiary whose common stock is more than 50% owned by the guarantors.
2. For entities in which the Company, directly or indirectly, owned more than 90% of their shares.
3. For entities that do business with the Company.

Note 2: The following are in accordance with the internal control policy "Policy and Procedures for Loaning of Funds and Making of Endorsement/Guarantees":

1. The overall guarantee amounts and guarantee provided to any individual company shall not exceed 50% and 40% of the net worth of the endorsement / guarantee provider's latest financial statements.
2. the aggregate endorsement/ guarantees amount and the maximum amount permitted to any single entity shall not exceed 50% and 40%, respectively, of the net worth on the latest financial statements of the Company.

Note 3: Calculated with year-end exchange rate was (MYR:NTD=1:7.7358).

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(v) Receivables from related-parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

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Notes to Consolidated Interim Financial Statements

(vi) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	TC	ESKW	2	Other receivables	7,736	Loans, no available comparisons. The mutual negotiable terms and conditions.	1.01%
2	TC	EHL	2	Other receivables	47,320	Loans, no available comparisons. The mutual negotiable terms and conditions.	6.21%

Note 1: the numbering is as follows

1. 0 represents the parent company.
2. 1 and thereafter subsidiary companies.

Note 2: the nature of the relationship is as follows

1. Parent company to subsidiary company
2. Subsidiary company to subsidiary company
3. Subsidiary company to parent company

Note 3: other receivables include loans, receivable interest, and payments made on behalf.

Note 4: The account should be disclosed if the amount is over 1% of the total assets from the statement of financial position and total operating revenue from the statement of comprehensive income.

Note 5: The mentioned transactions between the Group's subsidiaries have been eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2025:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	TC	Malaysia	Furniture manufacturing and sales	77,137	77,137	10,000,000	100.00%	568,618	(2,287)	(2,287)	Subsidiary
The Company	TCH	Malaysia	Furniture sales	25,029 (Note 3)	13,842	3,500,000	100.00%	6,303	(4,019)	(4,019)	Subsidiary
The Company	EHL	Malaysia	Kitchen cabinet manufacturing and sales	105,008	105,008	32,211,111	89.20%	(25,632)	(615)	(549)	Subsidiary
TC	ESKB	Malaysia	Wood pellet manufacturing and sales, leasing machinery and equipment	56,884	56,884	8,000,012	100.00%	38,449	2,442	2,442	Sub-subsidiary
TCH	TCH(US)	United States	Management Consultant	3	3	100	100.00%	756	(19)	(19)	Sub-subsidiary
ESKB	ESKW	Malaysia	Rubberwood processing and sales	22,512	22,512	3,000,000	100.00%	34,301	1,845	1,845	Sub-subsidiary

Note 1: Investment gains (losses) have been recognized by the equity method based on the financial statements of the investee companies audited by the Company's auditor.

Note 2: The long-term investment and investment gain or loss have been eliminated in the preparation of the consolidated financial statements.

Note 3: The Board approved a MYR 1,500 thousand cash capital increase in TCH on March 14, 2025, which was fully paid-up as of December 31, 2025.

(c) Information on investment in mainland China: None

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Notes to the Consolidated Financial Statements

(c) Product and service information

Revenue from external customers of the Group was as follows:

Products and Services	2025	2024
Furniture manufacturing and sales	\$ 935,791	1,051,990
Kitchen cabinet manufacturing and sales	-	18,718
Rubberwood processing and sales	91,984	92,617
Rental income	-	1,039
Total	<u>\$ 1,027,775</u>	<u>1,164,364</u>

(d) Geographic information

Export sales revenue by country is based on the billing location of the customer, and non-current assets by location are based on where the assets are located. The information was as follows:

Export sales

Region	2025	2024
United States	\$ 894,871	1,043,232
Malaysia	100,586	104,305
Other	32,318	16,827
Total	<u>\$ 1,027,775</u>	<u>1,164,364</u>

Non-current Assets

Region	December 31, 2025	December 31, 2024
Malaysia	<u>\$ 127,752</u>	<u>130,608</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and prepayment for equipment, not including financial assets measured at amortized cost, deferred tax assets and refundable deposits.

(e) Information on major customers whose revenue exceeded 10% of the Group's operating revenue was as follows:

	2025	2024
Customer A	\$ 361,619	329,433
Customer B	119,610	247,314
Customer C	201,579	207,059
Total	<u>\$ 682,808</u>	<u>783,806</u>

Note: Any single customer whose annual consolidated revenue does not exceed 10% will not be disclosed.