

**ASSOCIATED INDUSTRIES CHINA, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Nine Months Ended September 30, 2025 and 2024**

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Associated Industries China, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Associated Industries China, Inc. and its subsidiaries as of September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$14,915 thousand and \$21,830 thousand, constituting 1.84% and 2.48% of consolidated total assets; and the total liabilities amounting to \$21,066 thousand and \$16,045 thousand, constituting 4.99% and 3.97% of consolidated total liabilities as of September 30, 2025 and 2024, respectively, and the total comprehensive income (loss) amounting to \$(358) thousand, \$(1,659) thousand, \$(7,723) thousand and \$(2,863) thousand, constituting 5.38%, 19.05%, 12.56% and 8.35% of the absolute value of consolidated total comprehensive income (loss) in the three months and nine months ended September 30, 2025 and 2024, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2025 and 2024, and of its consolidated financial performance in the three months and nine months ended September 30, 2025 and 2024, as well as its consolidated cash flows for the nine months ended September 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Au, Yiu-Kwan and Huang, Keng-Chia.

KPMG

Taipei, Taiwan (Republic of China)
November 5, 2025

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review 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’ review report and consolidated financial statements, the Chinese version shall prevail.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2025, December 31, and September 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2025		December 31, 2024		September 30, 2024				September 30, 2025		December 31, 2024		September 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 75,010	9	76,577	9	94,431	11	2100	Short-term borrowings (note 6(j))	\$ 327,183	40	258,811	31	256,558	29
1170	Notes and accounts receivable, net (note 6(c))	50,891	7	46,082	5	58,529	6	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	75	-	-	-	419	-
1200	Other receivables	366	-	723	-	858	-	2130	Current contract liabilities (note 6(s))	4,876	1	4,556	1	4,550	1
1300	Inventories, net (note 6(d))	245,555	30	267,154	32	275,512	31	2170	Notes and accounts payable	10,675	1	48,667	6	65,409	7
1410	Prepayments	24,385	3	28,026	3	33,529	4	2200	Other payables	40,369	5	34,143	4	38,602	4
1470	Other current assets	6,750	1	5,695	1	5,106	1	2250	Current provisions	3,695	1	3,581	-	3,315	-
		402,957	50	424,257	50	467,965	53	2280	Current lease liabilities (note 6(l))	9,336	1	8,138	1	8,121	1
Non-current assets:								2300	Other current liabilities	4,293	1	6,410	1	5,087	1
1600	Property, plant and equipment (notes 6(f) and 8)	120,059	15	122,197	15	122,863	14			400,502	50	364,306	44	382,061	43
1755	Right-of-use assets (note 6(g))	26,385	3	23,510	3	26,195	3	Non-current liabilities:							
1760	Investment property, net (notes 6(h) and 8)	233,000	29	233,000	28	233,000	26	2570	Deferred tax liabilities	1,932	-	1,932	-	2,192	-
1780	Intangible assets (note 6(i))	19,605	2	25,296	3	23,928	3	2580	Non-current lease liabilities(note 6(l))	18,660	2	16,521	2	19,040	2
1900	Other non-current assets (note 8)	8,621	1	6,801	1	7,278	1	2600	Other non-current liabilities	906	-	906	-	906	-
		407,670	50	410,804	50	413,264	47			21,498	2	19,359	2	22,138	2
									Total liabilities	422,000	52	383,665	46	404,199	45
									Equity: (notes 6(p) and (q))						
									Equity attributable to owners of parent:						
								3110	Common stock	541,706	67	546,566	65	546,566	62
								3200	Capital surplus	33,853	4	34,370	4	33,976	4
									Retained earnings:						
								3310	Legal reserve	52,704	7	52,704	6	52,704	6
								3320	Special reserve	79,510	10	79,510	10	79,510	9
								3350	Accumulated deficits	(233,677)	(29)	(167,120)	(20)	(150,365)	(17)
										(101,463)	(12)	(34,906)	(4)	(18,151)	(2)
								3400	Other equity interest	(96,684)	(12)	(105,111)	(12)	(99,369)	(11)
								3500	Treasury shares	-	-	-	-	-	-
									Total equity attributable to owners of parent:	377,412	47	440,919	53	463,022	53
								3600	Non-controlling interests (note 6(e))	11,215	1	10,477	1	14,008	2
									Total equity	388,627	48	451,396	54	477,030	55
Total assets		\$ 810,627	100	835,061	100	881,229	100	Total liabilities and equity		\$ 810,627	100	835,061	100	881,229	100

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2025 and 2024

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

		For the three months ended September 30				For the nine months ended September 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues, net (note 6(s)):								
4110	Sales revenue	\$ 118,928	99	131,466	99	358,394	99	378,382	99
4310	Rental income (note 6(m))	<u>1,441</u>	<u>1</u>	<u>1,412</u>	<u>1</u>	<u>4,220</u>	<u>1</u>	<u>4,133</u>	<u>1</u>
		120,369	100	132,878	100	362,614	100	382,515	100
5000	Operating costs (notes 6(d), 6(m), 6(n) and 12)	<u>71,993</u>	<u>60</u>	<u>81,503</u>	<u>61</u>	<u>214,567</u>	<u>59</u>	<u>229,444</u>	<u>60</u>
5950	Gross profit from operations	<u>48,376</u>	<u>40</u>	<u>51,375</u>	<u>39</u>	<u>148,047</u>	<u>41</u>	<u>153,071</u>	<u>40</u>
	Operating expenses (notes 6(l), 6(n), 6(q) and 12):								
6100	Selling expenses	31,499	26	31,981	24	108,552	30	100,472	26
6200	Administrative expenses	23,549	20	20,918	16	65,591	18	64,611	17
6300	Research and development expenses	8,890	7	9,127	7	33,253	9	28,569	8
6450	Expected credit reversal gain (note 6(c))	<u>(5)</u>	<u>-</u>	<u>(19)</u>	<u>-</u>	<u>(36)</u>	<u>-</u>	<u>(145)</u>	<u>-</u>
		63,933	53	62,007	47	207,360	57	193,507	51
	Net operating loss	<u>(15,557)</u>	<u>(13)</u>	<u>(10,632)</u>	<u>(8)</u>	<u>(59,313)</u>	<u>(16)</u>	<u>(40,436)</u>	<u>(11)</u>
	Non-operating income and expenses:								
7100	Interest income	82	-	84	-	312	-	457	-
7190	Other income	82	-	151	-	106	-	366	-
7230	Foreign exchange gains (losses), net (note 6(u))	990	1	1,832	1	1,455	-	2,550	-
7235	Gains (losses) on financial assets at fair value through profit or loss	173	-	(1,627)	(1)	(4,756)	(1)	(1,050)	-
7510	Interest expense (note 6(l))	(2,483)	(2)	(1,966)	(1)	(6,735)	(2)	(5,107)	(1)
7590	Other losses	-	-	-	-	(8)	-	-	-
7610	Loss on disposal of property, plant and equipment, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		(1,156)	(1)	(1,526)	(1)	(9,636)	(3)	(2,784)	(1)
7900	Loss before tax	(16,713)	(14)	(12,158)	(9)	(68,949)	(19)	(43,220)	(12)
7950	Less: Income tax expenses (benefits) (note 6(o))	<u>(309)</u>	<u>-</u>	<u>206</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>716</u>	<u>-</u>
	Net loss	<u>(16,404)</u>	<u>(14)</u>	<u>(12,364)</u>	<u>(9)</u>	<u>(69,061)</u>	<u>(19)</u>	<u>(43,936)</u>	<u>(12)</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign financial statements	<u>9,748</u>	<u>8</u>	<u>3,657</u>	<u>2</u>	<u>7,557</u>	<u>2</u>	<u>9,660</u>	<u>3</u>
8300	Other comprehensive income, net	<u>9,748</u>	<u>8</u>	<u>3,657</u>	<u>2</u>	<u>7,557</u>	<u>2</u>	<u>9,660</u>	<u>3</u>
8500	Total comprehensive income (loss)	<u>\$ (6,656)</u>	<u>(6)</u>	<u>(8,707)</u>	<u>(7)</u>	<u>(61,504)</u>	<u>(17)</u>	<u>(34,276)</u>	<u>(9)</u>
	Total net income, attributable to:								
8610	Owners of parent	\$ (14,329)	(12)	(9,905)	(7)	(61,199)	(17)	(34,890)	(10)
8620	Non-controlling interests (note 6(e))	<u>(2,075)</u>	<u>(2)</u>	<u>(2,459)</u>	<u>(2)</u>	<u>(7,862)</u>	<u>(2)</u>	<u>(9,046)</u>	<u>(2)</u>
		<u>\$ (16,404)</u>	<u>(14)</u>	<u>(12,364)</u>	<u>(9)</u>	<u>(69,061)</u>	<u>(19)</u>	<u>(43,936)</u>	<u>(12)</u>
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ (4,581)	(4)	(6,248)	(5)	(53,642)	(15)	(25,230)	(7)
8720	Non-controlling interests (note 6(e))	<u>(2,075)</u>	<u>(2)</u>	<u>(2,459)</u>	<u>(2)</u>	<u>(7,862)</u>	<u>(2)</u>	<u>(9,046)</u>	<u>(2)</u>
		<u>\$ (6,656)</u>	<u>(6)</u>	<u>(8,707)</u>	<u>(7)</u>	<u>(61,504)</u>	<u>(17)</u>	<u>(34,276)</u>	<u>(9)</u>
	Earnings per share (note (r))								
9750	Basic earnings (losses) per share (NT dollars)	<u>\$ (0.27)</u>		<u>(0.19)</u>		<u>(1.15)</u>		<u>(0.66)</u>	
9850	Diluted earnings (losses) per share (NT dollars)	<u>\$ (0.27)</u>		<u>(0.19)</u>		<u>(1.15)</u>		<u>(0.66)</u>	

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Other equity interest												
			Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Unearned employee benefits	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non- controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficits								
Balance at January 1, 2024	\$ 552,186	30,302	52,704	79,510	(104,490)	(71,900)	(33,710)	(6,163)	(111,773)	(24,831)	473,608	6,881	480,489
Loss for the nine months ended September 30, 2024	-	-	-	-	(34,890)	-	-	-	-	-	(34,890)	(9,046)	(43,936)
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	9,660	-	-	9,660	-	9,660	-	9,660
Total comprehensive loss for the nine months ended September 30, 2024	-	-	-	-	(34,890)	9,660	-	-	9,660	-	(25,230)	(9,046)	(34,276)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,563)	-	-	(10,985)	-	-	-	-	-	(15,548)	-	(15,548)
Share-based payment transactions	(5,620)	8,237	-	-	-	-	-	2,744	2,744	24,831	30,192	159	30,351
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	16,014	16,014
Balance at September 30, 2024	\$ 546,566	33,976	52,704	79,510	(150,365)	(62,240)	(33,710)	(3,419)	(99,369)	-	463,022	14,008	477,030
Balance at January 1, 2025	\$ 546,566	34,370	52,704	79,510	(167,120)	(69,036)	(33,710)	(2,365)	(105,111)	-	440,919	10,477	451,396
Loss for the nine months ended September 30, 2025	-	-	-	-	(61,199)	-	-	-	-	-	(61,199)	(7,862)	(69,061)
Other comprehensive income for the nine months ended September 30, 2025	-	-	-	-	-	7,557	-	-	7,557	-	7,557	-	7,557
Total comprehensive loss for the nine months ended September 30, 2025	-	-	-	-	(61,199)	7,557	-	-	7,557	-	(53,642)	(7,862)	(61,504)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,282)	-	-	(5,358)	-	-	-	-	-	(6,640)	6,640	-
Share-based payment transactions	(4,860)	140	-	-	-	-	-	870	870	-	(3,850)	-	(3,850)
Changes in equity in subsidiaries	-	625	-	-	-	-	-	-	-	-	625	210	835
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750
Balance at September 30, 2025	\$ 541,706	33,853	52,704	79,510	(233,677)	(61,479)	(33,710)	(1,495)	(96,684)	-	377,412	11,215	388,627

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30,	
	2025	2024
Cash flows from (used in) operating activities:		
Loss before tax	\$ (68,949)	(43,220)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	10,587	9,692
Amortization expense	6,079	5,170
Expected credit reversal gain	(36)	(145)
Losses on financial assets or liabilities at fair value through profit or loss	4,756	1,050
Interest expense	6,735	5,107
Interest income	(312)	(457)
Share based payment transaction costs	(3,015)	5,520
Loss on disposal of property, plant and equipment	10	-
Others	-	377
Total adjustments to reconcile loss	24,804	26,314
Changes in operating assets and liabilities:		
Decrease (increase) in current financial liabilities at fair value through profit or loss	(4,682)	(551)
Increase in notes and accounts receivable	(4,773)	(15,180)
Decrease (increase) in other receivables	79	(416)
Decrease (increase) in inventories	21,599	(64,051)
Decrease (increase) in prepayments	3,956	(1,856)
Increase in other current assets	(1,055)	(3,500)
(Increase) decrease in other assets	(187)	830
Increase in contract liabilities	320	159
(Decrease) increase in notes and accounts payable	(37,992)	1,753
Increase in other payables	5,594	3,742
Increase (decrease) in provisions	140	(483)
Decrease in other current liabilities	(2,117)	(1,261)
Total changes in operating assets and liabilities	(19,118)	(80,814)
Total adjustments	5,686	(54,500)
Cash outflows generated from operations	(63,263)	(97,720)
Interest received	313	457
Interest paid	(6,725)	(5,103)
Income taxes paid (refund)	555	(696)
Net cash flows used in operating activities	(69,120)	(103,062)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,033)	(2,585)
Increase in refundable deposits	(1,663)	(874)
Acquisition of intangible assets	(388)	(3,913)
Decrease (Increase) in prepayments for equipment	30	(447)
Net cash flows used in investing activities	(3,054)	(7,819)
Cash flows (used in) from financing activities:		
Increase in short-term borrowings	68,372	64,873
Payment of lease liabilities	(6,997)	(6,644)
Treasury shares purchased by employees	-	24,836
Change in non-controlling interests	1,750	-
Net cash flows from financing activities	63,125	83,065
Effect of exchange rate changes on cash and cash equivalents	7,482	9,574
Net decrease in cash and cash equivalents	(1,567)	(18,242)
Cash and cash equivalents at beginning of period	76,577	112,673
Cash and cash equivalents at end of period	\$ 75,010	94,431

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Associated Industries China, Inc. (the “Company”) was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company and its subsidiaries (together referred to as the “Group”) are (1) research, development and sale of LCD monitors, and related components, (2) sale of medical equipment, (3) real estate rental business and (4) research and development, manufacture and sale of medical equipment and health care products.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 5, 2025.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS21 “Lack of Exchangeability”

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

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

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

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

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

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(4) Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (altogether referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	AG Neovo International Ltd. (AG Neovo International)	Investment	100 %	100 %	100 %	Note 1
The Company	AG Neovo Technology B.V. (AG Neovo B.V)	Sale of LCD monitors	100 %	100 %	100 %	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100 %	100 %	100 %	Note 1

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Taiwan Biophotonic Co. (tBPC)	Research and development, manufacture and sale of medical equipment and health care products	75.62 %	72.73 %	72.73 %	Note 2
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100 %	100 %	100 %	Note 1
AG Neovo International	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipment	100 %	100 %	100 %	Note 1

Note 1 :A non-significant subsidiary, wherein its financial statements have not been reviewed.

Note 2 :In February and May 2025, the Company increased its capital in tBPC by cash of \$14,173 and \$21,827, and obtained a total of 90,000 thousand shares, the Company's shareholding ratio was 75.62% as of September 30, 2025.

(i) List of subsidiaries which are not included in the consolidated financial statements: None.

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

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

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Investment property

The Board of Directors resolved a decision on March 11, 2024, to change the accounting policy for the subsequent measurement of the investment property from the cost model to the fair value model starting from January 1, 2024.

The investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. The investment property is measured at cost on initial recognition, and subsequently at fair value, and any changes are recognized in profit or loss.

Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(e) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

Short-term employee benefit obligations 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.

(f) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting” .

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

The uncertainties in the following assumptions and estimates with significant risks of causing the carrying amount of assets and liabilities to be adjusted significantly in the next fiscal year are as follows:

- Fair value of investment properties

The subsequent measurement of the investment property of the Group is evaluated by the discounted cash flow analysis method under the income approach, and Level 3 inputs are used in the fair value valuation technique.

Please refer to note 6(h) for relevant information on the assumptions adopted to measure the fair value.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 consolidated financial statements. Please refer to note 6 of the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Petty cash, checking accounts and demand deposits	\$ 58,110	67,677	77,531
Time deposits	16,900	8,900	16,900
Cash and cash equivalents in the consolidated statements of cash flows	\$ 75,010	76,577	94,431

Please refer to note 6(u) for the exchange rate risk, the interest rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities at fair value through profit or loss-current

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Mandatorily measured at fair value through profit or loss financial liabilities			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>75</u>	<u>-</u>	<u>419</u>

The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily designated at fair value through profit or loss:

<u>September 30, 2025</u>			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Financial liabilities :			
Forward exchange sold	EUR <u>451</u>	EUR to USD	2025.10.07~2025.11.17
<u>September 30, 2024</u>			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Financial assets:			
Forward exchange sold	EUR <u>1,745</u>	EUR to USD	2024.10.03~2024.12.17

(c) Notes and accounts receivable

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes receivable from operating activities	\$ 96	-	27
Accounts receivable-measured at amortized cost	<u>50,845</u>	<u>46,168</u>	<u>58,520</u>
	50,941	46,168	58,547
Less: Loss allowance	<u>(50)</u>	<u>(86)</u>	<u>(18)</u>
	<u>\$ 50,891</u>	<u>46,082</u>	<u>58,529</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance was determined as follows:

September 30, 2025			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 41,149	0%	-
Less than 30 days past due	5,440	0.33%	18
31 to 90 days past due	4,352	0.74%	32
	\$ 50,941		50
December 31, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 39,358	0%	-
Less than 30 days past due	5,484	0.16%	9
31 to 90 days past due	1,312	5.03%	66
181 to 360 days past due	14	78.57%	11
	\$ 46,168		86
September 30, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 48,926	0%	-
Less than 30 days past due	9,552	0.12%	11
31 to 90 days past due	55	5.45%	3
91 to 180 days past due	14	28.57%	4
	\$ 58,547		18

The movements in the allowance for notes and accounts receivable were as follows:

	For the nine months ended September 30,	
	2025	2024
Balance at January 1	\$ 86	163
Impairment reversed gain	(36)	(145)
Balance at September 30	\$ 50	18

As of September 30, 2025, December 31 and September 30, 2024, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Inventories

	September 30, 2025	December 31, 2024	September 30, 2024
Finished goods	\$ 766	-	-
Work in progress	953	315	324
Raw materials	586	351	374
Merchandise inventories	<u>243,250</u>	<u>266,488</u>	<u>274,814</u>
	<u>\$ 245,555</u>	<u>267,154</u>	<u>275,512</u>

The details of cost of sales in the three months and nine months ended September 30, 2025 and 2024, were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Cost of goods sold and expenses	\$ 71,586	80,447	215,500	228,604
Inventory valuation and obsolescence loss (reversal gain)	<u>302</u>	<u>952</u>	<u>(1,246)</u>	<u>530</u>
	<u>\$ 71,888</u>	<u>81,399</u>	<u>214,254</u>	<u>229,134</u>

For the three months ended September 30, 2025 and 2024 and nine months ended September 30, 2024, the written-down of inventories to net realizable value amounted to \$302, \$952 and \$530, respectively.

For the nine months ended September 30, 2025, the Group reversed its allowance for inventory valuation loss and obsolescence due to the disposal of its obsolete stock amounting to \$1,246.

As of September 30, 2025, December 31 and September 30, 2024, the Group did not provide any inventories as collaterals for its loans.

(e) Subsidiaries with Significant Non-controlling Interests

The Company exercised its rights to convert the 1st of five and 2nd of five batches of matured convertible bonds issued by tBPC in March of 2024 in advance, with the convertible prices of \$0.3 New Taiwan dollars per share, at the book values of \$18,222 (including interest receivable of \$1,222) and \$13,587 (including interest receivable of \$587), resulting in the acquisition of 106,030 thousand shares. In May 2024, the Company increased its investment in tBPC by \$29,620 in cash, and obtained 98,733 thousand shares. As of September 30, 2024, the Company's shareholding ratio was 72.73%.

Due to the aforementioned transactions for the nine months ended September 30, 2024, it resulted in a decrease in capital surplus by \$4,563 and retained earnings by \$10,985, respectively, based on the difference between carrying amount and investment.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In February and May 2025, the Company increased its investment in tBPC by \$14,173 in cash and \$21,827, and obtained a total of 90,000 thousand shares, As of September 30, 2025, the Company's shareholding ratio was 75.62% .

Due to the aforementioned transactions for the nine months ended September 30, 2025, it resulted in a decrease in capital surplus by \$1,282 and retained earnings by \$5,358, respectively, based on the difference between carrying amount and investment.

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		September 30, 2025	December 31, 2024	September 30, 2024
Taiwan Biophotonic Co. (tBPC)	Taiwan	24.38 %	27.27 %	27.27 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(i) tBPC collective financial information

	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 29,150	18,285	29,146
Non-current assets	24,427	31,779	31,437
Current liabilities	(7,562)	(11,628)	(8,524)
Non-current liabilities	(15)	(15)	(690)
Net assets	<u>\$ 46,000</u>	<u>38,421</u>	<u>51,369</u>
Non-controlling interests	<u>\$ 11,215</u>	<u>10,477</u>	<u>14,008</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Sales revenue	<u>\$ 2,511</u>	<u>1,415</u>	<u>3,764</u>	<u>3,620</u>
Net loss (as same as total comprehensive loss)	<u>\$ (8,513)</u>	<u>(9,017)</u>	<u>(31,006)</u>	<u>(28,040)</u>
Loss, attributable to non-controlling interests	<u>\$ (2,075)</u>	<u>(2,459)</u>	<u>(7,862)</u>	<u>(9,046)</u>
Total comprehensive loss, attributable to non-controlling interests	<u>\$ (2,075)</u>	<u>(2,459)</u>	<u>(7,862)</u>	<u>(9,046)</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30,	
	2025	2024
Net cash flows used in operating activities	\$ (27,680)	(21,259)
Net cash flows used in investing activities	(899)	(1,995)
Net cash flows from financing activities	37,750	30,032
Net increase in cash and cash equivalents	<u><u>\$ 9,171</u></u>	<u><u>6,778</u></u>

(f) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 2025 and 2024, were as follows:

	Land	Buildings and building improvement	Machinery equipment	Other equipment	Transportation equipment	Equipment to be accepted	Total
Cost:							
Balance on January 1, 2025	\$ 95,104	29,484	5,095	27,069	536	6,479	163,767
Additions	-	-	122	911	-	-	1,033
Disposals	-	-	-	(124)	-	-	(124)
Effect of movements in exchange rates	-	-	(169)	238	(38)	-	31
Balance on September 30, 2025	<u><u>\$ 95,104</u></u>	<u><u>29,484</u></u>	<u><u>5,048</u></u>	<u><u>28,094</u></u>	<u><u>498</u></u>	<u><u>6,479</u></u>	<u><u>164,707</u></u>
Balance on January 1, 2024	\$ 95,104	29,484	7,092	24,091	502	6,653	162,926
Additions	-	-	-	2,585	-	-	2,585
Disposals	-	-	(2,147)	(310)	-	-	(2,457)
Transferred in (out)	-	-	-	-	-	(174)	(174)
Effect of movements in exchange rates	-	-	68	210	15	-	293
Balance on September 30, 2024	<u><u>\$ 95,104</u></u>	<u><u>29,484</u></u>	<u><u>5,013</u></u>	<u><u>26,576</u></u>	<u><u>517</u></u>	<u><u>6,479</u></u>	<u><u>163,173</u></u>
Depreciation:							
Balance on January 1, 2025	\$ -	10,757	3,993	20,664	417	5,739	41,570
Depreciation	-	443	269	2,344	113	-	3,169
Disposals	-	-	-	(114)	-	-	(114)
Effect of movements in exchange rates	-	-	(168)	223	(32)	-	23
Balance on September 30, 2025	<u><u>\$ -</u></u>	<u><u>11,200</u></u>	<u><u>4,094</u></u>	<u><u>23,117</u></u>	<u><u>498</u></u>	<u><u>5,739</u></u>	<u><u>44,648</u></u>
Balance on January 1, 2024	\$ -	10,154	5,635	18,152	223	5,739	39,903
Depreciation	-	455	268	1,706	131	-	2,560
Disposals	-	-	(2,147)	(274)	-	-	(2,421)
Effect of movements in exchange rates	-	-	68	195	5	-	268
Balance on September 30, 2024	<u><u>\$ -</u></u>	<u><u>10,609</u></u>	<u><u>3,824</u></u>	<u><u>19,779</u></u>	<u><u>359</u></u>	<u><u>5,739</u></u>	<u><u>40,310</u></u>
Book value:							
Balance on January 1, 2025	<u><u>\$ 95,104</u></u>	<u><u>18,727</u></u>	<u><u>1,102</u></u>	<u><u>6,405</u></u>	<u><u>119</u></u>	<u><u>740</u></u>	<u><u>122,197</u></u>
Balance on September 30, 2025	<u><u>\$ 95,104</u></u>	<u><u>18,284</u></u>	<u><u>954</u></u>	<u><u>4,977</u></u>	<u><u>-</u></u>	<u><u>740</u></u>	<u><u>120,059</u></u>
Balance on January 1, 2024	<u><u>\$ 95,104</u></u>	<u><u>19,330</u></u>	<u><u>1,457</u></u>	<u><u>5,939</u></u>	<u><u>279</u></u>	<u><u>914</u></u>	<u><u>123,023</u></u>
Balance on September 30, 2024	<u><u>\$ 95,104</u></u>	<u><u>18,875</u></u>	<u><u>1,189</u></u>	<u><u>6,797</u></u>	<u><u>158</u></u>	<u><u>740</u></u>	<u><u>122,863</u></u>

As of September 30, 2025, December 31 and September 30, 2024, the property, plant and equipment has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

The Group leases many assets including buildings and transportation. The movements of cost and depreciation of those assets were as below:

	<u>Buildings</u>	<u>Transportation</u>	<u>Total</u>
Cost:			
Balance on January 1, 2025	\$ 58,398	20,312	78,710
Additions	777	8,821	9,598
Effect of movements in foreign exchange rates	443	1,131	1,574
Balance on September 30, 2025	<u>\$ 59,618</u>	<u>30,264</u>	<u>89,882</u>
Balance on January 1, 2024	\$ 35,375	15,925	51,300
Additions	22,473	4,365	26,838
Effect of movements in foreign exchange rates	1,190	718	1,908
Balance on September 30, 2024	<u>\$ 59,038</u>	<u>21,008</u>	<u>80,046</u>
Depreciation:			
Balance on January 1, 2025	\$ 39,948	15,252	55,200
Depreciation	5,777	1,641	7,418
Reclassification	(1,785)	1,785	-
Effect of movements in foreign exchange rates	129	750	879
Balance on September 30, 2025	<u>\$ 44,069</u>	<u>19,428</u>	<u>63,497</u>
Balance on January 1, 2024	\$ 30,910	14,184	45,094
Depreciation	6,388	744	7,132
Effect of movements in foreign exchange rates	1,034	591	1,625
Balance on September 30, 2024	<u>\$ 38,332</u>	<u>15,519</u>	<u>53,851</u>
Carrying amounts:			
Balance on January 1, 2025	<u>\$ 18,450</u>	<u>5,060</u>	<u>23,510</u>
Balance on September 30, 2025	<u>\$ 15,549</u>	<u>10,836</u>	<u>26,385</u>
Balance on January 1, 2024	<u>\$ 4,465</u>	<u>1,741</u>	<u>6,206</u>
Balance on September 30, 2024	<u>\$ 20,706</u>	<u>5,489</u>	<u>26,195</u>

(h) Investment property

The investment property include the buildings and underground parking lots the Group rents to the lessee under operating leases. The initial period of the leased investment property is 3 years. At the end of a lease term, the Group will negotiate the subsequent lease terms with the lessee.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The changes in the Group's investment property were as follows:

	Land	Buildings and construction	Total
Book value:			
Balance on January 1, 2025	\$ <u>172,245</u>	<u>60,755</u>	<u>233,000</u>
Balance on September 30, 2025	\$ <u>172,245</u>	<u>60,755</u>	<u>233,000</u>
Balance on January 1, 2024	\$ <u>173,305</u>	<u>59,695</u>	<u>233,000</u>
Balance on September 30, 2024	\$ <u>173,305</u>	<u>59,695</u>	<u>233,000</u>

There were no significant additions, disposals, or significant changes in fair value of the investment property for the nine months ended September 30, 2025 and 2024.

Level 3 inputs were used in the valuation technique for the subsequent measurement of the fair value of the investment property of the Group. There was no transfers in or out of the Level 3 fair value hierarchy in the period.

The subsequent measurement of the investment property of the Group was evaluated by the discounted cash flow analysis method under the income approach, and the relevant important contract terms and valuation information were as follows:

- (i) 5F-2 and underground parking lot, No. 3-1, Yuanqu St, Nangang District, Taipei City

Property	Important contract terms
Important contract terms	1.Rent : \$475/month (Including value-added business tax 5%) \$485/month (Including value-added business tax 5%) 2.Lease term : 3 years (From January 1, 2024 to December 31, 2026)
Current status	For rent
Discount rate	September 30, 2025: 3.920% December 31, 2024: 3.920% September 30, 2024: 3.695%
External or in-house appraisal	External appraisal
Appraisal company	Home Ban Appraisers Joint Firm
Name of appraiser	Ching-Tang Li, Fang-Mei,Fu
Date of appraisal	December 31, 2024 and 2023
Fair value of external appraisal	September 30, 2025: \$234,000 December 31, 2024: \$233,000 September 30, 2024: \$232,000

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The valuation of the fair value of the investment property and the changes in cash inflows and outflows in the future periods were determined based on the above-mentioned lease agreements, and the relevant information was as follows:

1) Actual rent and the annual rental growth rate

Regarding the rental growth rate, according to the lease contract assessment, the annual growth rate is 2.11%.

From January 1, 2024 to December 31, 2024, the monthly rent is \$475, including 5% value-added business tax. From January 1, 2025 to December 31, 2026, the monthly rent will be \$485, including 5% value-added business tax.

2) Estimation of discount rate

The discount rate is determined by the risk premium method, which uses certain interest rates as the basis for estimation, and taking into account the individual characteristics of the investment property, the above-mentioned certain interest rates, shall not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75 percentage points. It also takes into account of the differences in individual characteristics of the individual properties and is determined based on factors such as the liquidity, risk, value-added, and the ease of management. Therefore, the discount rates on September 30, 2025, December 31 and September 30, 2024, were calculated to be 3.920%, 3.920% and 3.695%, respectively.

3) Estimation of ending disposal value

The ending disposal value is obtained by direct capitalization of the income method, which is calculated by dividing the net income (NOI) in the eleventh year by the ending income capitalization rate, taking into account the rental capitalization rate of commercial properties, and deducting the expense rate and the vacancy rate. The capitalization rate of the ending income from the individual properties as of September 30, 2025, December 31 and September 30, 2024 were 1.90%, 1.90% and 0.95%, respectively. The ending property disposal prices were \$290,424, \$290,424 and \$284,413, respectively.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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- 4) The abovementioned fair value valuation techniques and significant unobservable inputs are explained in the following table:

<u>Fair value valuation technique</u>	<u>Significant unobservable input</u>	<u>Interrelationships between significant unobservable inputs and fair value measurements</u>
The discounted cash flow analysis (DCF) using the income approach is adopted to evaluate the contractual rent provided by the Group.	Risk-adjusted discount rate on September 30, 2025 : 3.920%	The estimated fair value would increase (or decrease) if:
Discounted cash flow analysis using the income approach:	December 31, 2024 : 3.920%	The risk-adjusted discount rate decreases (increases).
It refers to the method of estimating the price of the appraised property by summing up the net income of each period and the ending value of the future discounted cash flows after discounting at an appropriate discount rate. The method is applicable to the valuation of properties for investment purposes.	September 30, 2024 : 3.695%	

- (ii) There was no significant difference between the fair value of the investment property of the Group on September 30, 2025 and 2024, and December 31, 2024 and 2023.
- (iii) As of September 30, 2025 and 2024, the pledged on the Group's investment property as collateral, please refer to note 8 .

(i) Intangible assets

The cost and amortization of intangible assets of the Group were as follows:

	<u>Patent</u>	<u>Computer software and others</u>	<u>Total</u>
Cost:			
Balance on January 1, 2025	\$ 38,142	19,642	57,784
Addition	<u>115</u>	<u>273</u>	<u>388</u>
Balance on September 30, 2025	<u>\$ 38,257</u>	<u>19,915</u>	<u>58,172</u>
Balance on January 1, 2024	\$ 34,838	15,716	50,554
Addition	<u>3,304</u>	<u>609</u>	<u>3,913</u>
Balance on September 30, 2024	<u>\$ 38,142</u>	<u>16,325</u>	<u>54,467</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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	Patent	Computer software and others	Total
Amortization and impairment loss:			
Balance on January 1, 2025	\$ 17,069	15,419	32,488
Amortization	4,860	1,219	6,079
Balance on September 30, 2025	<u>\$ 21,929</u>	<u>16,638</u>	<u>38,567</u>
Balance on January 1, 2024	\$ 10,302	15,067	25,369
Amortization	4,943	227	5,170
Balance on September 30, 2024	<u>\$ 15,245</u>	<u>15,294</u>	<u>30,539</u>
Book value:			
Balance on January 1, 2025	<u>\$ 21,073</u>	<u>4,223</u>	<u>25,296</u>
Balance on September 30, 2025	<u>\$ 16,328</u>	<u>3,277</u>	<u>19,605</u>
Balance on January 1, 2024	<u>\$ 24,536</u>	<u>649</u>	<u>25,185</u>
Balance on September 30, 2024	<u>\$ 22,897</u>	<u>1,031</u>	<u>23,928</u>

As of September 30, 2025, December 31 and September 30, 2024, the Group did not provide intangible assets as collaterals for its bank loans.

(j) Short-term borrowings

The details of short-term borrowings were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ 75,183	69,311	69,058
Secured bank loans	252,000	189,500	187,500
Total	<u>\$ 327,183</u>	<u>258,811</u>	<u>256,558</u>
Unused credit lines for short-term borrowings	<u>\$ 175,817</u>	<u>220,189</u>	<u>222,442</u>
Range of interest rates	<u>2.185%~5.75%</u>	<u>2.185%~5.88%</u>	<u>2.185%~6.84%</u>

Please refer to note 6(u) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The Group provided property, plant and equipment and the investment property as collaterals for its bank loans. Please refer to note 8.

(k) Provisions — warranties

There were no significant changes in provisions for the nine months ended September 30, 2025 and 2024. Please refer to note 6(j) of the 2024 annual consolidated financial statements for the related information.

Provisions related to sale of products are assessed based on historical information.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Lease liabilities

The details of lease liabilities were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ <u>9,336</u>	<u>8,138</u>	<u>8,121</u>
Non-current	\$ <u>18,660</u>	<u>16,521</u>	<u>19,040</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest on lease liabilities	\$ <u>338</u>	<u>333</u>	<u>931</u>	<u>847</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,832</u>	<u>1,568</u>	<u>5,180</u>	<u>4,259</u>
Expenses relating to short-term leases	\$ <u>411</u>	<u>1,009</u>	<u>2,540</u>	<u>2,064</u>

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	For the nine months ended September 30,	
	2025	2024
Total cash outflow from leases	\$ <u>15,648</u>	<u>13,814</u>

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

(ii) Other leases

The Group leases vehicle, with lease terms of two to five years.

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

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) sets out information about the operating leases of the investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Less than one year	\$ 5,543	5,543	5,514
One to two years	1,386	5,543	5,543
Two to three years	-	-	1,386
Total undiscounted lease payments	<u><u>\$ 6,929</u></u>	<u><u>11,086</u></u>	<u><u>12,443</u></u>

For the three months and nine months ended September 30, 2025 and 2024, the rental income recognized in operating revenue amounted to \$1,441, \$1,412, \$4,220 and \$4,133, respectively; the direct costs incurred in rental, which were recognized as operating costs, amounted to \$105, \$104, \$313 and \$310.

(n) Employee benefits

The Company and tBPC allocated no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and tBPC allocated a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Operating cost	\$ 9	9	28	27
Selling expenses	658	600	1,961	1,751
Administrative expenses	685	602	1,882	1,803
Research and development expenses	262	313	986	937
Total	<u><u>\$ 1,614</u></u>	<u><u>1,524</u></u>	<u><u>4,857</u></u>	<u><u>4,518</u></u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Income taxes

(i) Income tax expenses

The details of income tax expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Current tax (benefit) expenses for the periods	\$ (309)	206	112	716

(ii) The Company's income tax returns for the years through 2023 have been examined by the tax authorities.

(p) Capital and other equities

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to September 30, 2025 and 2024. For the related information, please refer to note 6(p) to the consolidated financial statements for the year ended December 31, 2024.

(i) Ordinary shares

As of September 30, 2025, December 31 and September 30, 2024, the Company's authorized common stocks were consisting of 200,000 thousand shares with a par value of \$10 New Taiwan dollars per share amounted \$2,000,000 of which 54,171 thousand shares, 54,657 thousand shares and 54,657 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliations of shares outstanding in the nine months ended September 30, 2025 and 2024 were as follows:

	Unit: in thousand shares	
	Common stocks	
	For the nine months ended September 30,	
	2025	2024
Balance on January 1	54,657	55,219
Cancellation of new restricted employee shares	(486)	(562)
Balance on September 30	54,171	54,657

486 thousand and 562 thousand shares of employee restricted shares were retrieved by the Company and canceled for the nine months ended September 30, 2025 and 2024, respectively, as certain employees of the Company did not meet the vesting requirements.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Additional paid-in capital	\$ 20,106	20,106	20,106
Treasury share transactions	6,628	6,628	6,628
Restricted employee shares	-	(140)	(141)
Employee stock options-expired	5,343	5,343	5,343
Donation from shareholders	1,615	1,615	1,615
Changes in equity in subsidiaries	161	818	425
	<u>\$ 33,853</u>	<u>34,370</u>	<u>33,976</u>

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

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

Based on the resolutions made during the annual stockholder's meeting held on June 18, 2025 and June 20, 2024, respectively, there are no earnings could be distributed in 2024 and 2023, respectively, no dividends are planned to be distributed, the related information can be accessed through the Market observation Post System website.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Share-based payment

(i) Treasury stock transferred to employees

The Company granted the treasury stock to eligible employees, including those of the Company and its subsidiaries in accordance with the relevant plan. The key terms and conditions related to the grants were disclosed as follows:

<u>Grant date</u>	<u>Total shares granted</u>	<u>Vesting conditions</u>	<u>Share price(New Taiwan Dollars)</u>	<u>Exercise price(New Taiwan Dollars)</u>	<u>Fair value per unit(New Taiwan Dollars)</u>
Mar. 18, 2024	1,500 thousand shares	Vest immediately	\$ 11.4	9.09	2.31
Mar. 18, 2024	1,260 thousand shares	Vest immediately	\$ 11.4	8.89	2.51

The fair value of the share-based payments granted on the grant date was estimated by the Group, and the Group recognized employee stock option compensation cost of \$6,628 for the three months ended September 30, 2024. The aforementioned treasury stock transfer was completed in April 2024.

(ii) Restricted employee shares

Except for the following disclosure, there were no significant changes in the share-based payment during the periods from January 1 to September 30, 2025 and 2024. For the related information, please refer to note 6(q) to the consolidated financial statements for the year ended December 31, 2024.

The information of the Company's restricted stock was as follows:

	Unit: in thousand shares	
	For the nine months ended September 30,	
	2025	2024
Outstanding units on January 1	1,242	1,804
Forfeited during the periods	(486)	(562)
Outstanding units on September 30	<u>756</u>	<u>1,242</u>

As of September 30, 2025 and 2024, the unearned employee compensation balances were \$1,495 and \$3,419, respectively. A total of 486 and 562 thousand employee restricted shares were retrieved and canceled due to failure or loss of qualifications to meet the vesting requirements for the nine months ended September 30, 2025 and 2024. The effective date of capital reduction was June 19, 2025 and June 21, 2024.

The expenses reversed by the Group for employee restricted shares were \$(3,850) and \$(2,714) in the nine months ended September 30, 2025 and 2024, respectively.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(iii) Employee stock options

A resolution was approved during the Board meeting of tBPC, a subsidiary of the Group, held on October 26, 2023, to issue the employee stock options of 20,000 thousand shares for subscription to qualified employees of its own, as well as its controlled or subordinate companies, with the base date set on January 24, 2024, as follows:

The issuance status and related information of employee stock warrants are as follows:

	For the nine months ended September 30,			
	2025		2024	
	Number of options (in thousands)	Weighted- average exercise price (NT dollars)	Shares (in thousands)	Weighted- average exercise price (NT dollars)
Outstanding shares on January 1	20,000	\$ 0.001	-	-
Issued during the year	-	-	20,000	\$ 0.001
invalided shares due to employee resignation	(1,124)	0.001	-	-
Exercised during the year	(3,557)	0.001	-	-
Outstanding shares on September 30	<u>15,319</u>	0.001	<u>20,000</u>	0.001

The main terms of issuance of abovementioned employee stock options are as follows:

- 1) Subscription price: NT\$0.001 per share.
- 2) Period of subscription rights: Employees may exercise their options according to the following grant period of stock warrants, with a duration of four years, and proportion of exercisable options. Once this period has elapsed, any option rights, which have not been exercised, shall be invalidated. The stock warrants may not be transferred, pledged, assigned as a gift, or disposed, by the employees, except if they are acquired by inheritance.

<u>Grant Period to Stock Warrants</u>	<u>Proportion of Exercisable Options (Accumulated)</u>
After 1 year	30 %
After 2 years	60 %
After 3 years	100 %

- 3) Method for performance of contract: tBPC exercises its employee stock options by issuing new shares.
- 4) Procedures for exercising options: tBPC shall apply for change of registration upon issuing new shares at least once every year after the new shares are issued and delivered, according to the employee stock option plan.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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tBPC uses the Black-Scholes-Merton model to estimate the fair value of its employee stock option plan as follows:

Share price at grant date (NT dollars)	0.001
Current price of the stock on the measurement date (NT dollars)	0.20
Expected dividend rate	0.00%
Expected volatility	45.45%~48.65%
Risk-free interest rate	1.14%~1.17%
Expected life	4 years
Fair value per share (NT dollars per unit)	0.20

tBPC recognized the compensation cost for its employee stock options of \$835 and \$1,606 in the nine months ended September 30, 2025 and 2024, respectively.

(r) Earnings (losses) per share

The Group's basic earnings (losses) per share was computed as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Basic earnings per share				
Belong to parent company net loss	\$ <u>(14,329)</u>	<u>(9,905)</u>	<u>(61,199)</u>	<u>(34,890)</u>
Weighted-average number of outstanding shares (in thousands)	<u>53,415</u>	<u>53,415</u>	<u>53,415</u>	<u>52,525</u>
Basic earnings (losses) per share (dollars)	\$ <u>(0.27)</u>	<u>(0.19)</u>	<u>(1.15)</u>	<u>(0.66)</u>
Diluted earnings per share				
Belong to parent company net loss	\$ <u>(14,329)</u>	<u>(9,905)</u>	<u>(61,199)</u>	<u>(34,890)</u>
Weighted-average number of outstanding common shares (in thousands)	53,415	53,415	53,415	52,525
Employee restricted shares	-	-	-	-
Weighted-average number of outstanding common shares (After adjusting for dilutive potential common share impact)	<u>53,415</u>	<u>53,415</u>	<u>53,415</u>	<u>52,525</u>
Diluted earnings (losses) per share (dollars)	\$ <u>(0.27)</u>	<u>(0.19)</u>	<u>(1.15)</u>	<u>(0.66)</u>

For the nine months ended September 30, 2025 and 2024, the employee restricted shares had an anti-dilutive effect; hence, no diluted losses per share were required to be computed.

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(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Primary geographical markets:				
Netherlands	\$ 8,207	8,575	29,703	28,543
Germany	42,151	43,035	125,061	136,208
Switzerland	6,090	11,418	19,240	26,901
United States	16,756	12,078	54,655	33,892
Others	47,165	57,772	133,955	156,971
	\$ 120,369	132,878	362,614	382,515
Major products / services lines:				
LED monitors	\$ 113,193	126,614	345,757	365,673
Medical equipment	91	187	386	572
Other accessories	5,644	4,665	12,251	12,137
Rental income	1,441	1,412	4,220	4,133
	\$ 120,369	132,878	362,614	382,515

(ii) Contract balances

- 1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).
- 2) Contract liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Contract liabilities (Receipt in advance)	\$ 4,876	4,556	4,550

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 amount of revenue recognized in the nine months ended September 30, 2025 and 2024, that included in the contract liability balance at the beginning of the periods were \$951 and \$581, respectively.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(t) Employees' compensation and directors' remuneration

On June 18, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Company Article of Incorporation, if the Company incurs profit for the year, the profit shall first be used to offset against any accumulated deficits. Thereafter, a maximum of 2% of the remainder shall be allocated as directors' remuneration, and not less than 10% (in shares or in cash) as employee remuneration, including a minimum of 20% to those base-level employees. The distribution shall also include those employees of the Company's subsidiaries who meet certain requirements.

Prior to the amendment, the Articles of Incorporation stipulated that, if the Company incurs profit for the year, the profit shall first be used to offset against any accumulated deficits. Thereafter, a maximum of 2% of the remainder shall be allocated as directors' remuneration, and a minimum of 10% (in shares or in cash) as employee remuneration, including those employees of the Company's subsidiaries who meet certain requirements.

Due to loss before tax in the nine months ended September 30, 2025 and 2024, no employees' compensation and directors' remuneration was recognized.

(u) Financial instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(u) to the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

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

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12-month expected losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
September 30, 2025				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 327,183	(328,852)	(328,852)	-
Notes and accounts payable	10,675	(10,675)	(10,675)	-
Lease liabilities (including current and non-current)	27,996	(30,170)	(10,439)	(19,731)
Other payables	40,369	(40,369)	(40,369)	-
Guaranteed deposits	906	(906)	-	(906)

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
Forward exchange contracts	75			
Outflow	-	(4,757)	(4,757)	-
Inflow	-	4,682	4,682	-
	<u>\$ 407,204</u>	<u>(411,047)</u>	<u>(390,410)</u>	<u>(20,637)</u>
December 31, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 258,811	(260,200)	(260,200)	-
Notes and accounts payable	48,667	(48,667)	(48,667)	-
Lease liabilities (including current and non-current)	24,659	(27,054)	(9,218)	(17,836)
Other payables	34,143	(34,143)	(34,143)	-
Guarantee deposits	906	(906)	-	(906)
	<u>\$ 367,186</u>	<u>(370,970)</u>	<u>(352,228)</u>	<u>(18,742)</u>
September 30, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 256,558	(257,905)	(257,905)	-
Notes and accounts payable	65,409	(65,409)	(65,409)	-
Lease liabilities (including current and non-current)	27,161	(29,950)	(9,319)	(20,631)
Other payables	38,602	(38,602)	(38,602)	-
Guaranteed deposits	906	(906)	-	(906)
Forward exchange contracts	419			
Outflow		(61,736)	(61,736)	-
Inflow		61,317	61,317	-
	<u>\$ 389,055</u>	<u>(393,191)</u>	<u>(371,654)</u>	<u>(21,537)</u>

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

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank forms an important source of liquidity for the Group. As of September 30, 2025, December 31 and September 30, 2024 the unused short-term bank facilities were \$175,817, \$220,189 and \$222,442, respectively.

Apart from the aforementioned unused bank facilities, the Group is proactively engaging with financial institutions to seek increases in facilities and to establish new facilities, in order to ensure sufficient funding for future operational requirements.

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(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	September 30, 2025			December 31, 2024			September 30, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	\$	374 USD/NTD =30.445	11,386	763 USD/NTD =32.785	25,015		718 USD/NTD =31.65		22,725
USD		44 USD/EUR =1.1749	52	98 USD/EUR =1.0413	102		29 USD/EUR =1.1179		32
USD		105 USD/CNY =7.1283	748	105 USD/CNY =7.3214	769		105 USD/CNY =6.9976		735
Financial liabilities									
Monetary items									
USD		245 USD/NTD =30.445	7,459	1,243 USD/NTD =32.785	40,752		1,942 USD/NTD =31.65		61,464
USD	-	USD/EUR =1.1749	-	204 USD/EUR =1.0413	212		379 USD/EUR =1.1179		424
USD	-	USD/CNY =7.1283	-	- USD/CNY =7.3214	-		- USD/CNY =6.9976		-

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, profit before tax in the nine months ended September 30, 2025 and 2024 would have been affected as follows:

	September 30, 2025	September 30, 2024
USD (against NTD)		
Appreciate 5%	\$ 196	(1,937)
Depreciate 5%	(196)	1,937
USD (against EUR)		
Appreciate 5%	3	(20)
Depreciate 5%	(3)	20
USD (against CNY)		
Appreciate 5%	37	37
Depreciate 5%	(37)	(37)

The analysis is performed on the same basis for both periods.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the three months and nine months ended September 30, 2025 and 2024, the foreign exchange gains (losses), including realized and unrealized ones, amounted to \$990, \$1,832, \$1,455 and \$2,550, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

	Carrying amount		
	September 30, 2025	December 31, 2024	September 30, 2024
Variable rate instruments:			
Financial assets	\$ 32,869	49,783	61,759
Financial liabilities	(327,183)	(258,811)	(256,558)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by \$552 and \$365 in the nine months ended September 30, 2025 and 2024, respectively, which would mainly result from the bank savings, time deposits and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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- c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required:

		September 30, 2025			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 75,010	-	-	-	-
Notes and accounts receivable	50,891	-	-	-	-
Other receivables	366	-	-	-	-
Restricted deposits (recognized as other non-current assets)	4,995	-	-	-	-
Refundable deposits (recognized as other non-current assets)	2,713	-	-	-	-
	<u>\$ 133,975</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 75	-	75	-	75
Financial liabilities measured at amortized cost:					
Short-term borrowing	327,183	-	-	-	-
Notes and accounts payable	10,675	-	-	-	-
Lease liabilities (current and non-current)	27,996	-	-	-	-
Other payables	40,369	-	-	-	-
Guaranteed deposits	906	-	-	-	-
	<u>407,129</u>				
	<u>\$ 407,204</u>				

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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		December 31, 2024			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 76,577	-	-	-	-
Notes and accounts receivable	46,082	-	-	-	-
Other receivables	723	-	-	-	-
Restricted deposits (recognized as other non-current assets)	3,526	-	-	-	-
Refundable deposits (recognized as other non-current assets)	2,519	-	-	-	-
	<u>\$ 129,427</u>				
Financial liabilities measured at amortized cost:					
Short-term borrowing	258,811	-	-	-	-
Notes and accounts payable	48,667				
Lease liabilities (current and non-current)	24,659	-	-	-	-
Other payables	34,143				
Guaranteed deposits	906				
	<u>\$ 367,186</u>				
		September 30, 2024			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 94,431	-	-	-	-
Notes and accounts receivable	58,529	-	-	-	-
Other receivables	858	-	-	-	-
Refundable deposits (recognized as other non-current assets)	6,158	-	-	-	-
	<u>159,976</u>				
	<u>\$ 159,976</u>				

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2024			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	\$ 419	-	419	-	419
Financial liabilities measured at amortized cost:					
Short-term borrowing	256,558	-	-	-	-
Notes and accounts payable	65,409	-	-	-	-
Lease liabilities (current and non-current)	27,161	-	-	-	-
Other payables	38,602	-	-	-	-
Guaranteed deposits	906	-	-	-	-
	<u>388,636</u>				
	<u>\$ 389,055</u>				

- 2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

- 3) Fair value valuation technique for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

- b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants such as the discounted cash flow or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

- 4) There was no transfer among fair value hierarchies in the nine months ended September 30, 2025 and 2024.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the 2024 annual consolidated financial statements.

(w) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to note 6(w) of the 2024 annual consolidated financial statements for other related information.

(x) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activity which did not affect the current cash flow in the nine months ended September 30, 2025 and 2024 were as follows: The acquisition of right-of-use assets by lease, please refer to note 6(g).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	Non-cash changes				
	January 1, 2025	Cash flows	Additions	Effect of movements in exchange rates	September 30, 2025
Short-term borrowings	\$ 258,811	68,372	-	-	327,183
Deposits received	906	-	-	-	906
Lease liabilities	24,659	(6,997)	9,598	736	27,996
Total liabilities from financing activities	<u>\$ 284,376</u>	<u>61,375</u>	<u>9,598</u>	<u>736</u>	<u>356,085</u>

	Non-cash changes				
	January 1, 2024	Cash flows	Additions	Effect of movements in exchange rates	September 30, 2024
Short-term borrowings	\$ 191,685	64,873	-	-	256,558
Deposits received	906	-	-	-	906
Lease liabilities	6,670	(6,644)	26,838	297	27,161
Total liabilities from financing activities	<u>\$ 199,261</u>	<u>58,229</u>	<u>26,838</u>	<u>297</u>	<u>284,625</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

Due to the absence of any transaction with related parties during the periods covered in the consolidated financial statements, the name and relationships of related parties have not been disclosed.

(b) Significant transactions with related parties: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 4,326	4,032	13,833	12,372
Post-employment benefits	216	329	631	642
	<u>\$ 4,542</u>	<u>4,361</u>	<u>14,464</u>	<u>13,014</u>

(8) Assets pledged as security:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Land and buildings	Guarantee for short-term loans and credit line	\$ 113,388	113,831	113,978
Investment property	"	233,000	233,000	233,000
Restricted deposits (recognized as other non-current assets)	Warranty guarantee	4,995	3,526	3,526
		<u>\$ 351,383</u>	<u>350,357</u>	<u>350,504</u>

(9) Commitments and contingencies:None

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

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

	For the three months ended September 30,					
By function	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	174	34,104	34,278	192	34,028	34,220
Labor and health insurance	21	3,875	3,896	20	3,732	3,752
Pension	9	1,605	1,614	9	1,515	1,524
Others	1	959	960	2	594	596
Depreciation	791	3,119	3,910	648	2,536	3,184
Amortization	-	1,692	1,692	484	1,420	1,904

	For the nine months ended September 30,					
By function	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	534	96,982	97,516	568	99,218	99,786
Labor and health insurance	65	12,253	12,318	62	11,304	11,366
Pension	28	4,829	4,857	27	4,491	4,518
Others	7	2,699	2,706	7	1,503	1,510
Depreciation	2,358	8,229	10,587	1,945	7,747	9,692
Amortization	968	5,111	6,079	971	4,199	5,170

(b) Seasonality of operations

The Group's operations were not significantly affected by seasonality or cyclicity factors.

(13) Other disclosures:

(a) Information on significant transactions

The followings are the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group in the nine months ended September 30, 2025:

(i) Loans to other parties: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	AG Neovo B.V	100% owned subsidiary	377,412	150,000	150,000	882	-	39.74 %	377,412	Yes	No	No
0	The Company	AG Neovo USA	100% owned subsidiary	377,412	40,000	40,000	13,183	-	10.60 %	377,412	Yes	No	No

Note : According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company's net worth.

(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units))

Company holding securities	Security type and name	Relationship with the Company	Account	September 30, 2025				Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income—non-current	6,025	-	3.37 %	-	Note 1

Note 1: Stocks are comprised of 552 preferred shares and 5,473 common shares at the reporting date.

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

(In Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase/(Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	AG Neovo B.V	100% owned subsidiary	(Sale)	(170,125)	(47) %	90 days net from date of invoice	The price is not comparable with that of the general customers.	90 days net from date of invoice; actual payments would depend on the capital demand.	Note 1	-%	Note 2

Note 1 : As of September 30, 2025, the amount of receipt in advance was \$99,754.

Note 2 : The left transactions have been eliminated in the preparation of consolidated financial statements.

(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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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Significant transactions and business relationship between the Company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	2025 Intercompany transactions			
				Accounts	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	AG Neovo B.V	1	Operating revenues	170,125	The price is marked up based on the cost; and the payment terms depends on the capital demand.	46.92 %
0	The Company	AG Neovo B.V	1	Receipt in advance	99,754	The price is marked up based on the cost; and the payment terms depends on the capital demand.	12.31 %
0	The Company	AG Neovo USA	1	Operating revenues	21,220	The price is marked up based on the cost; and the payment terms depends on the capital demand.	5.85 %
0	The Company	AG Neovo USA	1	Receipt in advance	32,310	The price is marked up based on the cost; and the payment terms depends on the capital demand.	3.99 %

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions between the subsidiaries and the parent company.
- 3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees in the nine months ended September 30, 2025 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and shares in thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of September 30, 2025			Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
				September 30, 2025 (Note 1)	December 31, 2024 (Note 1)	Shares	Percentage of ownership	Carrying amount (Note 1)			
The Company	AG Neovo International	British Virgin Islands	Investment	343,957	343,957	0.8	100 %	23,872	(4,211)	(4,211)	Note 3
The Company	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100 %	211,998	(9,149)	(9,149)	"
The Company	AG Neovo Investment	British Virgin Islands	Investment	24,521	24,521	0.8	100 %	7,181	(1,361)	(1,361)	"
The Company	Taiwan Biophotonic Corporation	Taiwan	Research and development, manufacture and sale of medical equipment and health care products	223,884	187,884	493,498	76 %	34,785	(31,006)	(23,143)	"
AG Neovo International	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	91,335 (US\$3,000)	91,335 (US\$3,000)	702	100 %	18,978 (US\$623)	(4,069) (US\$(131))	Recognized by AG Neovo International	"

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.445 at reporting date.

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.1329 based on the average exchange rate at reporting date.

Note 3: The left transactions have been eliminated in the preparation of the consolidated financial statements.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and shares in thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of September 30, 2025 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Notes 3)	Carrying amount as of September 30, 2025 (Note 2)	Accumulated remittance of earnings as of September 30, 2025
					Outflow	Inflow						
AG Neovo (Shanghai)	Sales of LCD monitors	24,356 (US\$800)	Note 1	24,356 (US\$800)	-	-	24,356 (US\$800)	(1,361) (US\$(44))	100%	(1,361) (US\$(44))	7,181 (US\$236)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated investment in Mainland China as of September 30, 2025 (Notes 3 and 5)	Investment amounts authorized by Investment Commission, MOEA (Notes 3 and 5)	Upper limit on investment
132,010 (US\$4,336)	132,010 (US\$4,336)	226,447

Note 1 : Indirect investment in Mainland China through companies registered in the third region.

Note 2 : The basis for recognizing investment gains and losses is based on the self-reported financial statements of the company.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.445 at reporting date.

Note 4 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.1329 based on the average exchange rate at reporting date.

Note 5 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(14) Segment information:

The Group's operating segment information were as follows:

	For the three months ended September 30, 2025					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	\$ 88,409	16,378	15,300	282	-	120,369
Revenue from segments	560	-	56,975	-	(57,535)	-
Total revenue	<u>\$ 88,969</u>	<u>16,378</u>	<u>72,275</u>	<u>282</u>	<u>(57,535)</u>	<u>120,369</u>
Reportable segment profit (loss)	<u>\$ (2,156)</u>	<u>(840)</u>	<u>(27,331)</u>	<u>3,757</u>	<u>9,857</u>	<u>(16,713)</u>
Reportable segment assets						<u>\$ 810,627</u>
Reportable segment liabilities						<u>\$ 422,000</u>

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For the three months ended September 30, 2024						
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	\$ 105,962	12,234	14,251	431	-	132,878
Revenue from segments	447	3	65,569	-	(66,019)	-
Total revenue	<u>\$ 106,409</u>	<u>12,237</u>	<u>79,820</u>	<u>431</u>	<u>(66,019)</u>	<u>132,878</u>
Reportable segment profit (loss)	<u>\$ 248</u>	<u>(507)</u>	<u>(16,622)</u>	<u>(2,954)</u>	<u>7,677</u>	<u>(12,158)</u>
Reportable segment assets						<u>\$ 881,229</u>
Reportable segment liabilities						<u>\$ 404,199</u>

For the nine months ended September 30, 2025						
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	\$ 276,870	54,843	29,894	1,007	-	362,614
Revenue from segments	1,517	3	191,344	-	(192,864)	-
Total revenue	<u>\$ 278,387</u>	<u>54,846</u>	<u>221,238</u>	<u>1,007</u>	<u>(192,864)</u>	<u>362,614</u>
Reportable segment profit (loss)	<u>\$ (9,376)</u>	<u>(4,186)</u>	<u>(83,919)</u>	<u>(9,331)</u>	<u>37,863</u>	<u>(68,949)</u>
Reportable segment assets						<u>\$ 810,627</u>
Reportable segment liabilities						<u>\$ 422,000</u>

For the nine months ended September 30, 2024						
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	\$ 323,257	33,567	24,126	1,565	-	382,515
Revenue from segments	1,021	706	214,612	-	(216,339)	-
Total revenue	<u>\$ 324,278</u>	<u>34,273</u>	<u>238,738</u>	<u>1,565</u>	<u>(216,339)</u>	<u>382,515</u>
Reportable segment profit (loss)	<u>\$ (2,102)</u>	<u>(2,604)</u>	<u>(51,993)</u>	<u>(12,701)</u>	<u>26,180</u>	<u>(43,220)</u>
Reportable segment assets						<u>\$ 881,229</u>
Reportable segment liabilities						<u>\$ 404,199</u>